THE BIRMINGHAM DIOCESAN BOARD OF FINANCE

England & Wales · Charity number 249403

Details

Status	Registered
Legal form	Charitable company
Company number	00440966
Registered	1966-09-13
Register	View on the Charity Commission register

Contact

Address	John Cadbury House 190 Corporation Street Birmingham B4 6QD
Phone	01214264000
Email	hello@cofebirmingham.com
Website	www.cofebirmingham.com

Activities

Objects: TO PERFORM WORK AND TO TRANSACT BUSINESS IN CONNECTION WITH THE CHURCH OF ENGLAND AND THE DIOCESE OF BIRMINGHAM.

Activities: THE BDBF AIMS TO PROMOTE, FACILITATE AND ASSIST WITH THE WORK AND PURPOSES OF THE CHURCH OF ENGLAND IN THE DIOCESE OF BIRMINGHAM.

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:** General Charitable Purposes, Religious Activities
- **Who:** The General Public/mankind

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Geography

- **Area of benefit:** DIOCESE OF BIRMINGHAM.
- Birmingham City
- Sandwell
- Solihull
- Warwickshire

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£15,770,000	£13,594,000	£48,441,000	74
2023-12-31	£11,781,000	£12,411,000	£45,668,000	66
2022-12-31	£12,707,000	£13,027,000	£46,160,000	77
2021-12-31	£11,687,000	£11,514,000	£47,741,000	83
2020-12-31	£12,256,000	£10,990,000	£46,074,000	85

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Trustees

Name	Role	Appointed
Steven Murray Skakel	Chair	2013-09-10
Anesu Mayambi		2022-01-01
Christine Price		2022-01-01
DEIRDRE ROWENA MARY MOLL		2013-09-10
Dr Chisom Eliakim-Ikechukwu		2025-01-01
Guy Hordern		2022-01-01
Ian James Thorley		2025-01-01
Ian Russell Butler		2025-01-01
Matt Thompson		2017-09-30
Matthew James Vaughan		2025-01-01
Nicholas John Forknell		2025-01-01
Paul Leonard Martin		2025-01-01
Rev Bamidele Sotonwa		2019-01-01
Rev Esther Tamisa Prior		2025-02-27
Rev Geoffrey Lanham		2022-01-01
Rev Jane Louise Claridge Shaw		2022-01-01
Rev Katherine Stock		2025-01-01
Rev Phelim Sean O'Hare		2024-07-14
Rev Rebekah Amy Clark		2025-01-01
Rev SARAH HAYES		2022-01-01
Rev Toby Nicholas Crowe		2022-11-12
The Rt Revd Dr Michael Volland		2024-03-02
Venerable Jennifer Clare Tomlinson		2019-05-12
jonathan Goll		2019-01-01

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THE BIRMINGHAM DIOCESAN BOARD OF FINANCE

England & Wales - Charity number 249403

Accounts

The Birmingham Diocesan Board of Finance

Annual Report

THE CHURCH OF ENGLAND BIRMINGHAM



The trustees, who are also directors for the purposes of company law, present their trustees' report together with the financial statements and auditor's report of the charitable company – The Birmingham Diocesan Board of Finance (BDBF) for the year ended 31 December 2024. The financial statements comply with current statutory requirements, the Statement of Recommended Practice for Charities 2015 ('SORP2015') and the Companies Act 2006.

This report is set out as follows: *Page number*

Bishop's Foreword 4
Chair's Statement 5

Annual Report of the Trustees comprising:

Strategic Report 6
Strategic and Operating Review 38
Summary information about the structure of the Church of England 45
Independent Auditor's Report 46
Financial Statements 47

It should be noted that the Annual Report gives narrative on the activities of Birmingham Cathedral, Birmingham Diocesan Trust, Church Schools, Thrive Together Birmingham and individual parishes to give an overview of all CofE Birmingham activities. However, the financial information of these entities is not included in the BDBF financial statements. They have their own financial statements as separately constituted organisations. (See page 53 for details of the structure of The Church of England.)

The members of the Bishop's Council set out below have held office during the period from 1 January 2024 to the date of this report, unless otherwise stated.

EX-OFFICIO

The Rt Revd Dr Michael Volland
Bishop of Birmingham (from 2 March 2024)
The Rt Revd Anne Hollinghurst
Interim Bishop of Birmingham (until 2 March 2024)
Suffragan Bishop of Aston (until 30 September 2024)
The Rt Revd Esther Price
Suffragan Bishop of Aston (from 27 February 2025)
Mr Steven Skakel
Chair of the Diocesan Board of Finance
The Very Revd Matt Thompson
Dean of Birmingham
The Ven Jenny Tomlinson
Archdeacon of Birmingham
The Ven Phelim O'Hare
Archdeacon of Aston (from 14 July 2024)
The Revd Toby Crowe
Chair of the Diocesan Synod House of Clergy
Mr Trevor Lewis
Chair of the Diocesan Synod House of Laity (until 31 December 2024)
Mr Anesu Muyambi
Chair of the Diocesan Synod House of Laity (from 1 January 2025)

CLERGY ELECTED BY THE DIOCESAN SYNOD

The Revd Bekah Clark *(from 1 January 2025)*
The Revd Sarah Hayes
The Revd Geoff Lanham
The Revd Canon Louise Shaw
The Revd Canon Bamidele Sotonwa
The Revd Canon Becky Stephens *(until 31 December 2024)*
The Revd Dr Katie Stock *(from 1 January 2025)*

LAITY ELECTED BY THE DIOCESAN SYNOD

Dr Chisom Eliakim-Ikechukwu *(from 1 January 2025)*
Mr Nick Forknell *(from 1 January 2025)*
Mr Jonathan Goll
Ms Julia Howl *(from 1 January 2025)*
Mrs Deirdre Moll
Mr Julian Phillips *(until 31 December 2024)*
Mrs Chrissie Price
Mr Ian Thorley *(from 1 January 2025)*
Mr Matthew Vaughan *(from 1 January 2025)*

NOMINEES

The Revd Jeremy Allcock *(until 31 December 2024) (Bishop's nominee)*
Mr Ian Butler *(from 1 January 2025) (Bishop's nominee)*
Mr Paul Martin *(from 1 January 2025) (Bishop's nominee)*
Mr Guy Hordern *(General Synod laity nominee)*

GENERAL SYNOD REPRESENTATIVES

The Rt Revd Michael Volland *(from 2 March 2024)*
The Rt Revd Anne Hollinghurst *(until 2 March 2024)*
The Revd Tim Bateman *(until 27 February 2024)*
Mrs Dawn Brathwaite
The Revd Philip Calvert
Mr Guy Hordern
Dr Rachel Jepson
The Revd Canon Douglas Machiridza
The Revd Emma Sykes *(from 29 May 2024)*

DIOCESAN SECRETARY

Dr Jan Smart

COMPANY SECRETARY

Dr Jan Smart

DIOCESAN DIRECTOR OF FINANCE

Miss Karen Preece

DIOCESAN REGISTRAR

Ms Vicki Simpson *(until 31 March 2025)*
Mr Robert Sprake *(from 1 April 2025)*

REGISTERED OFFICE

John Cadbury House, 190 Corporation Street, Birmingham, B4 6QD

AUDITOR

Haysmacintyre LLP,
10 Queen Street Place, London, EC4R 1AG

BANKERS

Bank of Scotland,
125 Colmore Row, Birmingham, B3 3SF

INVESTMENT ADVISERS

Evelyn Partners
14th Floor, 103 Colmore Row, Birmingham, B3 3AG

PROPERTY AGENTS

Bruton Knowles, Embassy House,
60 Church Street, Birmingham, B3 2DJ

Bishop's Foreword



We give thanks and praise to God for the many encouragements we experienced as CofE Birmingham during 2024. As we faithfully attended to our vision of seeing, Growing Churches at the Heart of Each Community, we saw new people coming to faith, being baptised and confirmed, and growing as disciples of Jesus Christ. New ministers were licensed and deployed and new Oversight Areas established. When Esther Prior was announced as the new Bishop of Aston, we looked forward to welcoming a new colleague; a bishop with a pastor's heart, a gifted communicator, who shares my commitment to the growth of the kingdom of God in Birmingham and the region. As Bishop Esther joins us in attending to all that God is doing in our city and region through our churches and schools, we look forward to seeing much fruit from our labours in Christ in 2025.

I would like to thank our faithful clergy, Readers, lay workers, diocesan staff, Church Wardens, Treasurers and all those who have worked so hard and prayerfully in 2024 to offer ministry across CofE Birmingham and to share the good news of Jesus with people in our communities and schools. Your work in the service of our Lord Jesus is highly valued and no effort is wasted or lost in God's Kingdom-economy. I particularly want to thank our safeguarding team for their tireless efforts to ensure that the diocese is a safe place for all. In 2024 the whole church became aware of significant safeguarding failings at national level. In CofE Birmingham we commit ourselves to prioritising victims and survivors of abuse and to continuing to give urgent attention to our work on safeguarding throughout the diocese in 2025.

In 2024 a major focus for CofE Birmingham was on our work on environmental sustainability. A team led by Fr Patrick Gerard made a submission to A Rocha to be considered for Silver Eco Diocese status. We were the first diocese in the CofE to do this and our efforts resulted in A Rocha having to revisit their land-management criteria. As 2024 ended we were waiting for the outcome of our submission to A Rocha. In 2025 we will continue to commit ourselves to maintaining momentum as we seek to steward and care for the wonderful world that God has created.

As we look ahead to 2025, we continue to strive for growing churches and flourishing schools at the heart of each community. We will attend to this by being people of prayer, worship and witness, encouraging each other in the faith, strengthening Oversight Areas, supporting ministry in each parish, planting and revitalising churches, increasing our generosity and continuing to lead new people finding faith in Jesus.



In 2024 we began to focus on prayer in a refreshed way. As we look forward to 2025 and continue to follow Christ and serve our city together, I invite us to commit to be people who pray more. Even as we attend to the important work of becoming a financially sustainable diocese, I encourage all in CofE Birmingham in 2025 to join in with the following four prayer focuses. I believe that as God answers these prayers, we will also find that God meets our financial needs, including through increasing generosity in our parishes. And so, giving thanks for all that has been good in 2024, and looking ahead as the people of God to 2025, we pray that God would:

- *Have mercy on the city and region*
- *Give us great love for the region and its people*
- *Break the power of evil in Jesus' name*
- *Bring many to faith in Christ*

With ongoing prayers and every blessing in Christ,

+Michael Birmingham

The Rt Revd Dr Michael Volland
Bishop of Birmingham



Chair's Statement



As I write this report, it has been five years since the start of the COVID-19 pandemic and nearly six years since I was appointed Chair. The cost-of-living and energy crises followed the pandemic, and the combination of these seismic events has led to a massive operating deficit currently estimated to be in the region of £62 million in 2024, across the 42 dioceses that make up the Church of England. [Source GS2380 Feb 2025]

Before the pandemic, the Church of England Birmingham had embarked on a long-term transformation strategy, delivering on its mission of growing churches at the heart of each community. This work continues with great vigour and involves parishes across our Diocese, enabled by thousands of church members, our leadership, and project team.

We are seeing growth in part, which is exciting and hugely rewarding, but also many challenges, particularly in our most deprived places. Common Fund, sometimes known as Parish Share, is our most significant source of income, and it has remained flat in 2024 at around £1.2m less than pre-pandemic levels. This translates into a substantial deficit for 2024 of £1.5m, and the budget deficit for 2025 is slightly higher, reflecting increased costs and the rise in National Insurance effective April 2025.

The average monthly clergy numbers in 2024 of 132 is in line with 2023, and we expect to sustain these numbers while delivering our transformation plan. Our Lowest Income Community funding from the national church makes this possible, and we acknowledge this source of support with gratitude.

Understanding the figures can be quite complex, and I would signpost you to the Financial Overview of the Year for a detailed explanation.

In addition to Lowest Income Community funding, the Church Commissioners continue to support our plans to accelerate our transformation in the years ahead and provide financial support as we seek to build on and renew the presence of God's kingdom in our Diocese. At the time of writing, we are working on a longer-term Diocesan Investment Programme (DIP) bid for submission this summer to build on our work to date. This is exciting; however, our budget for 2025 does not take this into account, as we cannot pre-judge the outcome, but we are hopeful and confident that we are on the right track to sustainability.

In the longer term, we expect to see a continued modest recovery in church attendance and growth in the number of disciples, as well as those journeying deeper with God. Our firm expectation is that this will translate into growth in Common Fund that will, over time, erode our deficits. We are prayerful and optimistic as we keep our eyes focused on Jesus.

Aside from investing in growth, we remain acutely aware of our need to reduce our carbon footprint, working together to care for God's creation. Please visit our website for regular updates and access to a wide range of resources. My sincere thanks to our excellent Net Zero team.

This report highlights much for us to celebrate, and I commend it to you. Thank you for being a part of the Church of England Birmingham and reading this report.

Steven Skakel

Steven Skakel
Chair of Birmingham Diocesan Board of Finance





TRANSFORMING CHURCH



Engage with children, youth, families and other missing generations to reflect the age profile of the wider population across the diocese

Worshipping communities are diverse (meaning representative of our communities) and accessible to all



Underpinned by a culture of prayer





Grow in number of disciples (more)

Grow in partnerships and impact in the community

Growing churches at the heart of each community



Flourishing ordained and lay leadership that reflects the diversity of the wider population across the diocese

Achieve financial sustainability

Grow in depth of discipleship (more confident)



Environmental sustainability







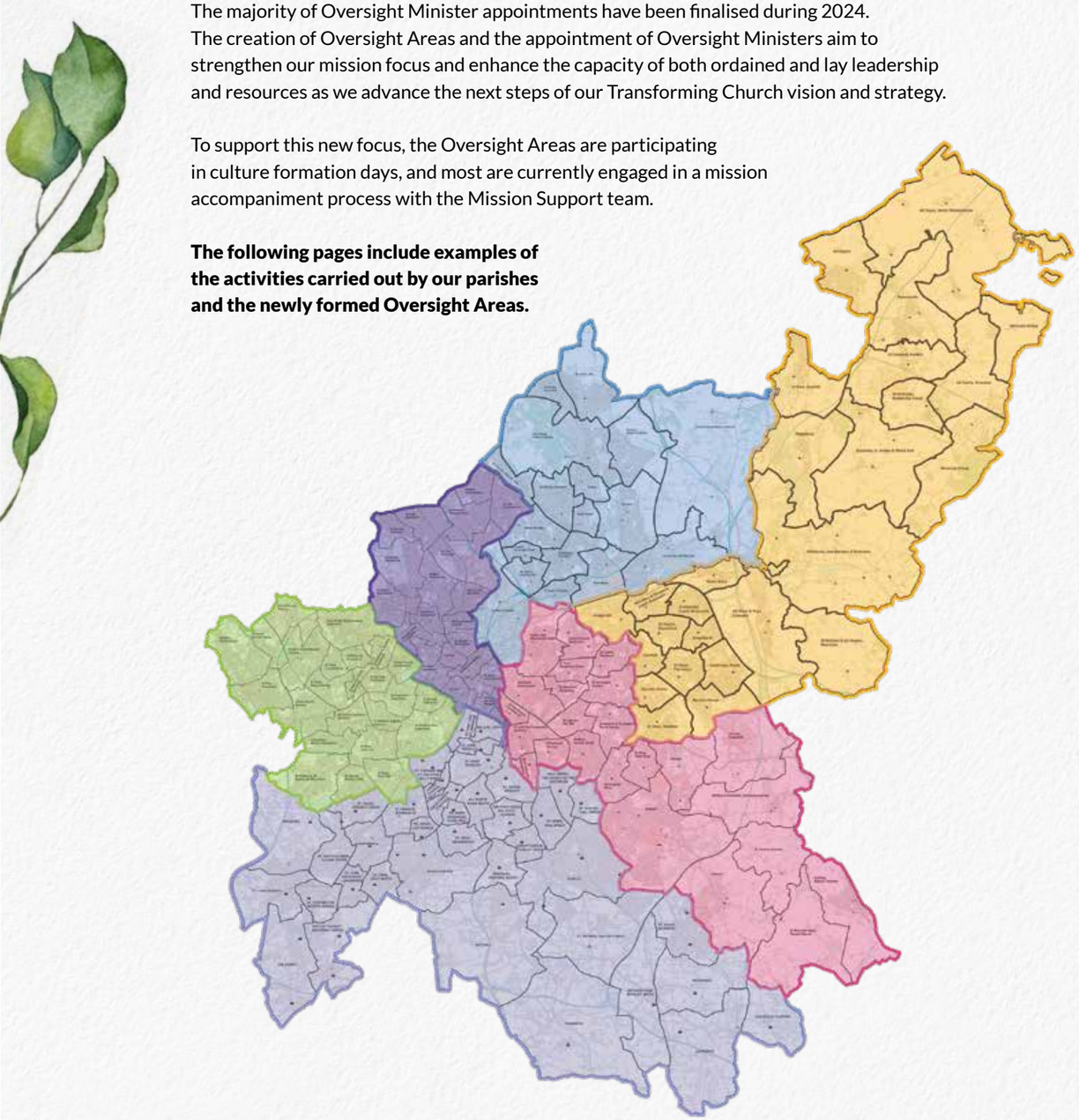
Oversight Areas

The formation of Oversight Areas provides the Church of England Birmingham with a key structure to deliver our Transforming Church vision. There are 44 collaborative Oversight Areas, consisting of groups of parishes that are voluntarily working together to achieve sustainable and flourishing mission and ministry. Most of our Oversight Areas are now fully formed and have begun to actively collaborate.

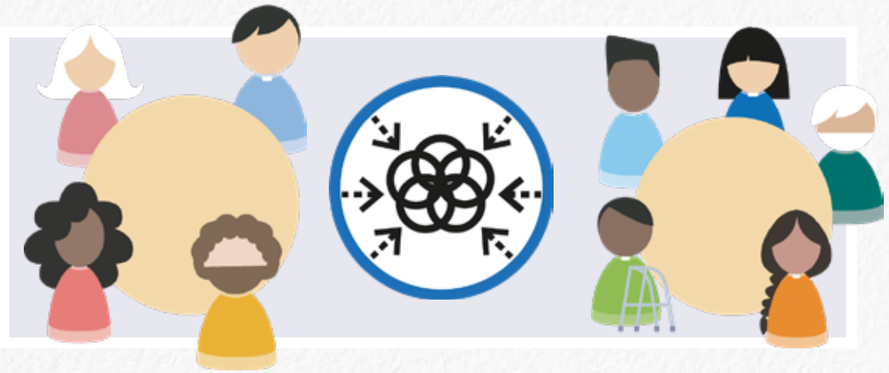
Oversight Ministers provide leadership and strategic focus for missional initiatives, facilitating future discussions and collaborations within their Oversight Areas.
The majority of Oversight Minister appointments have been finalised during 2024.
The creation of Oversight Areas and the appointment of Oversight Ministers aim to strengthen our mission focus and enhance the capacity of both ordained and lay leadership and resources as we advance the next steps of our Transforming Church vision and strategy.

To support this new focus, the Oversight Areas are participating in culture formation days, and most are currently engaged in a mission accompaniment process with the Mission Support team.

The following pages include examples of the activities carried out by our parishes and the newly formed Oversight Areas.



An Oversight Area Formation Story



During 2024, the newly forming Areas and their Oversight Ministers were invited to Oversight Area Formation Days. These were led and hosted by the Revd Canon Dr Mark Pryce and Archdeacon Jenny Tomlinson, facilitated by Sarum College. For the parishes of Lapworth, Baddesley Clinton and Packwood, it marked a significant milestone in fostering collaboration between three parishes. This strategic day focused on deepening inter-parish relationships while preserving individual parish identities. Through structured discussions anchored in prayer and scripture, representatives from each parish shared their distinctive characteristics and explored opportunities for mutual support. The day generated valuable insights into resource allocation, communication strategies, and practical steps for implementation. Participants actively engaged in addressing key questions about operational approach, resource management, and next steps in the oversight process. The formation day successfully initiated a collaborative framework, culminating in plans for a joint meeting of the PCCs, establishing a foundation for future shared ministry initiatives that leverage their collective strengths and talents.















Growing churches at the heart of each community







Preliminary statistics show the 2023 trend of growth in weekly attendance across CofE Birmingham has continued in 2024. Leadership is an important part of church growth and within the following pages is a flavour of how we are growing and forming, training and developing strong leadership in our churches and communities.





St Mary & St Ambrose and Anchor Church: Building Intergenerational Connections



The Anchor Church and St Mary & St. Ambrose Church collaboration in 2024, represents a transformative partnership born from prayerful intention and shared vision. What began as a five minute casual conversation evolved into a strategic partnership meeting their community's needs. The Anchor team, seeking a permanent base and a fuller mixed age economy in the congregation, joined with St Mary & St. Ambrose Church, who were praying for youth engagement and music ministry. Following a year-long steering group process supported by diocesan teams, in 2024 this union has created a vibrant intergenerational and intercultural faith community. The partnership has quickly produced tangible results, with previously disengaged young people now actively participating. Looking forward, the collaboration has ambitious community outreach plans, including a stay-and-play program and expanding youth work. This inspiring example of collaboration in ministry, effectively addresses parish challenges, through creating meaningful community change through shared resources, complementary strengths, and unified purpose.

Gas Street Longbridge: Revitalising St John the Baptist Church

The revitalisation of St. John the Baptist Church through Gas Street Longbridge has transformed both the building and its community impact since its launch in February 2024. With significant support from the national church and dedicated fundraising efforts, the historic church underwent substantial infrastructure improvements, including new electrical systems, fire alarms, and a roof replacement, with nearly £40,000 raised by the original congregation. The renewed church has experienced remarkable growth, regularly welcoming over 130 adults and 30 children, with recent services welcoming more than 200 attendees. Community engagement has flourished through diverse weekly initiatives, including a job club, a community craft club, and family-focused activities. The summer holiday club provided meals and activities for over 30 local children, while spiritual growth has included new commitments to faith, baptisms and completed Alpha courses. Through this partnership, St. John the Baptist Church, originally founded in 1957 as a church plant from St. Nicolas Church, King's Norton, now Gas Street Longbridge is a successful continuation of the church's original mission to reach and transform its local community.



Growing Gifts

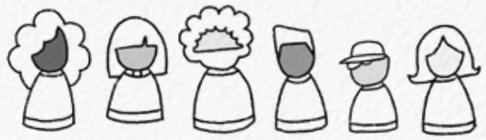
In 2024, Growing Gifts continued to support ordained and lay leaders across the diocese, equipping them with the skills, knowledge, and confidence to serve their communities. Rooted in the People & Places framework, the programme fosters structured learning, reflection and peer support, helping leaders grow in their ministry.

This year, several churches eagerly joined Growing Gifts, and participants have reported significant spiritual and practical development. The program has provided a space for leaders to deepen their faith, refine their leadership abilities, and engage with their congregations in meaningful ways.

We saw impact through the strengthening of leadership across multiple churches. This included the establishment of a structured pathway for growth, benefiting both clergy and lay ministers alike. Furthermore, Growing Gifts encouraged a supportive learning community, creating an environment where individuals in ministry could thrive and learn together.









New Ways to Worship

Through the work of the Mission Support Team, the Church of England Birmingham is currently undergoing a vibrant change in the way people engage with faith and worship with many parishes offering diverse and inclusive forms of church alongside their traditional settings. These innovative forms of worship, such as Messy Church, Outdoor Church, Cycle Church, and Sensory Church, are providing fresh opportunities for spiritual exploration, discipleship and community connection. These initiatives made a profound and subtle impact during 2024 in many CofE Birmingham communities, attracting individuals and families who may not have felt comfortable to join a more traditional church environment.

Messy Church: Creativity, Celebration, and Hospitality



Messy Church is an interactive style of worship designed to cater to both children and adults, and particularly those who are not currently part of a church community. The movement is characterised by its focus on creativity, celebration, and hospitality. Held at times and locations that are convenient for families, Messy Church invites everyone—regardless of age or where they are on their faith journey—to participate in activities, songs, and prayers that introduce them to the story of Jesus in a relaxed and interactive environment.

Outdoor Church: Encountering God in Nature

Outdoor Church offers a unique opportunity for people to connect with God in the beauty of the natural world. This form of worship, which includes movements like Forest Church, encourages participants to experience spirituality outside, rather than inside, church buildings, even in the most urban environments. Inspired by ancient Christian traditions, such as the Celtic and Franciscan approaches to nature, the impact of Outdoor Church lies in its ability to reach those who feel a deeper connection to God when surrounded by nature, providing them with a spiritual home that resonates with their love for the outdoors.



Cycle Church: Worship on Wheels

Cycle Church combines physical activity with spiritual reflection, offering a fresh and accessible way to worship for those who enjoy cycling. Participants gather for a brief time of worship and prayer before embarking on a cycle ride, creating a unique opportunity for fellowship and connection with God as the group travels. Cycle Church is inclusive of all abilities, with options for both shorter and longer rides, making it an ideal way for people to engage with faith while enjoying a shared passion for cycling. The impact of Cycle Church is seen in its ability to attract those who may not be fully engaged with church activities, offering them a new and meaningful way to explore their faith.





Sensory Church: Embracing Inclusivity

Sensory Church is a groundbreaking initiative dedicated to supporting individuals and families living with disabilities, that promotes inclusivity and acceptance, ensuring that all individuals have the opportunity to participate fully in the life of the church. This inclusive approach is designed to be accessible to people of all abilities, with special consideration for those with neurodiverse conditions. Sensory Church services are non-Eucharistic and incorporate therapeutic activities that engage the senses—such as smell, sight, hearing, and touch. Mary Withers, developed a regular Sensory Church service at Christ Church, Oldbury to make church a more inclusive experience for younger people with sensory needs and autism, enabling families with children who have autism to be a part of church worship in a unique and wonderful way, designed especially for them.





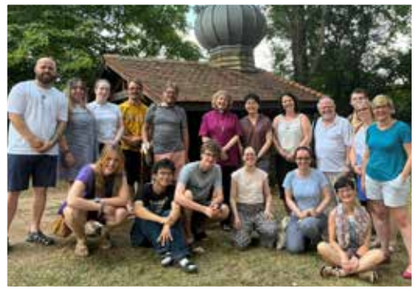


Mission Support



The Mission Support Team remains dedicated to equipping and supporting parishes in their youth and children's ministry. In 2024, the team focused on training and strengthening support for volunteers and leaders to ensure a sustainable future for youth engagement within the Church of England Birmingham.

This year saw significant growth in training opportunities, including the launch of Flex Foundations, which provided essential training for volunteers in youth and children's ministry. Over 25 participants successfully completed the Commissioned Youth and Children's Training Pathway, developing key leadership skills, and two Commissioning Services were held to celebrate trained leaders, officiated by Bishop Anne, Bishop of Aston in April, and Bishop Michael, Bishop of Birmingham in November.





The introduction of Volunteer Sunday engaged 28 parishes in recognising the invaluable role of volunteers. The Bishop's Youth Synod launched a Young Leaders Course, empowering young people to shape their parish communities. Partnerships, such as work with Youthscape on the National Youth Ministry Conference, expanded opportunities for youth workers.

The Children and Families Mission Enabler project saw two additional recruits, ensuring all deaneries are supported and fostering 87 new disciples through strengthened youth and family ministry initiatives. New worship communities emerged, including St Barnabas Primary School's after-school worship and Bubble Church in The Whitacres, Lea Marston and Shustoke. Launchpad, the clergy training program, supported ten clergy, leading to new youth ministries in churches such as St George's Newtown and St Mary's Bearwood. The Taizé pilgrimage, led by Emma Sargeant and Bishop Anne, Bishop of Aston, provided a transformative faith experience for 15 attendees, inspiring ongoing engagement in Taizé services.

Recognising the importance of leader wellbeing, a three-day retreat led by Bishop Anne, Bishop of Aston, was attended by 11 youth and children's leaders, while a one-day retreat at St Paul's Convent, Selly Park, provided renewal for ten leaders. As Growing Younger moves into 2025, it remains committed to equipping and supporting those serving children and young people, fostering a vibrant and engaged faith community across the diocese.



Launchpad

Launchpad, led by the national CofE Growing Younger team, equips clergy with skills and confidence to initiate and sustain youth ministry. Through five interactive sessions, personal visits, and coaching, participants gain tailored support, practical resources, and fresh ideas. In 2024, ten clergy members from CofE Birmingham completed Launchpad, leading to tangible youth engagement results. St George's in Edgbaston hosted its first Epiphany party, while St Mary's in Bearwood launched a Christmas event to start a youth group. St George's in Newtown created a group focused on shared interests.

Many churches integrated youth ministry into prayers and PCC meetings in 2024. Clergy also reported increased confidence, clarity, and enthusiasm for youth ministry, feeling empowered to nurture faith and community among young people. Launchpad's success highlights its role in developing vibrant youth ministries, and the Mission Support Team remain committed to supporting clergy in fostering environments where young people feel valued and engaged in their faith journey.

Anglo-Catholic Missioner

Mission Support, though Revd Charlotte Gibson's contributions to Birmingham's Anglo-Catholic parishes, have significantly impacted the community. The Tailored Seekers courses, which Charlotte developed, have resulted in baptisms and increased engagement among parishioners. At St Mark's, Kingstanding, a strategic marketing initiative for their Christmas services boosted carol service attendance from just 12 to 75 participants. Events like Cozy Christmas Sing at St Alban's, Highgate, have also encouraged stronger connections between the parishes and local residents. By emphasising the importance of inviting others, transforming the culture and sharing faith, Charlotte's encouragement has refreshed parishes that were previously struggling with declining attendance. She has supported these parishes toward more outward, missional-focused approaches to ministry while encouraging spiritual growth.







Diocesan Board of Education (DBE)

The Diocesan Board of Education (DBE) has made significant strides this year in key areas, ensuring schools are more inclusive, sustainable, and connected.

One major achievement was the revision of admissions guidance for Church schools. The DBE undertook a thorough review of original trust deeds, which emphasised providing education for all children in the parish, not just those attending church. After extensive consultation, schools have been encouraged to revisit their admissions policies to reflect this core mission.

In April, HRH The Prince of Wales visited St Michael's High School, a highlight for the school and the wider community. The visit followed the school's outstanding work on boys' mental health as part of its 'Student Voice' initiative. A personal letter from pupil Freddie led to this special occasion, which was later featured in the King's Christmas Speech.

On the journey to Net Zero 2030, the DBE appointed Jill Stolberg to support schools in meeting sustainability targets. This has led to eight schools installing solar panels, demonstrating their commitment to environmental responsibility.

To enhance engagement, the DBE has launched a new website and strengthened its social media presence across Facebook, Instagram, and X, making its work more accessible to schools and communities.







St. Michael's Church of England Primary Academy shines with Top Ofsted Rating

St Michael's Church of England Primary Academy in Handsworth achieved an 'Outstanding' Ofsted rating in 2024, transforming from 'Requires Improvement' in just 3.5 years under Headteacher Philip Hynan's leadership and the Birmingham Diocesan Multi-Academy Trust's (BDMAT) support. The school has overcome significant challenges including reputational damage, falling enrolment, and staff turnover through implementing a renewed vision guided by faith-inspired values. St Michael's now serves as a vital community hub, offering a food cupboard, urban farm, community allotment, countryside retreats, and a monthly supper club attended by over 100 community members. The impact extends beyond academic excellence to holistic family support. This transformation illustrates the power of seeing strengths rather than deficits in challenging communities.



Readers Ministry

The Reader ministry in our diocese continued to flourish with nearly 200 active Readers making vital contributions to leadership, teaching and mission within our churches and communities. A significant transition occurred in February with the appointment of Revd Sheri Gidney as Warden of Readers and Mrs Maggie Forknell as Co-Warden, bringing valuable lay perspective to leadership.

Training remains robust, with 12 Readers completing Initial Ministerial Education 1 (IME 1) training in December and five new candidates beginning their journey under the national selection framework that evaluates seven essential qualities: love for God, ministerial calling, love for people, wisdom, fruitfulness, potential, and trustworthiness.

Readers Ministry: Growing and Evolving to Serve Our Communities

Under new leadership from Revd Sheri Gidney and Mrs Maggie Forknell, the Reader ministry developed fresh perspectives to address changing church landscapes. The licensing of 12 new Readers marked a significant milestone, demonstrating the continued vitality of this crucial lay ministry. These dedicated individuals, selected through a rigorous framework assessing seven essential qualities, were equipped to teach faith, enable mission, and provide leadership in their communities. Their impact extends beyond church walls, as they connect congregations more deeply with local communities and help the church respond effectively to societal changes. Through their ministry in 2024, CofE Birmingham's Readers continue to support their parishes in an ever-changing world.



Continuing Ministerial Development (CMD)

Clergy Wellbeing

In response to the national CofE Clergy Wellbeing Covenant, Reflective Pastoral Supervision (RPS) was introduced for incumbents during 2024 to build on existing supervision for Curates and their Training Incumbents. RPS training is funded by a grant from St Martin's Trust to benefit the wellbeing of clergy in Incumbent, Oversight Minister and substantial SSM (Self Supporting Ministry) roles. In partnership with Wesley House Cambridge, eight people were engaged in training in RPS skills, providing a support capacity for 32 supervisees. In 2025 we will be looking to appoint to the voluntary role of Pastoral Supervision Lead to co-ordinate this ongoing work and development across three years. All supervisors and the supervision lead are volunteers, receiving fully funded professional supervision of their practice. RPS is introduced as a pilot programme, and we envisage that an application for further grant funding to develop additional supervisors will be sought in due course.

Oversight Ministry

The first four cohorts of recently appointed Oversight Ministers engaged in a seven-day Formation Pathway led by Revd Canon Dr Mark Pryce, Director of Ministry, with Sandra Cobbin, to support their development in the new role. Area Deans also engaged in a learning community this year, with Archdeacons to support reflective practice and role development. These learning communities complement the Formation Days to which all parishes in Oversight Areas are invited.

Reviewing Ministerial Development Review

During 2024, following a working party review, a substantial re-envisaging of the CofE Birmingham provision for Ministerial Development Review (MDR) was undertaken. At the beginning of 2025 Bishop Michael, Bishop of Birmingham, launched our renewed MDR scheme, with a revised online format and newly trained MDR partners. The first phase of clergy will be invited to engage in an appreciative, confidential conversation with an MDR partner from early 2025 onwards.



Theological Learning

The 2024 Bishop's Study Mornings for Clergy, Readers and Licensed Lay Ministers featured internationally recognised theologians Dr Eve Poole, on Artificial Intelligence; Revd Dr Gillian Straine, on St Luke's Gospel from the perspective of healing and Revd Dr Tim Howles on Ecological Theology, including a session in which deanery eco-champions and Net Zero Group participated.





Initial Ministerial Education (IME)

This year, 34 curates across the diocese have continued their journey in ordained ministry, serving in training posts for either assistant ministry or primary responsibility. Their formation has been shaped by a flexible and responsive approach, ensuring each curate is equipped for their vocation at a pace that suits their development.

The CofE Birmingham has supported curates from diverse pathways, including those following the Caleb Stream, which enables mature Christians to pursue ordination later in life, and others following the Pioneer Pathway, exploring innovative ways of ministry. Additionally, an increasing number of curates are recognising their neurodiversity and understanding how it impacts their ministry, with IME 2 providing awareness and tailored support.

We are also grateful for the dedication of our training incumbents, who play a crucial role in mentoring and guiding curates through this formative stage. Their commitment ensures a strong foundation for future church leadership.

Commissioned Pastoral Teams (CPT)

In 2024, the CofE Birmingham established a clear, structured formation programme for Pastoral Care Teams. Each team now completes a six-session module on learning to listen and a three-session module on team building before being commissioned. This structured approach has encouraged stronger teams, greater community support and a deeper commitment to pastoral care. A dedicated steering group of advisers to support Pastoral Care Teams and covering all deaneries, was also formed.

In 2024, three new teams were trained and commissioned, reflecting a renewed energy and enthusiasm for this ministry, under the leadership of David Harrison, Warden of Pastoral Care Teams, who has been instrumental in driving these significant changes.

The Pastoral Care Away Day was attended by 80 team members, nearly double the usual number present, and they were welcomed by Bishop Michael, Bishop of Birmingham. Another significant development was the introduction of termly bereavement care training sessions in partnership with Care for the Family, strengthening the team's ability to provide compassionate care to those experiencing loss. 2024 has been a year of momentum, growth and commitment.



Local Ministry Pathway

The Local Ministry Pathway program continues to equip and empower individuals to serve as primary leaders within their parishes, across the Church of England Birmingham. This three-year training pathway provides flexible formation for those called to lay or ordained ministry vocations. Unlike traditional training schemes, it enables participants to grow in their ministry while remaining rooted in their local communities.

The pathway has seen remarkable outcomes in 2024. Fourteen candidates completed the foundation stage and progressed to the diocesan panel, a significant step in their vocational journey. As a result, 2025 will welcome 11 new local ministers, ten ordained as deacons and one licensed as a lay minister.

A standout feature of this year's cohort is its diversity, with the majority of candidates coming from Global Majority or UKME backgrounds. This reflects a growing commitment to ensuring ministry is representative and responsive to the communities it serves.



Celebrating 30 Years of Women's Priestly Ministry



A Sung Eucharist at Birmingham Cathedral in June 2024, commemorated the 30th anniversary of women being ordained to priestly ministry. The well-attended and live-streamed ceremony led by Bishop Anne, Bishop of Aston, recognised pioneering women priests, many of whom were present. Revd Canon Faith Claringbull, one of the first women ordained in 1994, delivered a powerful sermon stating, *"We're celebrating 30 years of the fruitful ministry of men and women together in the Church of England Birmingham."* She reflected on this partnership and acknowledged that while 55% of ordinands are now women, the church must remain *"vigilant to ensure those who remain on the margins can be brought in... and all may flourish as children of God."* The service included meaningful readings by Revd Eve Pitts and Revd Canon Becky Stephens, prayers led by Archdeacon Jenny Tomlinson, and Bishop Michael, Bishop of Birmingham's participation in the distribution of communion. The celebration concluded with a hymn from the original 1994 ordination service, emphasizing the commitment *"to live for Christ alone."*

Pathways Learning Platform

Pathways continued to evolve as a vital diocesan education platform, making learning more accessible, interactive, and impactful. The Pathways team carried out user research, to inform improvements to overall design, organisation and navigation.

The team developed a number of new resources and programmes in 2024. Sometimes this involved creating new Pathways spaces to support training and provide resources, such as with the new Growing Gifts programme. The team also worked collaboratively with the Flex Foundations team to develop a range of 35 new informative and reflective online learning resources. Another new addition to the platform was the Resource Hub, an online portal for sharing documents and resources to wider audiences.

2024 also saw significant enhancements to key existing training programmes: the Unconscious Bias module was refreshed, leading to an increase in participation as over 90 learners completed the training; the Pathways Team's success in supporting the IME1 Reader Training programme was built on, with online support now also provided for the subsequent IME2 training phase.





Growing churches at **the heart** of each community





"We give thanks and praise to God for the many encouragements we experienced as CofE Birmingham during 2024. As we faithfully attended to our vision of seeing, Growing Churches at the Heart of Each Community, we saw new people coming to faith, being baptised and confirmed, and growing as disciples of Jesus Christ." - Bishop of Birmingham



Safeguarding

Church of England Birmingham is committed to providing a safer church for everyone and to caring for those who are victims and survivors of abuse. We believe that safeguarding is everyone's responsibility, and it is at the heart of all we do.

The work of the Diocesan Safeguarding Team, using the framework of the national CofE safeguarding standards, includes working with victims and survivors, assessing and managing safeguarding risks, handling allegations of abuse, providing access to national training, and preventative work with parishes. We are hugely grateful for the work of the volunteer Parish Safeguarding Coordinators without whom it would be impossible to safeguard those in our local churches.

The Diocesan Safeguarding Advisory Panel (DSAP), with an independent chair and experts from statutory agencies in addition to senior diocesan staff, oversees safeguarding practice and processes in the diocese, including monitoring compliance with the national CofE safeguarding requirements. To support the effectiveness of the DSAP, we have recently introduced an Operational Safeguarding Group to work on detail and make recommendations to the DSAP.

Chaplaincy

There are many forms of Chaplaincy across CofE Birmingham.

The Anglican Chaplaincy at the University of Birmingham has partnered with local parishes to develop two new worshipping communities:

'The Well', a collaboration with St Mary's, Selly Oak, is a monthly creative liturgy that provides space for mature Christians and those who are new to the faith to discover the ancient wisdom and spiritual practices from the deep wells of our Christian sacraments and traditions. They have hosted speakers from the CofE Birmingham and beyond to talk on an aspect of spirituality or spiritual practice that they are passionate about. The Well is a community that has drawn together an ecumenical community from across Birmingham.

'Be…' is a new initiative with St Francis Bournville that hopes to be a Spirit-filled inclusive charismatic community. Begun in September 2024, God has brought together an amazing team of gifted worship leaders with an evolving vision for what 'Be…' might be. They are excited to see where God leads.





Vocations and Discernment

2024 marks two years since the national discernment process changed, with eight individuals successfully going through the new process for ordination. From a diocesan perspective, the revised process is considered fairer and more inclusive, helping to reach a broader and more diverse range of people discerning their calling.

Vocational conversations have widened, recognising that vocation is not solely about ordained ministry. This year was a significant period for listening to personal stories and exploring different vocational paths. While the national trend shows fewer individuals pursuing ordination, CofE Birmingham has seen only a slight drop in candidates, with a notable shift towards Self-Supporting Ministry (SSM), reflecting changing patterns in how people choose to serve.

Despite these shifts, vocations remain active and vibrant. People are still coming forward, and the CofE Birmingham continues to nurture and guide individuals in their discernment. As trends evolve post-COVID, there is optimism that numbers will stabilise, with early indicators suggesting a renewed interest in ordination and ministry in the coming years.

Cathedral

Every day in Birmingham Cathedral begins and ends with prayer and worship. Three services are held each day and in 2024, there were 192 acts of choral worship. Amongst these were some highly significant occasions in the life of CofE Birmingham and our city region.





In March, the Dean and Cathedral community were delighted to hold the Installation Service of the Rt Revd Dr Michael Volland as the 10th Bishop of Birmingham and in May to celebrate 30th anniversary of the ordination of women to the priesthood. In September, The Dean, The Senior Ministry team and Canons hosted the Farewell Eucharist for the Bishop of Aston, the Rt Revd Anne Hollinghurst as she left to become the Principal of the Queen's Foundation. November brought a highly moving memorial service to mark the 50th anniversary of the Birmingham Pub Bombings.

The work to conserve the much-loved Burne-Jones stained-glass windows was completed in 2024. Activity and engagement work inspired by the windows involved a Festival of Voices including Nafeesa Hamid, poet in residence, reading a series of poems inspired by the windows, and Iranian members of the cathedral community reading Hafiz in Farsi and English, speaking about the importance of his poetry for Iranian refugees.

Discipleship Culture

Across the diocese, people are growing in their relationship with God through simple, meaningful moments that shape their daily lives and communities. Conversations over coffee become spaces where faith is shared, encouragement is offered, and understanding deepens. Acts of service, whether volunteering, supporting others in prayer, or showing kindness, have helped individuals discover that discipleship is not just about belief but action.

For many in 2024, faith was taking root in unexpected places. Young people stepping into leadership, guiding their peers in discussions about scripture. In workplaces, colleagues gathered for morning prayers, discovering their faith shaping how they approach their work and relationships.

Through everyday choices, people became more aware of God's presence and responded in ways that drew them closer to Him.

This growing culture of discipleship is transforming the CofE Birmingham. It's not confined to Sunday services but woven into the routines of daily life through prayer, reflection, and small acts of generosity as individuals seek to live out their faith with authenticity and purpose.

Later Life Discipleship

Cofton Park Manor Nursing Home has been committed to nurturing the spiritual well-being of its residents. With the support of staff, family members, and the congregation, the home quickly outgrew the cinema room and now utilises the largest lounge to accommodate everyone. The monthly communion service led by the local incumbent, Sheri Gidney, is a meaningful gathering that reminds the residents of their worth and purpose in the world through the love of God. The service involves singing hymns, reading the Bible, offering prayers for the world, and partaking in communion. It provides a welcoming space for residents to be recognised and accepted and to nurture their spiritual growth.

"We are delighted that one of our congregation will be Confirmed in the home on 4th September 2024, by Assistant Bishop Maurice." – Member of Cofton Park Manor staff



Intercultural Discipleship Initiative Featuring Bible Study Videos



The program, "Two Way Street," throughout 2024, offered extensive learning opportunities, providing unique perspectives and culturally relevant teachings. This course has significant potential for growth in 2025 and has planned use across parishes.

By making intercultural discipleship a priority in 2024, the CofE Birmingham encouraged deeper connections between various communities, enriching the faith journeys of individuals and strengthening the church's commitment to inclusivity and learning.

CofE Birmingham Praying Together

In 2024 the diocesan monthly prayer cycle, CofE Birmingham Praying Together, continued to increase both its readership and number of contributions. Each monthly edition was accessed by around 1,000 people, through the CofE Birmingham website as well downloaded and printed as a foldable bookmark. Prayers provided by individuals and parishes were joined in 2024 with contributions from CofE Birmingham projects, diocesan missional initiatives and ministry teams. This year the Communications Team also contributed to the John Cadbury House office's prayer stations, by adding printed copies of each month's CofE Birmingham Praying Together, as well an QR code that can be scanned to access the digital and printable versions.

Following the leadership of Bishop Michael, this is just one example of how the CofE Birmingham family are joining together in prayer as we look to deepen our prayer life.











Growing churches at the heart of each community



Across the CofE Birmingham our churches significantly served their wider communities, with Diocesan, regional, national and international relationships flourishing, sharing resources and practical support. The CofE Birmingham commitment to the Environment also gathered pace through 2024.



Urban Estates - Lay Leadership: Empowering Local Leaders Through 'Become'



The 'Become' programme emerged from mission planning conversations in the Coleshill & Polesworth Deanery, addressing the need to empower local leaders in their communities. St Andrew's Chelmsley Wood aimed to transition the majority of its ministries to lay leadership, through building confidence and inspiring individuals to step into leadership roles.

Revd Andi Thomas and Abbi Wells, Mission Support, partnered with Church at Five in North London to bring 'Become', a nine-week leadership development programme, to the CofE Birmingham, successfully adapting the programme for their local context.

The first cohort of 12 participants saw transformative outcomes. One 18-year-old, previously uncertain about his future, finished the programme with newfound confidence and a clear purpose. He is now actively involved in youth work, leading a weekly activity and supporting Sunday services.

Sarah, a stay-at-home mother whose youngest child recently started school, discovered her leadership potential: *"It has raised the flag for me to go out and regain the confidence and skills I had pre-children."*

CofE Birmingham Racial Justice Board

Cof E Birmingham is committed to diversity and inclusion as a Kingdom value at the heart of God's mission, where everyone can feel that they belong and that they are valued for who they are. Our Racial Justice Board is a key vehicle to drive through change in this area. Its approach is to consider, prayerfully reflect, campaign, set strategy, advise and promote actions on issues of equity and racial justice.



One of the main aims is to deliver the recommendations contained in the From Lament to Action report, with the full support of Bishop's Council and Diocesan Synod.

Towards the end of 2024 a review of the Board's constitution and work was begun with resulting changes being implemented in 2025. The overarching principles of the Board's role are not expected to change fundamentally.





Racial Justice Story: Revd Tariro Julian

"I believe the creation of the Racial Justice Board is important as it shows our commitment to racial justice issues."



Racial Justice Story: Revd Dele Sotonwa

"...I was on the Board during 2024, because of my passion to see Racial Justice becoming part of our DNA as God's chosen people...to promote and spread the message of diversity and equality, providing necessary support to deaneries and parishes, as we strive to be the church God has called us to be."

West Midlands Regional Racial Justice Initiative

CofE Birmingham and five other dioceses in the West Midlands are working together on a collaborative initiative for racial justice, the aim being to catalyse culture change, implement recommendations in the 'From Lament to Action' report, and tackle racism across our region. The Regional Board was established in 2024 and recruitment to the new team has been taking place. There is much more to do, but already we have seen positive sharing of ideas and practice across the West Midlands dioceses.

WEST MIDLANDS
RACIAL JUSTICE INITIATIVE



Interfaith

Interfaith relationships are thriving, with the Church and Mosque Leaders Network actively fostering these connections throughout 2024. Meeting every two months in either a church or mosque, the network brings together Christian and Muslim leaders for friendship, mutual understanding, and theological reflection. Each gathering features both a Christian and a Muslim speaker, exploring key aspects of faith and leadership within the city's diverse religious landscape. Topics have included the origins and daily use of the Bible and Quran, the role of prayer and spirituality, and shared narratives such as Abraham in the Bible and Ibrahim in the Quran.

An interfaith reception for Bishop Michael, Bishop of Birmingham, in April welcomed 60 attendees from different faith backgrounds. The event provided an opportunity for people to engage with the Bishop, enjoy music and food, and celebrate the Church's role in fostering dialogue and unity.

Training for curates and new clergy continues with experience days that immerse them in the realities of mission and ministry in a multifaith, multicultural city, where the diocese consists of 38% Christians. As Birmingham's religious landscape evolves, CofE Birmingham remains committed to adapting and equipping its communities to serve in all its fullness.





Presence and Engagement (P&E): Heritage Trails

There are now two heritage trails that explore religious diversity and life in both Lozells and Smethwick. The launch of this Heritage Trail in Smethwick marks another significant milestone in interfaith engagement.

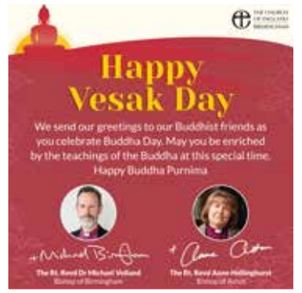


Bishops' Festival Greetings

Greetings to our interfaith neighbours and friends across the diocese continued during 2024. These popular social media posts were additionally created by the CofE Birmingham Communications Team in a printable format, to enable recipients of the internal newsletter, The Update, to download and share them in person in their parishes. Recipients feedback remains positive in 2025 and the greetings from Bishop Michael, warmly received.













Interfaith Leadership



The Revd Jenni Crewes represented the Church of England at the Forum of Young Religious World Leaders in Kazakhstan during 2024, speaking on the role of young leaders in interfaith dialogue. As one of few women and the sole Anglican representative, Jenni highlighted the importance of grassroots interfaith work happening in local communities across CofE Birmingham. She emphasised that while international platforms are valuable, the true transformative power of interfaith relations lies in everyday interactions, with parents connecting at school gates despite differences, neighbours building friendships across faith boundaries, and communities learning to disagree respectfully while sharing life together. Jenni also challenged participants to consider how they use their positions of influence, encouraging responsible stewardship of power to foster peace locally and globally. Her participation at international level reflects the CofE Birmingham commitment to nurturing interfaith relations and empowering young faith leaders, and building bridges across cultural and religious divides.

World Mission

In a rapidly changing and often challenging world, our vision for world mission during 2024 remains strong. While immediate pressures may tempt us to narrow our focus, our Christian calling urges us to look outward and engage globally. Here are five key reasons for our renewed commitment to world mission:

- The world has come to our city – Birmingham's diverse communities provide opportunities to build friendships and share the gospel across cultures.
- Learning from our neighbours – Engaging with people from different backgrounds deepens our understanding of their home nations and strengthens our global concern for Christ's mission.
- Strengthening global partnerships – Through modern communication, we can collaborate with the worldwide Church to spread Christian hope.
- A digital Great Commission – Today, we are called to proclaim the gospel globally and in the digital world, reaching people wherever they are.
- Responding to a world in crisis – As conflicts and challenges grow, we must align ourselves with God's mission of redemption, embracing the purpose for which Christ was sent.

World mission remains central to our faith, and Church of England Birmingham is committed to playing our part in God's work across the nations as 2025 unfolds.







Diocesan partnership with the Church in Malawi

The CofE Birmingham has continued its commitment to supporting the four dioceses in Malawi, responding to urgent needs and strengthening communities. This year, our contributions have provided essential infrastructure, emergency relief, and hands-on support, through the funding for roof construction for three schools, two priests' houses, and one church. After severe storms, emergency repairs were carried out at a school in urgent need. In Southern Malawi, funding contributed to the roof of a new church, St Andrew's, built by the local community. Additional support was given to Trinity Secondary School and repairs at the bishop's house.

Our partnership also extended to training programs, including peace building and financial management workshops, alongside supporting the consecration of a new bishop in the Diocese of Upper Shire.

A container lorry filled with medical equipment, clothing, books, and mobility aids was sent to provide vital resources in 2024.

CofE Birmingham members also continue to support Lucy Ward, a teacher from Birmingham working in Lake Diocese, particularly in repairing school desks. Members of the Malawi Task Group travelled to assist her, continuing a dedication to practical, long-term support.

Through these efforts, CofE Birmingham remains committed to walking alongside our partners in Malawi, ensuring sustainable and impactful change.

Bolivia

Over the past year, our Anglican partners in Bolivia have remained faithful in their ministry despite political and economic challenges. The Church, having weathered the impact of the COVID-19 pandemic, now faces increasing poverty and the difficulty of sustaining its work.

Our connection with Bolivia has deepened through regular Zoom gatherings between congregations in Birmingham and Bolivia, fostering fellowship and shared prayer.

In response to their needs, and with the support of Bishop Michael, Bishop of Birmingham, the Bolivia Task Group launched a Christmas 2024 appeal. The funds raised have supported a children's programme, contributed to a welfare fund, and enabled a central conference and retreat for clergy and church leaders across the country.

This partnership continues to be a source of encouragement and blessing for both communities. We remain committed to standing alongside our Bolivian brothers and sisters in faith and look forward to future opportunities for shared mission and mutual support.



Thrive Together Birmingham

Born out of the CofE Birmingham, as a key part of the CofE Birmingham's community regeneration work, Thrive has helped expand the church's work in ways that wouldn't otherwise be possible. A growing network of nearly 400 organisations provide safe spaces across Birmingham for people of all ages, including Places of Welcome, local pantries, and children's centres. They continue to equip and resource communities to address poverty and to help them flourish.

In 2024, Thrive saw significant growth, with new groups joining and an intentional effort to map and measure our impact. Thrive's partnerships, including collaborations with local councils and businesses like Cadent Gas, have promoted energy safety and security while reaching communities that larger organisations might otherwise miss.

A major highlight this year was Rabiyah K Latif, a member of the Thrive team pictured below being awarded an MBE for building cohesion in Birmingham. This achievement reflects Thrive's ongoing commitment to strengthening local communities.







Crafty Church

Crafty Church is a 2024 community initiative at Hawkesley Church, bringing families together through creativity, conversation, and faith. Offering craft activities, meals, and connection during school holidays. It is a welcoming space supported by dedicated volunteers who promote engagement, support, and spiritual exploration for all.



Cadent Warm Hubs

Birmingham now hosts nearly 300 Warm Welcome Spaces, with ten specialist 'Cadent Centres for Warmth' receiving additional support from Cadent Gas to promote energy efficiency and safety. These centres provide heated throws, slow cookers, and heated seat covers, helping participants reduce costs and improve home heating efficiency. The initiative has had a profound impact, with beneficiaries expressing gratitude for the support, and their stories include individuals deeply moved by receiving heated blankets, communities benefiting from donations of slow cookers and blankets, and people overcoming years of heating anxiety through access to simple but effective solutions. This pilot project is proving invaluable in helping vulnerable residents stay warm and manage energy costs effectively.

Cadent Gas Centres for Warmth Celebration

To celebrate Thrive's partnership with Cadent Gas and to promote Gas Safety Week, Cadent Centres for Warmth launched an art exhibition at St Martin in the Bullring. With support from Art Therapies UK, participants created artwork depicting buildings that symbolize warmth and connection. These individual pieces were brought together into a vibrant installation displayed throughout Gas Safety Week, highlighting the importance of warmth, safety, and community support.





Creating Safe Spaces for Young People

St Andrews Chelmsley Wood, were recipients of a £5,000 Innovation Fund Grant from the Safe Spaces for Young People network, which enabled them to create a thriving Youth Café that serves approximately 45 young people from six local schools each Monday. The café offers nutritious meals alongside diverse activities including gaming, table tennis, board games, and professional sports coaching. Notably, the space incorporates dedicated sensory areas for neurodiverse attendees. This community engagement also fostered spiritual growth through the establishment of a Youth Alpha Group, creating pathways for young people to explore faith in an accessible manner. St Andrews demonstrates that church size is not a barrier to community impact, with committed volunteers spanning generations, including seniors eager to understand and serve youth needs. Their experience shows that vision, openness, and dedication to local service can transform communities regardless of resource limitations.

A volunteer, from St Andrew's, in her 70's said, *"I want to help and be part of it because I want to know what young people are experiencing, and I want to know how best to serve them."*



Social Housing – Our Response to the "Coming Home" Report

'Coming Home' is a report commissioned by the Archbishops of Canterbury and York in response to the housing crisis. It sets out vital actions for the Church and other organisations with a focus on building better communities and homes, not just houses.

The housing crisis in Birmingham is greater than many other places. The proportion of families accepted as homeless in Birmingham is nearly four times the national average and nearly 5,000 families are in temporary accommodation.

In response, CofE Birmingham is partnering with Oak Foundation and the Church Development Agency to undertake an ambitious three-year pilot, aiming to deliver more and better affordable social housing using Church land and adjoining land. The vision is to build sustainable communities with ongoing support by the Church and its partners. Several potential places have been identified, and the team and parishes are working on plans for the next steps in development. It is acknowledged that this is a long-term process but one which could change the lives of many when they are given the opportunity live in places where they can feel safe, put down roots and belong to a community.







Racial Justice Story: Revd Sarah

"...in St Germain's in North Edgbaston, the Community that we're in is really culturally diverse and our church family reflects that diversity and is possibly even more diverse than our local community."

Bubble Church

Launched during 2024, for the past 14 months, the Parish of The Whitacres, Lea Marston, and Shustoke, have led Bubble Church, a Sunday service designed specifically for babies, toddlers, and young families. This 30-minute service, filled with puppets and centred around Jesus, provides a fun and engaging adventure, complete with coffee and croissants.





Ignite Youth Group

One evening, the Children Families and Mission Enabler (CFME) took the Ignite Youth Group that meet in the Parish of The Whitacres, Lea Marston, and Shustoke, to the Edible Garden to plant dahlias. Together they discussed why plants need strong roots and how we could be 'rooted' in Jesus, then wrote prayers or other words to express their need to grow in faith and placed them near the dahlias.

2024 Financial Support

We are hugely thankful for the financial support we receive from a variety of sources, and in particular:

Parish Church Councils (PCCs): for their faithful giving of Common Fund which contributes to the cost of providing parish ministry.

The national Church (CofE): for Lowest Income Communities (LinC) Funding which supports ministry in our lowest income parishes, Strategic Funding which funds diocesan and parish strategic plans and activities to increase capacity for mission and ministry.

St Martin's Trust: for providing financial support to some of our most economically deprived parishes.

Benefact Trust: for grants which have helped us to deliver a range of activities that include working with children and young people, helping churches support the most vulnerable and tackle social issues.

Oak Foundation: for funding work on social housing as part of Birmingham's response to the Church of England's "Coming Home" report.



CofE Birmingham Net Zero Carbon Action Plan

In November 2024, the CofE Birmingham Diocesan Synod endorsed an Action Plan to achieve net zero carbon emissions across the diocese by 2030. This includes churches, church halls, Voluntary Aided and Multi-Academy Trust church schools, clergy housing, Birmingham Cathedral, the diocesan office, and work-related travel. The plan focuses on actions up to 2025 while laying the groundwork for 2026-2030. Achieving this ambitious goal requires a culture shift across the CofE Birmingham, making clear and consistent communication crucial. The estimated net carbon footprint for 2024 is 6,464 CO2e tonnes, with schools contributing 39% and churches and church halls 35%. The plan aims for year-on-year reductions through targeted actions, ensuring long-term sustainability and environmental responsibility.



Net Zero Carbon Schools Officer



In May 2024, Jill Stolberg started as part-time Net Zero Carbon Schools Officer through a Starter Grant from the CofE Net Zero Carbon Programme for focusing support for church schools in their journey to net zero carbon. Leveraging her existing relationships with schools through her role as Church School Distinctiveness Officer, her key objectives include visiting schools to gather information, promoting CofE Net Zero Carbon resources, and encouraging cultural shifts toward environmental care. Schools are encouraged to commit to net zero by joining the Let's Go Zero campaign, developing Climate Action Plans, and using the Count Your Carbon tool for annual reporting. Jill's work has provided invaluable direct support, helping schools actively reduce emissions and integrate environmental responsibility into their ethos.

Church Demonstrator Project

Three churches in the diocese have joined the national CofE Net Zero Carbon Demonstrator Project, receiving funding and support to implement energy-efficient solutions. These projects serve as case studies to inspire and guide other churches. St Germain's Church in Edgbaston is installing an air source heat pump and a glazed screen for the Lady Chapel. St Martin in the Bullring is developing proposals for air source heat pumps, solar panels, and improved energy efficiency. St James Church in Shirley is applying for funding to replace its gas boiler with electric infra-red chandelier heaters. These churches will communicate their progress throughout 2025 and 2026, offering valuable insights for others on the path to net zero carbon.



Eco Diocese Silver Award

CofE Birmingham made significant progress in its journey towards environmental sustainability during 2024. At the very start of 2025, the diocese successfully met all the requirements for Silver Eco Diocese with the development of a Land Management Strategy. A Rocha awarded CofE Birmingham with the first Silver Eco Diocese status. A Rocha UK is the Christian environmental charity behind the Eco Church and Eco Diocese initiatives.

This milestone reflects the dedication of individuals and churches across the diocese to embedding environmental care into their mission. It is a testament to the collective commitment to stewardship, sustainability, and the flourishing of God's creation.

THE CHURCH OF ENGLAND BIRMINGHAM

Church of England Birmingham

2024 At a Glance

17,000 Lay People in Worshiping Communities

146 Parishes

43 Oversight Areas

6 Deaneries

1.6 million
Population of Diocese
(across Birmingham, Solihull and some areas of Sandwell and Bromsgrove)

124 Parish Clergy

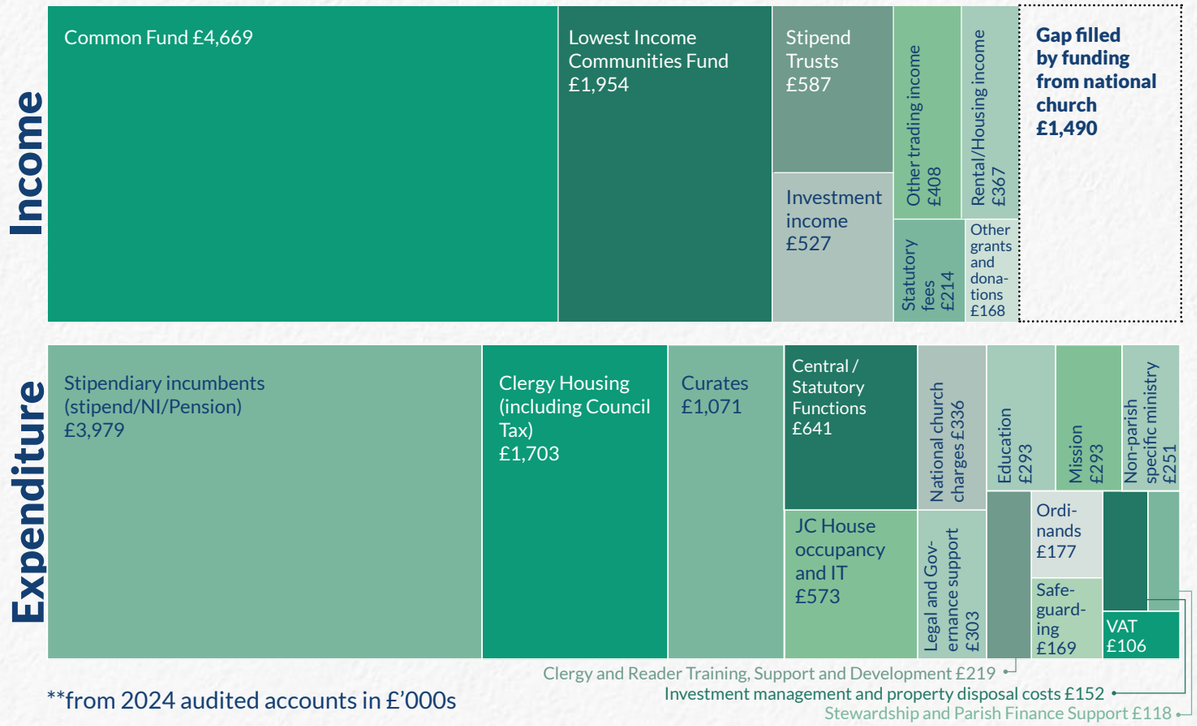
- 95 Incumbents
- 28 Curates
- 1 House for Duty

253 Volunteer Ministers

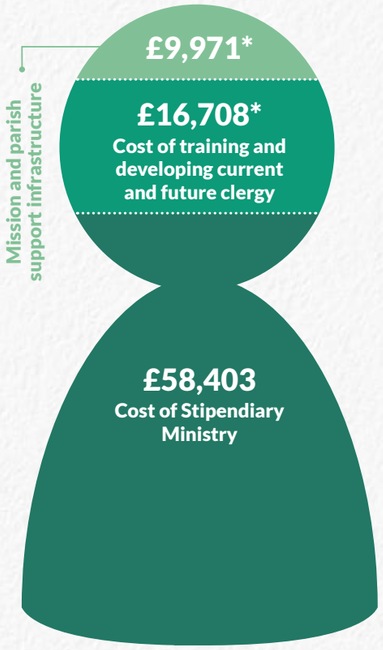
- 105 Licensed Readers
- 115 Clergy with Permission to Officiate (PTO)
- 28 Self-Supporting Ministers (SSM)*
- 5 Locally Ordained Ministers

In addition, we have 93 Licensed Readers aged over 70
*Self-supporting ministers including SSM curates

Our Unrestricted Finances**



**from 2024 audited accounts in £'000s

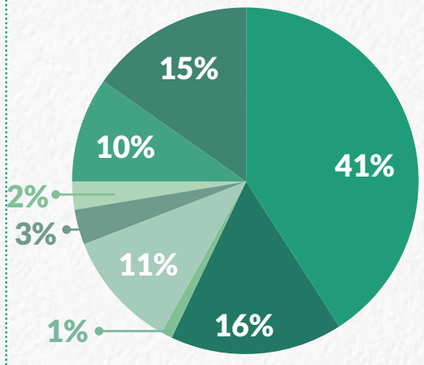


2025 Unrestricted Common Fund

Common Fund is the vital contribution from our parishes, forming our largest regular income source. It contributes to ministry costs, ministerial training, and parish support. As a diocese, we do not have sufficient other sources of income to cover the costs of our wider support infrastructure. Rooted in biblical generosity, Common Fund traditionally contributed 56% of our core income but has fallen below 50% since COVID-19. Our goal is to restore it to sustainable levels.

Total cost allocated per stipendiary priest

2025 Unrestricted (Core) Expenditure budget



- Stipend/NI/Pension (41%)
- Clergy Housing (16%)
- Clergy Grants etc (1%)
- Curates and ordinands (11%)
- Clergy and Reader Training, Support and Development (3%)
- Non-Parish ministry (excl Area Deans) (2%)
- Parish Support Infrastructure (10%)
- Diocesan Operating costs (15%)

Projects Funded Through Restricted Grants in 2024

Funding of over £2.6 million from the national church, Oak Foundation and Heritage England enabled the following major projects in 2024

Anglo-Catholic Mission
Supporting five Anglo-Catholic parishes to develop and grow missionally.

Net Zero Carbon Initiatives
Plans developed and activity being supported in parishes and clergy housing.

Safe Spaces Innovation
Working with Thrive to create safe spaces for young people.

Children and Families Mission Enablers
A network of enablers across all deaneries, supporting strengthened youth and family ministry.

People & Places
The continuation of our fundamental strategic structure and culture change programme. 2024 included the ongoing formation and embedding of our Oversight Areas, Oversight Ministers, Mission Planning and new leadership pathways.

Social Housing
Beginning of a project funded by Oak Foundation to develop CofE Birmingham sites for social housing.

Church Planting and Revitalisations
Pype Hayes, Shirley and Longbridge.

Programme Management
Funding from the national church enables The Programme Management Team to support the delivery of our projects.

St Michael's Handsworth
Funding from Historic England towards crucial major repairs.

Supporting the mission

The Church of England Birmingham (the CofE Birmingham) through the Birmingham Diocesan Board of Finance (BDBF) aims to promote, facilitate and assist with the work and purposes of the Church of England for the advancement of the Christian faith in the Birmingham Diocese and elsewhere. This includes the provision of facilities for public worship, pastoral care and spiritual, moral and intellectual development, together with the promotion of Christian values and services by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

In this, the BDBF acts as the financial executive for the Diocesan Synod in the administration of the CofE Birmingham's interests.

The BDBF helps to facilitate the pursuit of our Diocesan Goals by its ongoing objective to maintain a sound financial structure that resources the needs determined by Diocesan Synod and informed by local and national church institutions. This financial structure includes supporting clergy through the payment of stipends, managing parsonages and other ministerial houses, and also by providing other facilities and resources in the support of the ministry of both clergy and lay people in parishes across the diocese.

Constitution

The BDBF is established under the Diocesan Boards of Finance Measure 1925. It is a company limited by guarantee and subject to its own Memorandum and Articles of Association. The BDBF is also a registered charity.

The BDBF is constituted as the financial executive of the Diocesan Synod, each member of which is also a member of the BDBF. Trustees are appointed by the members on a triennial basis. The BDBF acts as the Parsonages Board and the Diocesan Mission and Pastoral Committee for the purposes of ecclesiastical legislation.

The BDBF, which meets four times each year, is the principal policy making body. It takes advice from its Board of Trustee Directors, constituted as the Bishop's Council, which examines issues in detail and makes recommendations. The Council also takes executive action in certain matters and deals with day-to-day issues. The membership of the Bishop's Council is contained on page 3 of this report.

Delegation of day-to-day delivery The trustees and the sub-committees which assist them in the fulfilment of their responsibilities, rely upon the Diocesan Secretary and colleagues for the delivery of the day-to-day activities of the company. The Diocesan Secretary is given specific and general delegated authority to deliver the business of the BDBF in accordance with the policies framed by the trustees. The Diocesan Secretary and key senior staff during 2024 were:

Dr Jan Smart . . . . . Diocesan Secretary
Miss Karen Preece . . . . . Director of Finance
Mrs Sarah Smith . . . . . Director of Education
Mr Daniel Mayes. . . . . . Property Director
Mr Benjamin Franks . . . . . HR Director

Recruitment and training of trustees

Trustees are recruited through a mixture of ex-officio positions, elections and nominations. Elections take place every three years before the first meeting of the new Diocesan Synod (itself elected every three years). The trustees have the power to co-opt members according to their assessment of the needs of the BDBF in terms of required skills and experience.

Induction for trustees includes a one-day event to ensure familiarisation with the organisation and its vision and strategy and also an overview of trustees' responsibilities. 2024 saw the third year of a three-year Trustee development programme to provide trustees with deeper knowledge and skills to further equip them for their role – sessions in the year covered an awareness of Unconscious Bias as well a dive into each of our Deaneries – including what is special about each of them. Trustees also receive safeguarding training in line with the national church requirements.

They are also given relevant literature which explains the role and obligations associated with their role as a director and trustee of the BDBF. Trustees then receive ongoing training as appropriate. They will also receive an introduction to any special areas with which they will be working such as the Board of Education. Trustees are encouraged to visit diocesan operations.

All trustees are required to maintain their entry in the register of declarations of interests.

Some senior staff have job titles incorporating the title 'Director', but they are not directors of the company (for the purposes of company law) and therefore are not 'charity trustees'.

Charity Governance Code

The BDBF welcomes the 'Charity Governance Code' and is working on its application. The three-year Trustee Development Programme which commenced in 2022 is part of our planned 'self-audit' review. The programme continued throughout 2024, and we aim to summarise our findings and action plan during the Triennium that starts in 2025.

Management structure

The BDBF is assisted in its work during the year by a number of committees:

The Diocesan Board of Education is a statutory body whose financial responsibilities are reported as part of the BDBF. The Board is also responsible for the Diocesan Church Schools' Fund (restricted fund).

Finance, Investment and Property Subcommittee (FIPS) acts in all finance and property matters, including audit, remuneration of BDBF staff, the management of BDBF investment property and fiscal investments and parsonage maintenance issues, and makes recommendations to Bishop's Council.

Executive Change Board was established by Bishop's Council in 2022 to ensure that all strategic change activity is aligned with the *Transforming Church* vision and strategy of the CofE Birmingham. A process has been established by which strategic changes, and new initiatives can be encouraged, incorporated, monitored and held accountable.

The Diocesan Advisory Committee for the Care of Churches (DAC) provides advice on the effective stewardship and development of church buildings whether listed or not; church architecture, archaeology, art and history; conserving historic fabric and furnishings; and liturgy and worship. The DAC works with parishes at all stages of a 'building' project. One of its key responsibilities is oversight of the Faculty process, which is the Church of England equivalent of the civil planning process. As well as representation from with the CofE Birmingham and the wider church, membership includes experienced specialists, who provide consultancy advice on a voluntary basis.

Other organisations with which the BDBF co-operates in achieving its objectives

Within the ministry of the CofE Birmingham, the BDBF plays an important role in co-operation with other persons and charities which form part of the Church. Under the oversight of the Bishop of Birmingham, who shares the 'cure of souls' with clergy and lay workers across the diocese, the day-to-day responsibility for the funding of clergy stipend costs, providing clergy housing, training clergy and other diocesan costs falls to the BDBF. Some of these clergy are trustees of the BDBF and they are listed on page 3.

The BDBF has important relationships with the national institutions of the Church of England, specifically:

The Archbishops' Council to which it pays grants based on an apportionment system for funding national training of ordinands and the activities of the various national boards and councils, as well as General Synod.

The Church Commissioners from which the BDBF receives grants and which acts on behalf of clergy with HM Revenue and Customs. The BDBF pays clergy stipends through the Church Commissioners.

The Church of England Pensions Board which provides pensions for clergy and the BDBF's lay staff. It also offers schemes to provide housing for clergy in retirement.

At local level key relationships include:

Parochial Church Councils (PCCs) which are the main income source for the BDBF through the Common Fund system. PCCs are independent charities and operate under the Parochial Church Councils (Powers) Measure 1956. They are able to influence decision making within the BDBF and at Diocesan Synod level through representation to those bodies and through the input of their Deanery Synods.

Church Urban Fund (CUF) Joint Venture – the Bishop of Birmingham, the BDBF and CUF are the founding members and equal partners of *Thrive Together Birmingham (Thrive)*. This is a company limited by guarantee with charitable status. The BDBF Director of Community Regeneration, an employee of BDBF, is also the Chief Executive of *Thrive*, and has oversight over development workers who are employed by that entity.

The Diocese of Birmingham Educational Trust which is a charity set up in response to the challenge of a large number of Church of England Schools converting or otherwise becoming Church of England Academies under the Academies Act 2010. The charity operates as a sponsor or co-sponsor of Church of England Academies in the diocese as required and supports Academy Trusts to both fulfil their responsibilities and provides a challenge to governors in this regard.

Birmingham Diocesan Multi-Academy Trust which is the Diocesan multi-academy trust established during 2017. The Trust now has nineteen schools and is the largest of the multi-academy trusts operating across the diocese.

Fioretti Trust which is our second majority church article multi-academy trust. The Trust has five schools.

Birmingham Cathedral with whom there is now an established pattern of close collaborative working.

St Martin's Trust and other local trusts which generously provide financial support to some of the diocese's most economically deprived parishes.

Other Christian Denominations with and through whom the BDBF resources matters of workplace chaplaincy and ecumenical relations, notably through Churches and Industry Group Birmingham, Birmingham Churches Together and Local Ecumenical Partnerships.

Interfaith bodies**,** such as *The Feast*, as part of our cross-community work to promote good interfaith relations.

Birmingham Diocesan Trust (BDT) which is the custodian trustee for properties and permanent endowments on behalf of parishes and schools. BDT is a separately registered charity.

Volunteers

The CofE Birmingham is dependent on the huge number of people involved in church activities both locally and at diocesan level. We believe that the number of active volunteers (or volunteer hours) given to the mission and ministry of the church is a key indicator of the health of a church. The service provided to a community through church volunteering also has a significant impact on people's relationship to the church, particularly at times of crisis.

The BDBF greatly appreciates the considerable time given by all the committee members across the diocese in pursuit of the mission of the CofE Birmingham.

Ministry across the diocese is delivered through a mix of stipendiary (i.e. paid) ministers – together with unpaid Licensed Readers, Self-Supporting ministers and ministers holding the Bishop's Permission to Officiate. These unpaid ministers are critical to our ability to provide for the 'cure of souls' across the whole diocese and we remain extremely grateful for the work that they do.

Estimating the 'in-kind' value of volunteer time to the operations of the BDBF is particularly difficult to measure in a meaningful way. It is for this reason that no estimate of the value of this time has been included in the financial statements.

Public benefit

The CofE Birmingham through the BDBF reviews its work each year and considers outcomes and plans for the future. It takes account of the Charity Commission's general guidance on public benefit when reviewing its purpose and in considering how planned activities will meet that aim.

How our activities deliver public benefit

Our main activities aim to deliver public benefit in the following ways:

- ***Clergy*** Providing parish and other clergy to offer Christian services and spiritual oversight
- ***Parochial Church Councils*** Assisting PCCs to provide churches, sacred spaces and worship services
- ***Parish Mission*** Assisting parishes particularly through the *Transforming Church* vision and associated core activity and strategic programmes
- ***Education*** Contributing to the spiritual and moral education of children and young people in over 50 church schools
- ***Social action*** Contributing to and assisting in social action in parishes and elsewhere, such as food banks, Safe Spaces for young people and Places of Welcome
- ***Training*** Providing training and assistance in order that parishes have clergy and volunteers who are competent, for example, to assist clergy in providing Christian services, visiting the sick, and comforting the bereaved
- ***Grants*** Making grants to enable the national church institutions to function and have a positive wider influence
- ***World Mission*** In part through links with the Anglican dioceses in Malawi and Bolivia

Who benefits from our services?

We aim to make our services open to as wide a section of the public as possible. For example:

- Everywhere in the diocese is part of a Church of England parish that has a member of clergy who has concern for the spiritual welfare of the individuals who reside in it
- Parishes in wealthier areas generally contribute somewhat more than the cost of their clergy in order that clergy can also be provided in less wealthy areas
- Training courses are offered at reduced or no cost where appropriate, in order that ability to pay is not a barrier to participation

Fundraising

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. The legislation defines fundraising as *"soliciting or otherwise procuring money or other property for charitable purposes"*. The BDBF does not undertake fundraising from the general public but from time to time does apply for grant funding from grant-awarding charities. Any such amounts receivable are presented in the financial statements as 'voluntary income' and include legacies and grants.

In relation to the above we confirm that all solicitations are managed internally, without involvement of commercial participators or professional fundraisers, or third parties. The day-to-day management of all income generation is delegated to the executive team, who are accountable to the trustees. The BDBF is not bound by any undertaking to be bound by any regulatory scheme. The BDBF has received no complaints in relation to fundraising activities. Its terms of employment require staff to behave reasonably at all times; as the BDBF does not approach individuals for funds, contracts of employment do not particularise this requirement for fundraising activities nor does the BDBF consider it necessary to design specific procedures to monitor such activities.

Financial overview of the year

This annual report looks to give a flavour of how the CofE Birmingham family has continued to work towards rebuilding its financial position following the challenges of the pandemic and the cost-of-living and energy crises. These crises substantially damaged the underlying financial health of many of our parishes (all independent charities) and the close Common Fund relationship between parishes and the BDBF, means that the BDBF available resources are continuing to be very hard hit.

As a diocese our single largest source of income is parochial contributions – otherwise known as Common Fund. These funds are remitted to us by our parishes out of their income, which substantially comes from two key sources: voluntary giving and the rental of their church halls and other property. Although there have been signs of improvement at parish level, this is not universal, and we continued to experience a substantial and direct impact on our collection of Common Fund over 2024. The generosity of many of our parishes and congregations continues to be tested; cash flow management remains a challenge in the face of high maintenance and energy costs. We have continued to work closely with our parishes to support them where we can in order to maintain our Common Fund income as far as possible. However, our current experience continues to show that it will be a long road to financial sustainability for our parishes and therefore the BDBF.

We have continued to hold costs down wherever possible in order to make financial savings, but this does not make up for a continuing shortfall in Common Fund income of around £1,500,000 p.a. compared with pre-pandemic levels – this broadly is what underlies the operating deficits that we are now experiencing. National church sustainability / gap funding meant that it was only in 2023 that we had to draw on our designated reserves (which had been earmarked for missional purposes) to cover our operating deficit. In late 2024, we were awarded Diocesan Investment Programme (DIP) funding of £1,500,000 to protect these designated funds – this funding has covered our 2024 operating deficit of £1,490,000.

Our 2025 budgets reflect a continuing financial operating shortfall of £1,700,000 – this is a little higher than our 2024 budget and reflects our experience over 2024 – our core costs (stipends and salaries) continue to rise in line with inflation and we will see increases in National Insurance (NI) as announced in the government's autumn 2024 budget. Outside of this, our core (non-Common Fund) income streams have remained relatively stable as have our non-people operating costs. The Board has again made provision for the utilisation of unallocated Strategic Mission Fund (formerly Strategic Investment Fund) monies to cover our 2025 operating deficit, and the ongoing programme of property disposals will continue to maintain this fund (and replace any funds utilised) to ensure that our mission and transformation programmes can still continue to deliver on our vision.

Financial review

The 2024 headline income figure of £15,770,000 shows an overall significant increase in income of £3,989,000 compared to £11,781,000 in the prior year. After excluding gains on the disposal of redundant assets, this still gives us a real increase in income of £2,655,000. In broad terms this relates to three key additional grant sources; £1,500,000 of DIP funding, £385,000 of funding for the Regional Racial Justice project (where Birmingham Diocese is the lead partner for the six Midlands dioceses) and £467,000 from Oak Foundation (where Birmingham is working with Gloucester Diocesan Board of Finance in the delivery of affordable housing projects under the *Coming Home* banner). As is always the case, we need to dig deeper to understand the core underlying trends beneath the headlines.

Underpinning our day-to-day diocesan finances is our single largest source of income – parochial contributions, or 'Common Fund', from our parishes. Common Fund is a powerful, practical application of God's generosity – solidly underpinned by theology.

During 2024, we continued with our interim methodology (based on the *People & Places* methodology introduced in 2019). This interim approach reflected the fragility of the 2019 methodology in the face of highly variable income streams and used the commitments made by each parish for 2020 as a base for giving. We then allowed parishes to take a more flexible approach to their offering (although not entirely a 'free will' approach). Our overall budget for 2024 was then set at 80% of the 2020 parish commitment total (£4,905,000).

The total commitments made for 2024 were £5,154,000 – this compares with a total of £6,021,000 in 2020. In 2024, our parishes actually contributed £4,669,000. This was £236,000 less than our original budget and only 91% of the commitments that had been made at the start of the year. On a positive note, gifts that were pledged were broadly delivered. Against the continuing challenges facing our parishes, we recognise that this outturn demonstrated real commitment and again we are immensely grateful for their continued support. However, the fact that we have seen little movement in Common Fund year on year must be set against a backdrop of another 5% increase in the diocesan stipend rate (in line with the rise in the national minimum stipend).

Remitted statutory fees from occasional offices (such as weddings and funerals) at £214,000 were £33,000 less than 2023. After a slight improvement in 2023, we appear to have returned to a clear pattern of decline, this is 62% lower than 2019.

We continue to proactively let empty parsonages during parish vacancies although our housing rental income of £374,000 is 6% less than 2023. This principally reflects a substantial fall in the number of vacant vicarages over the year (down from 40 at the start of the year to 26 at the end of the year) as we have filled a number of longer-term clergy vacancies. Although rents achieved are slightly lower than we had been experiencing as we have moved to more short-term lets and the use of 'Guardians', this has ensured that we are no longer experiencing as many difficulties in recovering properties at the end of lets (as well as costing us less in insurance). Elsewhere, our investment income at £855,000 is £126,000 better than 2023 – this reflects much better investment performance across our portfolios. This is partly due to the better and more stable market conditions during 2024, but also as a result of improved returns following the restructuring of our discretionary managed portfolio following the investment strategy review in 2022.

The BDBF continues to receive significant support from the Church Commissioners in the form of Lowest Income Communities funding based on the Index of Multiple Deprivation for each parish. We received £1,954,000 of this funding in 2024. The Strategic Ministry Fund (SMF) (via Church Commissioners) has continued to support us when we have a cohort of more than our base of six curates starting each year. There was no new funding for curate starters in 2024 (as we only have our base of six funded curates as we move into 2025), resulting in a fall of £103,000 in SMF funding in 2024.

We have continued to reap the financial benefits of Strategic Development and Capacity funding for an ever increasing range of resourcing, church planting and other initiatives, contributing income of £3,454,000 (2023: £1,710,000) – this included some substantial building grants in relation to our church plants as well as the £1,500,000 DIP funding that is new for 2024. In addition, there were new funds towards our Net Zero planning work as well as the Regional Racial Justice work (£385,000) that Birmingham is leading on. Outside of Church Commissioners, we received initial funding of £467,000 from the Oak Foundation towards our joint venture with Gloucester Diocese in response to the *Coming Home* initiative. However, these income sources are all restricted in nature and can only be utilised for specific activities.

We remain immensely grateful to Archbishops' Council, Church Commissioners, Benefact Trust, Historic England, Oak Foundation and the many individual donors who share our mission vision and support our activities more widely.

The 2024 headline expenditure figure of £13,594,000 when compared to the prior year figure of £12,411,000 shows an increase in expenditure of £1,183,000. As noted within our income commentary, we need to again dig deeper to understand the core underlying trends beneath the headlines.

As noted in our key financial indicators below, we have reduced the number of clergy vacancies over the year and ended the year much closer to the budget level than we have in recent years; this coupled with the impact of a 5% increase in stipends (and lay salaries), had obvious implications for our final ministry costs in 2024. Clergy housing works were managed tightly during the year (the second of the quinquennium) and came in £53,000 under budget on a £1,095,000 works programme.

Outside of clergy costs, our main areas of expenditure have again been within our restricted grant programmes – this included the key building project at Longbridge as well as Historic England-funded works at St Michael's Handsworth. Alongside this, we did manage to deliver non-salary/stipend savings across most areas for a wide range of reasons.

KEY PERFORMANCE INDICATOR	2024 ACTUAL	2024 BUDGET
Common Fund collection rate on Sum Requested amount %	76%	80%
Common Fund collection rate on Pledged Gifts amount %	100%	100%
Common Fund overall collection rate on Budgeted amount %	95%	100%
Common Fund overall % rise year-on-year in cash terms	+0.1%	-9.5%
Parish clergy establishment posts	96	99
Dividend yield on Evelyn Partners investment portfolio %	12.9%	10.7%
Dividend yield on CCLA investment portfolio %	5.41%	4.76%
Reserves policy met	Yes	No

On an overall funds basis, there is a surplus for the year of £2,176,000 (2023: £630,000 deficit) before considering the year end non-cash adjustments in relation to investment valuations and transfers between funds. This increase is principally the result of the high level of property activity (and therefore profits on disposal) over the year as well as DIP funding (£1,500,000).

The increase of £597,000 (2023: £309,000 increase) in the valuation of our investment portfolio year on year clearly reflects the much steadier market conditions that we have seen over the past year (in stark contrast to the previous two years). Our Statement of Investment Principles sets out a medium risk approach to the management of our portfolio that expects to deliver 3.5% above inflation in the long term and in terms of total return this is what has been delivered.

Work continues projecting further into the future to ensure that BDBF becomes more sustainable financially. Extensive work has been taking place over 2024 to develop our vision for growth (and sustainability) over the next ten years. This has been looking at the three key strands that impact on the BDBF financial outcomes:

- ***People*** Particularly ministry deployment: ordained and lay, paid and unpaid, parochial and pioneer
- ***Mission*** How we grow numbers of disciples across the diocese – through intentional actions such as church planting and revitalisation as well as wider parish mission activities
- ***Financial sustainability*** Building generosity (both from congregations to their parishes and from parishes to the diocese (Common Fund contributions)) and at how we can better support our parishes to flourish

This work is enabling us to develop a long-term support DIP partnership bid to the national church in support of our growth strategy through *Transforming Church* and support for operating deficits, while we rebuild financial sustainability. The aim is to submit this major bid in summer 2025. In the interim, we successfully bid for DIP funding in November 2024. This grant is to cover key costs of developing the full bid as well as £1,500,000 of funding to protect our designated Strategic Mission Fund, which would otherwise have been used to cover our 2024 deficit.

Balance Sheet position

The BDBF trustees consider that the balance sheet, together with details in note 20 to the financial statements show broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets, given the purposes for which the funds are held. While the net assets at the balance sheet date totalled £48,441,000 (2023: £45,668,000) it must be remembered that included in this total are properties, mostly in use for ministry whose value amounted to £22,825,000 (2023: £23,136,000). Much of the remainder of the assets shown in the balance sheet is held in restricted funds and cannot necessarily be used for the general purposes of the BDBF.

Significant Property Transactions

During the year, we have completed the sale of two vicarages as well as two surplus parsonages owned by the BDBF together with several pieces of land alongside parsonages. Bishop's Council has continued its policy to place the proceeds from significant unrestricted property disposals into the Strategic Mission Fund. This fund was designated by the BDBF for intentional strategic mission investment and in the long-term, it is still intended that this is the case. The DIP funding awarded by national church at the end of 2024 aims to protect this fund.

We continue to progress on our long-term property estate development plan – over 2024, we have:

- Continued to replace or upgrade unsuitable properties (aiming to be more carbon neutral where possible)
- Continued to accommodate the changing geographical deployment of clergy within the diocese
- Continued to develop a costed plan to achieve our net-zero carbon objective by 2030 – Church Commissioner funding has funded a Net Zero Project Manager and a dedicated schools project officer to progress this during 2024. However, the substantial funding necessary to deliver the plan has yet to be identified
- Realised development potential in some properties to use our resources more effectively for mission and ministry and have a number of development projects in progress
- Continued working collaboratively with Gloucester Diocese as part of the national church response to the *Coming Home* Report to improve access to affordable housing. We have secured funding amounting to £1,705,000 over three years from the Oak Foundation to kick start the development of affordable housing sites in a number of our parishes and are working with a subsidiary of Gloucester Diocesan Board of Finance (Church Development Agency) to make this happen

Factors that may impact on future financial performance

There are a number of factors which can impact on the BDBF's ability to meet its objectives, but which are outside its control. Most important is the collection of the Common Fund from the parishes. Any significant shortfall in the amount collected has significant implications for our mission objectives and deployment, as has been evidenced over the course of the last four years. In response to this, actions to manage the numbers of stipendiary clergy effectively will continue alongside general cost savings to manage the BDBF financial position over this difficult period.

As noted above, the BDBF receives significant support from the national church, and we still expect to do so under the new DIP funding regime for dioceses. Although this is longer-term support than previously, it remains time limited, and it is essential that the plans for growth that underpin the DIP bid are managed and monitored tightly to ensure that they deliver the expected outcomes.

As is the case for all charities with historic endowment, the BDBF is vulnerable to changes in the value and returns upon its properties and

stock market based (fiscal) investments. This is mitigated by employing specialist fund managers and advisors to help develop an appropriate investment policy.

Reserves Policy

The BDBF completed a review of its Reserves Policy in March 2024. The key rationale behind the new policy was to reflect the current position that the designated Strategic Mission Fund is currently as integral to balancing the operating budget as our unrestricted reserves.

Free reserves are maintained for the following reasons:

- To avoid bank borrowing if there is a temporary shortfall in income and/or surge in expenditure
- To provide for emergencies

The reserves policy of the BDBF is formulated in line with recommendations of the Charity Commission of England and Wales. The basic policy statement is as follows:

"The BDBF aims to maintain the equivalent of at least three months operating expenditure in cash and readily liquid assets in the general unrestricted fund and the designated Strategic Mission Fund insofar as it is not set aside for specific investment and growth activities. This excludes all other designated and restricted funds and loans. This policy is to be reviewed on an annual basis."

In arriving at the minimum amount, account has been taken of the Board's well-established effective income raising, cash flow management and budget processes. Most income is now received in a steady stream throughout the year and performance against budget is monitored regularly. As at 31 December 2024, the reserves policy target is £2,865,000 representing three months unrestricted operating expenditure as budgeted for the forthcoming year. The trustees believe that such a reserves target will cushion the BDBF from short term revenue problems and will enable them to meet their legal requirements in case of serious financial problems.

The total unrestricted reserve stands at £9,775,000 including £4,463,000 of undesignated unrestricted reserves and available funds from the Strategic Mission Fund of £3,879,000. However, these reserves include £4,398,000 of non-readily realisable fixed assets. This leaves the BDBF with free reserves of £3,944,000, which exceeds the target of £2,865,000 as at 31 December 2024.

The trustees consider that the ongoing programme of property disposals will provide sufficient additional resources to continue to manage BDBF through the current difficult times. Our 2025 budget currently assumes that transfers of £1,610,000 will be required from the Strategic Mission Fund (total balance as at 31 December 2024 £3,879,000) in order to balance the budget and Bishop's Council has formally approved that the necessary funds can be un-designated if and when they are required. No provision has been made to reflect any outcomes from the DIP funding bid to be made in summer 2025, which could have a significant positive impact on available funds.

Our Reserves policy requires an annual review to ensure that the policy remains relevant. There are a number of moving targets in relation to national church funding that could result in a very different looking financial platform for the diocese, but these will not be finalised until summer 2025. On that basis, the trustees consider that the current policy remains relevant as at the date of signing the accounts.

Designated funds

The BDBF may with the approval of the board, designate additional unrestricted reserves to be retained for an agreed purpose where this is considered prudent. Such designated reserves are reviewed on an annual basis and returned to the general fund in the event that the purpose of their destination is no longer considered adequate for their retention. A description of each reserve with the intended use of the reserve is set out in note 21. During 2024, there were two significant designated funds, the first being the Strategic Mission Fund totalling £3,879,000 as at 31 December 2024, which has been created using the proceeds for unrestricted property disposals since 2019. The fund is intended to be used for intentional strategic mission investments including funding to extend elements of our Church Commissioner grant funded *Shaping the Future* and *People & Places* strategic programmes. However, as noted above, in setting the 2025 budget Bishop's Council once again agreed to un-designate such funds as are deemed necessary in order to deliver a balanced unrestricted outturn. To date, this fund has only been used once for this purpose (2023: £798,000) due to the availability of Church Commissioner funding. The second of these funds is the Pastoral fund totalling £1,433,000 as at 31 December 2024.

Restricted and endowment funds

As set out in note 21 the BDBF holds and administers a number of restricted and endowment funds. As at 31 December 2024 restricted funds totalled £8,135,000 (2023: £7,465,000) and endowment funds totalled £30,531,000 (2023: £29,707,000). Neither are available for the general purposes of the BDBF.

Investment policy

The BDBF maintains an overview of its investments through its FIPS sub-committee, which also monitors performance against market benchmarks and considers the adequacy of its investment mix. Our Statement of Investment Principles was reviewed in 2022 and changes to our holdings to reflect this were implemented during 2023 – a key part of this was a move towards a 'greener' portfolio.

Throughout 2024 our overarching investment principles were unchanged as embedded in our Statement of Investment Principles as follows:

- Implement a balanced asset allocation approach to the portfolio with a medium risk profile
- Portfolio to be invested in well diversified, high-quality assets which provide protection against inflation over the long-term
- Performance to be reviewed against the ARC Sterling Steady Growth Charity Index which is the standard peer group benchmark for a UK charity with a medium risk profile
- Performance at least 3.5% better than inflation over the long-term, as measured by the UK Consumer Price Index (CPI), whilst generating sufficient income to support the work of the BDBF
- Investments will be made in compliance with the Ethical Investment Advisory Group (EIAG) guidelines of the Church of England and in particular to exclude investments in companies that generate more than 10% turnover from conventional fossil fuels (oil, gas, and coal), fossil fuel extraction and production, or oil and gas refining

The portfolio is managed in the following manner:

- Direct property investments managed by Bruton Knowles
- Marketable investments actively managed by Evelyn Partners
- Remaining funds within CCLA/CBF funds on a self-managed basis

Investment funds within certain restricted funds (Malawi / Church Schools / Bishop Brown) are held within CCLA funds selected on the basis of the income/capital needs of the respective fund as appropriate.

We have seen a more stable position with regard to our investment portfolio this year. Our investment valuation surplus of £597,000 (2023: £309,000) reflects the less volatile markets than previous years. This, together with the significantly higher base rate has seen investment income (£641,000) that is 8% better than last year (and building on the significant increase seen in 2023). Investment performance on a total return basis over the last twelve months was much improved at +12.9% (compared with 7.1% in 2023). This was 2.2% better than our benchmark portfolio.

Investment management advisor performance for both direct property and marketable investments will continue to be robustly monitored in the forthcoming year in line with our updated Investment Policy and recommendations arising from the review.

Grant making policy

The BDBF has established its grant making policy to achieve its objectives for public benefit (as detailed on page 47). We deliver our public benefit to the wider population in the diocese by the work of our parishes. We support this work by grant programmes that help parishes to further engage and service their local communities. This may be mission activities, community regeneration, church maintenance, schools and world mission. All grant applications must be made in writing. Parish mission and delivery plans and available resources are considered in the distribution of available grants.

Remuneration of key management personnel

Emoluments of key management personnel are determined by the Chair of the DBF with reference to regular appraisals, remuneration and salary benchmarking and consequent recommendation of changes.

Principal risks and uncertainties

The trustees of the BDBF have overall responsibility for ensuring that the charitable company has an appropriate system of controls, financial and otherwise. The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include:

- An annual budget and five-year financial plan approved by the trustees
- Regular consideration of both financial results and other performance indicators
- Delegation of authority and segregation of duties

As part of this responsibility, the trustees are also required to ensure that effective and adequate risk management is in place to manage the major risks to which the BDBF is exposed. They have a clear mechanism for obtaining assurance on the management of risks. The trustees agree the approach to risk including overseeing the process to identify and assess key risks and understanding how those risks are managed and mitigated.

The BDBF risk assessment framework includes the following key elements:

- Individual risks assessed using a scoring mechanism, with respect to the inherent likelihood of occurrence and the likely severity of impact, the steps in place to mitigate the risk and the resulting impact on residual risk. Gross and Residual risks are ranked using a 'traffic light' scheme (red / amber / green)
- Risk is reported directly to Bishop's Council (not just through FIPS) as many identified risks are outside the more limited remit of FIPS
- Strategic risks are identified as significant when they influence the achievement of our strategic diocesan goals through the *Transforming Church* strategy alongside day-to-day operational activities. These may include major internal risks, such as financial sustainability or compliance risks. Or they may be external events with high impact which the BDBF cannot control and for which the BDBF needs to develop response mechanisms. During 2024, this has particularly included the ongoing assessment of the financial impacts of our reduced Common Fund income as well as continuing increases in clergy stipends and lay salaries on the long-term sustainability of the BDBF
- Operational risks are day-to-day risks and more likely to be internal, within the BDBF's control and with a higher level of probability of the risk event happening. The BDBF's focus of attention on these risks relates to how it can control, manage or transfer the risk to a third party

The strategic risks which are currently assessed as scoring highest, and the outline mitigating strategies to address them, are shown in the table below.

RISK	MITIGATION STRATEGY
The continuing inability of parishes to meet diocesan Common Fund expectations results in significant and longer-term financial loss for the BDBF that it is unable to sustain	• *Cashflow (and outturn) forecasts based on latest information to identify pinch points* • *Engagement with parishes to establish sustainability of Common Fund contributions* • *Long term partnership funding from national church to support our progress towards financial sustainability* • *Longer term plans for an ongoing programme of property disposals to provide additional funding into our Strategic Mission Fund to support forecast deficits on unrestricted fund activity where necessary*
Failure to effectively embed our Common Fund methodology leading to non-payment of Common Fund for reasons other than affordability	• *Clear biblical foundation to methodology with a clear and effective communication, generosity and discipleship plans* • *Monthly review of contribution profile assisted by proactive discussions with parishes* • *New approach that underpins a longer-term relationship with parishes in relation to Common Fund to be consulted on in 2025 and implemented from 2026*
Our framework for mission and ministry does not deliver the required culture change in a timely manner	• *Area Deans in place that continue to facilitate culture change supported by Oversight Ministers* • *Oversight Ministers supported by programme of facilitated training through learning cohorts* • *Ongoing programme of Oversight Area mission planning facilitated and supported by the Mission Support Team* • *Continuing programmes of clergy and lay leadership learning and development*
Failure to grow the Church in its mission, especially at the speed required by national church funding streams	• *Governance structures in place for effective monitoring and evaluation of mission goals and financial impact consequences* • *Strong, embedded Executive Board governance and review structure with a clearly defined focus on mission growth* • *Ongoing development of substantial bid for longer term DIP funding through Church Commissioners 2022-2031 Triennium Funding*
Dependency on national church funding for missional growth support activities	• *Effective management and delivery mechanisms on existing national church funded programmes to ensure trust and confidence in delivery capacity to support further funding bids* • *Work to establish our sustainable baseline will underpin 2025 bid for DIP funding to support our Strategic goals (and supported our successful 2024 DIP funding bid)* • *Identify other income streams including regional funding bids and offering back-office services to other dioceses*
Reputational and financial risks associated with safeguarding of young people and vulnerable adults	• *Comprehensive training programme throughout DBF and parishes as well as monitoring of safeguarding dashboards at key parish and BDBF meetings* • *Independent scrutiny group – Diocesan Safeguarding Advisory Panel with independent Chair monitors the CofE Birmingham diocesan compliance with national safeguarding requirements*
The CofE Birmingham is unable to meet its commitment to Diocesan Synod for net zero emissions by 2030	• *Environmental Group (steered by Bishop) to drive this work – Routemap in place to set milestones to ensure delivery* • *Net Zero Carbon group developing costed plans for the property portfolio* • *National church funding obtained for dedicated Net Zero officer as well as funding for 'quick wins' in parishes and pilot projects* • *Investment strategy excludes investments in companies and funds that do not meet zero carbon criteria (including fossil fuel)*

Plans for future periods

Our vision of *"Transforming Church – growing churches at the heart of each community"* continues to be central to our plans for future periods, with the core principles of:

- Grow in number of disciples
- Engage with children, youth, families and other missing generations
- Worshipping communities are diverse (representative of our communities) and accessible to all
- Grow in partnerships and impact on the community
- Flourishing ordained and lay leadership that reflects the diversity of the wider population of the diocese
- Grow in depth of discipleship
- Achieve financial sustainability
- Environmental sustainability
- All underpinned by a culture of prayer

We recognise that our pattern of ministry and mission needs to be relevant to each local context and will vary across locations. Key activities in the coming year will include:

- Continuing Oversight Area Mission planning so that everywhere has the support and opportunity for growth
- Continuing Oversight Area formation; supporting Oversight Areas and Oversight Ministers to emerge and flourish
- Continuing church growth strategies through local parish growth, church planting and revitalisation
- Continuing to create learning pathways for new leaders
- Continued reimagining of ministry and discipleship
- Collaboration with the DBE to further deepen and promote the Christian Distinctiveness of our schools and their missional opportunities
- Continue work to develop our plan to achieve net zero carbon emissions
- Further embedding an ethos of diversity, inclusivity and generosity
- Identifying opportunities to improve financial sustainability

Directors' report

Going concern

2024 has once again been a challenging year for Birmingham – but one that has come with opportunities and where we are starting to see the fruits of our extensive work on building our platform for growth. Although some of our parishes are still struggling to rebuild, others are seeing green shoots of growth. Common Fund collection has broadly flat-lined during the year, but the commitments that have been made for 2025 under our new 'free will' approach would appear to be much more positive.

Our continuing operating deficits (also forecast for 2025) mean that the Directors have once again had to consider the question of going concern, although this is in a changing world in terms of national church funding to protect our mission funding and support our recovery. We saw the first signs of this in the DIP funding that was awarded in November 2024, which meant that there was no requirement to draw down from our Strategic Mission Fund to cover our 2024 deficit.

The 2025 budget has been prepared on the basis that Common Fund income will be around £363,000 higher than 2024 and we are more hopeful that we will achieve it in 2025. The cost budget reflects a further 3% increase in clergy stipends and lay salaries and the significant NI increases announced in autumn 2024, offset by a further reduction in the rate for clergy pension contributions.

Bishop's Council has agreed to allocate £1,610,000 (from the designated Strategic Mission Fund) to balance the 2025 outturn. For the purposes of these accounts, our forecasts assume that there will be no further support available from national church. The planned property disposal programme to replace any designated funds used to fund unrestricted core operating deficits is continuing and further properties continue to be identified as potential disposals (and therefore operating cost savings as well as cash inflows). Restricted activities are expected to continue as per their agreed programmes. An outline 2026 budget and cash flow forecast has been prepared as part of an updated five-year financial plan to reflect latest expectations in relation to unrestricted income (particularly Common Fund) and overhead costs.

Based on the above, the trustees are satisfied that the BDBF has adequate resources to continue to operate as a going concern for the foreseeable future and have prepared the financial statements on that basis.

Charitable and political donations

No political contributions were made during the year. Charitable contributions have been made as part of the BDBF's objectives, mainly to projects sponsored under parish initiatives.

Taxation status

The BDBF is a charity having been established under the Diocesan Boards of Finance Measure 1925 and, as such, is not liable to income tax or corporation tax due to exemptions afforded under the Corporation Tax Act 2010. The BDBF is also registered as a charity (reg. no. 249403).

Responsibilities of the trustees

The trustees are responsible for preparing the Strategic Operating Review, Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees 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 affairs of the company and of the incoming resources and application of resources, including the income and expenditure of the charitable company for that period.

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

- Select suitable accounting policies and then apply them consistently
- Make judgments and accounting estimates that are reasonable and prudent
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

The trustees 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.

Statements as to disclosure of information to auditors

The trustees have taken all the necessary steps to make sure that they are aware of any relevant audit information and to establish that the auditors are aware of that information.

As far as the trustees are aware, there is no relevant audit information of which the charitable company's auditors are unaware.

Appointment of auditors

A resolution to re-appoint HaysMac LLP will be proposed at the forthcoming annual general meeting.

The Board of Trustees approve their Annual Report and, in their capacity as company directors, also approve the Strategic Report incorporated therein on 19 June 2025 and signed on its behalf.

Steven Skakel

Mr Steven Skakel
Chair and Director of Birmingham Diocesan Board of Finance

The Structure of the Church of England

The Church of England is organised as two provinces, each led by an archbishop. The Archbishop of Canterbury leads the Southern Province, and the Archbishop of York leads the Northern Province. Each province is comprised of dioceses of which there are 41 in England (42 including the Diocese of Europe).

Dioceses, each under the spiritual leadership of a Diocesan Bishop, are the principal pastoral, financial and administrative resource of the Church of England. Each diocese is divided into parishes. Each parish is overseen by a parish priest, who is an Incumbent (Vicar or Rector) or Priest-in-Charge. From ancient times through to today, incumbents and their bishop are responsible for the 'cure of souls' in their parish.

His Majesty The King, who is the Supreme Governor of the Church of England, appoints archbishops, bishops and some deans of cathedrals on the advice of the Prime Minister. The two archbishops and 24 senior bishops sit in the House of Lords.

The Church of England is episcopally led, with 108 bishops including diocesan bishops and assistant and suffragan bishops. It is governed by General Synod as its legislative and deliberative body at national level, making decisions on matters of doctrine, the holding of church services and relations with other churches. General Synod passes measures which, if accepted by Parliament, have the effect of Acts of Parliament. It is made up of three groups or 'houses' of members: the Houses of Bishops, of Clergy and of Laity. General Synod meets in London or York at least twice annually to consider legislation for the broader good of the Church.

The Three National Church Institutions

The Archbishops' Council, the Church Commissioners and the Church of England Pensions Board are sometimes referred to as the three National Church Institutions.

The Archbishops' Council was established in 1999 to co-ordinate, promote, aid and further the mission of the Church of England. Its task is to give a clear sense of direction to the Church nationally and support the Church locally by acting as a policy discussion forum.

The Church Commissioners manage the historic assets of the Church of England, spending most of their income on pensions for the clergy. The costs of episcopal administration through the diocesan and suffragan bishops are met by the Church Commissioners.

The Church of England Pensions Board was established by the Church Assembly in 1926 as the Church of England's pensions authority and to administer the pension scheme for the clergy. Subsequently it has been given wider powers, in respect of discretionary benefits and accommodation both for those retired from stipendiary ministry and for surviving partners of those who have served in that ministry, and to administer pension schemes for lay employees of Church organisations.

The Board, which reports to the General Synod, is trustee of a number of pension funds and charitable funds. Whilst the Church has drawn together under the Board its central responsibilities for retirement welfare, the Board works in close co-operation both with the Archbishops' Council and with the Church Commissioners.

The Diocese

The Cathedral Birmingham Cathedral is the Mother Church of the diocese and legally is constituted as a separate charity currently exempt from Charity Commission registration and supervision. Copies of its trustees' report and financial statements may be obtained from Birmingham Cathedral (St Philips), Colmore Row, Birmingham, B3 2QB.

Diocesan Synod The statutory governing body of the diocese is Diocesan Synod which is made up of broadly equal numbers of clergy and lay representatives elected from across the diocese together with the bishops and archdeacons. Its role is to:

- Consider matters affecting the Church of England in the diocese
- Act as a forum for debate of Christian opinion on matters of religious or public interest
- Advise the bishop where requested
- Deal with matters referred by General Synod
- Approve the annual budget of the DBF and adopt its annual report and accounts

Deanery Synod There is a Deanery Synod in each of the diocese's six deaneries. Each Deanery Synod has two houses, laity and clergy, and Deanery Synod's role is to:

- Respond to requests from General Synod
- Give effect to the decisions made by Diocesan Synod
- Consider matters affecting the Church of England by drawing together the views of the parishes within the deanery
- Act as a channel of communication to express the views of parishes to Diocesan Synod and thence to General Synod
- Raise with Diocesan Synod such matters as it considers appropriate
- Elect members of the deanery to Diocesan Synod and of the diocese to General Synod

The Bishop's Council

Under the constitution of Diocesan Synod, Bishop's Council has the following functions:

- To plan the business of the Synod, to prepare the agenda for its sessions and to circulate to members information about matters for discussion
- To initiate proposals for action by the Synod and to advise it on matters of policy
- To advise the President (the Diocesan Bishop) on any matter
- Subject to the directions of the Synod, to transact the business of the Synod when the Synod is not in session
- Subject to the directions of the Synod, to appoint members of committees or nominate individuals for election to committees
- To carry out such functions as the Synod may delegate to it

Parochial Church Council (PCC) A PCC is the elected governing body of an individual parish which in general is the smallest pastoral area in the Church of England. Typically each parish has one parish church. A PCC is made up of the incumbent as chair, the churchwardens, and a number of elected and ex-officio members. Each PCC is a charity. All PCCs with gross income over £100,000 are required by law to register with the Charity Commission (as soon as practical after their gross income exceeds £100,000) unless the Charity Commission issues a written determination to the contrary. If not required to register, PCCs are 'excepted' charities.

Other than where shown, the transactions of PCCs do not form part of the attached financial statements. Financial statements of an individual PCC can be obtained from the relevant PCC treasurer.

Parishes, Benefices, Deaneries and Archdeaconries A benefice is an ecclesiastical office in a parish or group of parishes normally served by an incumbent. Team ministries may have several clergy of incumbent status serving in one benefice. A deanery is a group of parishes over which an area dean has oversight, and an archdeaconry is a group of deaneries for which an archdeacon is responsible.

The information in this appendix about General Synod, the Church Commissioners, the Archbishops' Council, Birmingham Cathedral and PCCs is included as background only. The financial transactions of these bodies do not form part of these financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BIRMINGHAM DIOCESAN BOARD OF FINANCE

Opinion

We have audited the financial statements of the Birmingham Diocesan Board of Finance Limited for the year ended 31 December 2024 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 the charitable company's net movement in funds, including the 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 charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions 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 Annual Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Annual Report have 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 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
- the charitable company 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 for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 52, 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.

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to safeguarding vulnerable beneficiaries, health and safety, and employment (including taxation), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011 and Church of England Measures.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financials tatements (including their risk of override of controls), and determined that the principal risks were related to fund accounting, including transfers between funds, and revenue recognition. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal postings by unusual users or with unusual descriptions;
- Challenging assumptions and judgements made by management in their critical accounting estimates;
- Testing transfers between funds; and
- Cut-off testing in respect of revenue.

Because of the inherent limitation 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 regulations 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 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 the charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Adam Halsey (Senior Statutory Auditor)
For and on behalf of HaysMac LLP, Statutory Auditor
10 Queen Street Place, London EC4R 1AG

5 August 2025

FINANCIAL STATEMENTS

Statement of financial activities

FOR YEAR ENDED 31 DECEMBER 2024
COMPANY NUMBER: 440966

	Note	Restricted funds: Endowment funds £'000	Restricted funds: Other funds £'000	Unrestricted funds: Designated funds £'000	Unrestricted funds: Undesignated funds £'000	Total funds 2024 £'000	Total funds 2023 £'000
INCOME							
INCOME AND ENDOWMENTS FROM							
Donations:	2						
Parish contributions		-	19	-	4,669	4,688	4,665
Archbishops' Council		-	4,193	-	1,954	6,147	4,311
Other donations		-	810	-	755	1,565	844
Charitable activities	3	-	64	-	259	323	381
Other trading activities	4	-	39	-	443	482	475
Investments	5	30	232	26	567	855	729
Other income	6	530	-	-	1,180	1,710	376
TOTAL INCOME		560	5,357	26	9,827	15,770	11,781
EXPENDITURE ON							
Raising funds	7	27	-	-	84	111	113
Charitable activities	8	16	2,956	157	10,349	13,478	12,295
Other	9	-	-		5	5	3
TOTAL EXPENDITURE		43	2,956	157	10,438	13,594	12,411
Net income / (expenditure) before investment gains and losses		517	2,401	(131)	(611)	2,176	(630)
Net gains / (losses) on investments		384	98	1	114	597	309
Net gains / (losses) on investment property		-	-	-	-	-	(171)
NET INCOME / (EXPENDITURE)		901	2,499	(130)	(497)	2,773	(492)
Transfers between funds	21	(77)	(1,829)	1,253	653	-	-
NET MOVEMENT IN FUNDS		824	670	1,123	156	2,773	(492)
Total funds brought forward	21	29,707	7,465	4,189	4,307	45,668	46,160
TOTAL FUNDS CARRIED FORWARD	21	30,531	8,135	5,312	4,463	48,441	45,668

Transfers between funds

For analysis of transfers between funds, see note 21. All activities derive from continuing operations.

Balance sheet

FOR YEAR ENDED 31 DECEMBER 2024
COMPANY NUMBER: 440966

	Note	2024 £'000	2024 £'000	2023 £'000	2023 £'000
FIXED ASSETS					
Tangible assets	15	23,190		23,363	
			23,190		23,363
INVESTMENTS:	16				
Investment properties		2,399		2,399	
Other investments		13,145		12,603	
			15,544		15,002
TOTAL FIXED ASSETS			38,734		38,365
CURRENT ASSETS					
Debtors	17	5,024		1,773	
Cash at bank		7,460		6,817	
		12,484		8,590	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	18	(2,753)		(1,277)	
NET CURRENT ASSETS			9,731		7,313
TOTAL ASSETS LESS CURRENT LIABILITIES			48,465		45,678
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	19		(24)		(10)
NET ASSETS	21		48,441		45,668
FUNDS					
Restricted income funds			8,135		7,465
Endowment funds			30,531		29,707
Unrestricted income funds:					
Designated			5,312		4,189
Undesignated			4,463		4,307
	21		48,441		45,668

The Statement of Financial Activities, Income and Expenditure Account, Cash flow Statement and the Notes form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 19 June 2025 and signed on behalf of the Board by:

Steven Skakel

Mr Steven Skakel **Chair**

Income and expenditure account

FOR YEAR ENDED 31 DECEMBER 2024

	2024 £'000	2023 £'000
Total incoming resources	15,210	11,496
Resources expended	(13,551)	(12,386)
Net income / (expenditure) before gains for the year	1,659	(890)
Net gains on investments	213	132
Net gain / (loss) on investment property	-	(30)
NET INCOME / (EXPENDITURE) FOR THE YEAR	1,872	(788)
Other comprehensive income:		
Net assets transferred to / (from) endowments	77	(208)
TOTAL COMPREHENSIVE INCOME / (EXPENDITURE)	1,949	(996)

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.

Cash flow statement

FOR YEAR ENDED 31 DECEMBER 2024

	Note	2024 £'000	2023 £'000
NET CASH (USED IN) / PROVIDED BY OPERATING ACTIVITIES	25	(2,022)	(1,963)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends, interest and rent from investments		780	695
Interest paid		(2)	(3)
Proceeds from sale of:			
Tangible fixed assets / current assets for the use of the BDBF		2,093	1,246
Other investments		2,328	1,029
Purchase of:			
Tangible fixed assets for the use of the BDBF		(233)	(606)
Other investments		(2,205)	(809)
NET CASH PROVIDED BY INVESTING ACTIVITIES		2,761	1,552
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans repaid by BDBF		(28)	(20)
Loans repaid to BDBF		16	19
New loans made by BDBF		(84)	-
New loan received by BDBF		-	40
NET CASH (USED IN) / PROVIDED BY FINANCING ACTIVITIES		(96)	39
CHANGE IN CASH AND CASH EQUIVALENTS IN THE REPORTING PERIOD		643	(372)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		6,817	7,189
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	26	7,460	6,817

1 Principal accounting policies

Basis of accounting

The financial statements have been prepared in accordance with the Companies Act 2006, Charities Act 2011, applicable accounting standards (FRS102), Charities SORP (FRS102), The Church of England Diocesan Annual Reports and Financial Statements Guide and under the historical cost accounting rules except that fixed asset investments, current asset investments and investment properties are included at fair value.

The financial statements are presented in Sterling (being the functional currency for all of its activities) rounded to the nearest £'000.

The BDBF meets the definition of a public benefit entity under FRS102.

Company status

The company is limited by guarantee, incorporated and registered in England and Wales (No. 440966). The members of the company are the trustees named on page 3. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company. The company's registered office is John Cadbury House, 190 Corporation Street, Birmingham, B4 6QD.

Going concern

The trustees assess whether the use of the going concern principle is appropriate i.e. whether there are any principal uncertainties, related events or conditions that may cast significant doubt on the ability of the BDBF to continue as a going concern. The impact of the pandemic and the cost of living crisis has continued to have a significant impact on the work and the finances of the BDBF during the financial year and this is expected to continue into 2025. The Directors' Report on page 52 sets out the response of the BDBF to this unprecedented change to the activities of the charity, and in particular the unrestricted income of the charity. The report briefly sets out the mitigating actions that have been taken and will continue to be taken to ensure that the BDBF can continue as a going concern. The trustees make this assessment in respect of the period of at least one year from the date of the authorisation for issue of the financial statements and have concluded that the BDBF has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the BDBF's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

The principal accounting policies and estimation techniques are as follows:

Income

All income is included in the Statement of Financial Activities when the BDBF is legally entitled to them as income or capital respectively, ultimate receipt is probable and the amount to be recognised can be quantified with reasonable accuracy.

Common Fund and income from parochial fees The principal source of income comes from voluntary giving in the form of parish contributions (Common Fund), which includes amounts received up to the 31 January following the year end. Common Fund income also includes any arrears received from previous years.

Grant income Income from the Archbishops' Council is accounted for on a receivable basis and represents a range of grants payable to the CofE Birmingham to support its operations and for parish mission, the funds for which originate in a block grant by the Church Commissioners to the Archbishops' Council. The annual grants from the Archbishops' Council may be used for either mission and ministry support for lower income communities (Lowest Income Communities Fund), DIP or a range of strategic development activities (as set out in note 21 to the accounts).

Other grant income is recognised when receivable.

Rent and investment income Rent and investment income are recognised as income when receivable.

Gains on disposal of fixed assets for the BDBF's own use Gains on disposal of fixed assets for the BDBF's own use (i.e. non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.

Birmingham Diocesan Endowment Fund income The income from this fund is restricted for the purpose of 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 Statement of Financial Activities for the sake of greater clarity and simplicity in financial reporting.

Glebe Fund income All clear income derived from its investments is transferred to the General Fund as contribution towards the cost of clergy stipends. It is on this basis that the income and the (normally much larger) related expenditure are both included in the unrestricted column of the Statement of Financial Activities for the sake of greater clarity and simplicity in financial reporting.

Expenditure

Liabilities are recognised as soon as there is a legal or constructive obligation committing the BDBF to pay out resources. Expenditure is included on the accruals basis under the following headings; all costs are allocated to a specific category.

Costs of raising funds These are the costs of managing the Endowment, Glebe and Unrestricted fund investments, plus the costs associated with letting the vacant parsonages and investment properties.

Charitable expenditure Charitable expenditure is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry and expenditure on education and Church of England schools in the diocese.

Resourcing ministry and mission includes the direct costs for the clergy and parishes, plus the costs of supporting the work of parishes within the CofE Birmingham. This principally includes the cost of clergy stipends, costs related to maintaining clergy housing in the parishes, the payment of grants to assist parish work plus the related staff costs and overheads.

Grants payable Grants payable are accounted for when authorised, when the award of the grant has been specifically communicated to the recipient and when the trustees have agreed to pay the grant without condition, or any condition attaching to the grant is outside the control of the BDBF. Grants offered subject to certain conditions which have not been met at the year-end are noted as a commitment but not accrued as expenditure.

Support costs Support costs consist of central management, administration and governance costs. They are allocated to categories of expenditure (resourcing ministry and mission, raising funds and education) on the basis of the proportion of staff time spent on each area of activity.

Pension costs and other post-retirement benefits The BDBF contributes to the Church of England Funded Pension Scheme for clergy and the Church Workers Pension Fund for other staff. Both these schemes are multi-employer pension schemes. The pension costs charged as resources expended represent the BDBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding liabilities (where applicable) for the pension schemes in which the BDBF participates would be recognised at the present value of contributions payable that arise from the deficit funding agreement. The liability would be recognised in creditors distinguishing between contributions falling due within one year and after more than one year. Details of the schemes are given in note 23 to the financial statements.

Redundancy and termination benefits Redundancy and termination benefits are recognised as soon as there is a legal or constructive obligation committing the BDBF to pay out resources.

Tangible fixed assets and depreciation

Freehold properties and parsonages Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material, due to the very long expected remaining useful life in each case, and because their expected residual values are not materially less than their carrying value.

The BDBF 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.

Parsonage houses recognition The BDBF has followed the requirements of FRS102 in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The BDBF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if declared redundant. The trustees therefore consider the most suitable accounting policy to be to capitalise such properties as expendable endowment assets and to carry them at cost where known, otherwise at the deemed cost valuation of the midpoint of the relevant 1994 council tax band value.

An impairment review is conducted annually and an adjustment is made to the book value where there is evidence of impairment. In between the five-yearly professional valuations, trustees perform their own assessments of whether there had been a material change in the value of the properties using internal expertise and market indicators.

Other non-investment properties The BDBF includes all other non-investment properties at cost where known, otherwise at the deemed cost valuation of the midpoint of the relevant 1994 council tax band value.

For properties that are jointly owned with a third party such as a Parochial Church Council, only the proportion of the BDBF's investment in the property is accounted for within the financial statements of the BDBF.

Redundant churches are included at nil value.

Investment properties In accordance with FRS102, investment properties are carried at their fair value – this is considered by the trustees annually and the aggregate surplus or deficit is recognised in the Endowment Fund and Glebe Fund. Investment properties were last professionally valued as at 31 December 2020, the results of which are included in these financial statements. If an asset changes category in the period under review then a professional valuation of the property is undertaken as the property changes category. The next professional valuation of properties is due as at 31 December 2025. No depreciation is provided on investment properties

Non-Property fixed assets Tangible fixed assets costing more than £1,000 are capitalised and included at cost.

Depreciation Depreciation of non-property assets is charged by equal annual instalments at rates estimated to write off their cost less any residual value over the expected useful lives that are as follows:

Computer equipment	3 years
Office furniture and fittings	10 years or the end of the property lease if relating to tenant's improvements

Financial investments Financial investments are stated at fair value. Realised gains or losses are recognised in the Statement of Financial Activities when financial investments are sold. Unrealised gains and losses are accounted for on revaluation of financial investments at the year end.

Critical accounting estimates and areas of judgement

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year.

Accounting estimates

The BDBF makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Valuation of investment properties The BDBF carries its investment properties at fair value, with changes in fair value being recognised in the Statement of Financial Activities. The BDBF engaged independent valuation specialists to determine fair value at 31 December 2020. Some of the key assumptions used to determine the fair value of these assets are based on the valuer's knowledge and experience of the market and values of similar properties, which could be deemed subjective.

Assumptions surrounding the clergy and church workers pension schemes The BDBF contributes to the Church of England Funded Pension Scheme for clergy and the Church Workers Pension Fund for other staff. Both these schemes are determined to be multi-employer pension schemes and as required under FRS102, the BDBF recognises any agreed deficit funding liabilities on its balance sheet. The key actuarial assumptions that underpin the required deficit funding contributions liability are based on the actuary's knowledge and experience. Any changes in these assumptions as given in note 23 could have a significant impact on the required deficit funding contributions and resulting balance sheet liability.

Areas of judgement

Concessionary loans Concessionary loans (both made and received) are initially recognised at the amount received or paid, with the carrying amount adjusted in subsequent years to reflect repayments and any accrued interest and adjusted, if necessary, for any impairment. They are assessed for objective evidence of impairment at the end of each reporting period.

Non-depreciation of freehold properties and parsonages Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material, due to the very long expected remaining useful life in each case, and because their expected residual values are not materially less than their carrying value.

All estimates and judgements 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.

Funds

Funds over which the BDBF's control is limited by statute or the terms of a trust deed, or which are restricted in their use, have been defined as 'restricted funds'. Funds which are controlled by the BDBF and over which there are essentially no restrictions as to their use (either by statute or trust) have been defined as 'unrestricted'. Designated funds are unrestricted funds that have been set aside by the BDBF for purposes designated by BDBF policy. Such designations may be set aside from time to time according to policy decisions.

Endowments

The Endowment Funds are those whose capital represent permanent endowment and are therefore not available for revenue expenditure. For two of the funds, the income derived from the properties and other investments is available for meeting the costs of clergy stipends:

Diocesan Glebe This represents those historic lands and buildings which were held by incumbents and formed part of the benefice prior to the Endowment and Glebe Measure 1976. Glebe investments are subject to regulations under this Measure and previous Acts of Parliament, the main provisions being that Glebe should be held only as land or property.

The Endowment Fund This is a local fund originally set up under a Charity Commissioners Scheme of 1906 (amended in 1930) and is available for investment at the discretion of the Board of Finance subject to general charities legislation.

Details of the other two endowment funds are given in note 21 to the financial statements, along with details of the other major funds held by the BDBF.

Operating leases

Rentals payable under operating leases are charged in the Statement of Financial Activities on a straight-line basis over the lease term. Where rent free periods are given as part of an operating lease, the impact of this rent-free period is reflected in the Statement of Financial Activities over the overall lease term.

Schools major repair and capital projects

The Board of Education (as incorporated within the BDBF) receives contributions from governors of church schools in the diocese in connection with major repair and capital projects to Church Schools and also government grants in connection with the same. The Board of Education administers these monies as managing agent and makes the appropriate payments to contractors for work carried out. The monies do not belong to the Board of Education and as such the receipts and payments are not treated as incoming resources or resources expended in the Statement of Financial Activities. Any monies held at the balance sheet date are treated as creditors on the balance sheet.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and short term deposits with any qualifying institution repayable within a three month notice period.

Financial instruments

The BDBF has elected to apply the provisions of Section 11 *Basic Financial Instruments* and Section 12 *Other Financial Instruments* of FRS102 in full to all of its financial instruments.

Trade debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost being the transaction price less any amounts settled and any impairment losses.

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less amounts settled.

Concessionary loans (both made and received) are initially recognised at the amount received or paid, with the carrying amount adjusted in subsequent years to reflect repayments and any accrued interest and adjusted, if necessary, for any impairment. They are assessed for objective evidence of impairment at the end of each reporting period.

2 Donations

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2024	Total funds 2023
	£'000	£'000	£'000	£'000	£'000	£'000
PARISH CONTRIBUTIONS						
Common Fund – current	-	-	-	4,644	**4,644**	4,588
Common Fund – prior	-	-	-	25	**25**	45
TOTAL COMMON FUND	**-**	**-**	**-**	4,669	**4,669**	**4,633**
Contributions to World Mission Partners	-	19	-	-	**19**	32
TOTAL PARISH CONTRIBUTIONS	-	19	-	4,669	**4,688**	**4,665**
ARCHBISHOPS' COUNCIL						
Strategic Development	-	3,454	-	-	**3,454**	1,697
Strategic Capacity	-	-	-	-	**-**	13
Strategic Ministry	-	348	-	-	**348**	451
Lowest Income Communities Funding	-	-	-	1,954	**1,954**	1,983
Racial Justice Triennium Fund	-	385	-	-	**385**	-
Net Zero Capacity Fund	-	89	-	-	**89**	-
Resourcing Ministerial Education Block Grant	-	(83)	-	-	**(83)**	167
TOTAL ARCHBISHOPS' COUNCIL	-	4,193	-	1,954	**6,147**	**4,311**
OTHER DONATIONS						
Stipend sources	-	-	-	587	**587**	511
Benefact Trust	-	-	-	144	**144**	168
Other donations to World Mission Partners	-	10	-	-	**10**	15
Oak Foundation	-	467	-	-	**467**	-
Historic England	-	201	-	-	**201**	24
Other donations	-	1	-	18	**19**	65
Other grants	-	131	-	6	**137**	31
TOTAL OTHER DONATIONS	-	810	-	755	**1,565**	**844**

2 Donations (continued)

The annual grants from Archbishops' Council may be used for either specific parish mission and development projects or for clergy stipends. The Strategic Development Funding is restricted to the *Shaping the Future*, *People & Places*, Diocesan Investment Programme and various church planting programmes or mission activities. The Strategic Capacity funding is restricted to the *People & Places* programme. Strategic Ministry Funding is restricted to supporting curates in training with the objective of increasing the number of curacies that the diocese is able to offer in any one year. The Resourcing Ministerial Education Block Grant is to be used for approved clergy training pathways – the majority of the costs covered by this funding stream ended during the academic year 2023/24 and balances held were returned to Archbishops' Council. The Racial Justice Triennium Fund grant is paid to the BDBF as the lead partner in a programme covering the six dioceses of the Midlands. The Oak Foundation Grant is paid to the BDBF to enable them to support the work of the Church Development Agency (a subsidiary company of the Gloucester Diocesan Board of Finance) to deliver affordable homes projects across the Birmingham Diocese.

3 Income from charitable activities

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2024	Total funds 2023
	£'000	£'000	£'000	£'000	£'000	£'000
Statutory fees	-	-	-	214	**214**	248
Parish training events	-	-	-	4	**4**	5
Schools training events and services	-	62	-	-	**62**	61
Payroll Bureau service	-	-	-	14	**14**	13
Interest receivable on parish loans	-	2	-	27	**29**	54
TOTAL	-	64	-	259	**323**	**381**

Total income from charitable activities for the year ended 31 December 2023 of £381,000 was split between funds as follows: £63,000 in other restricted funds and £318,000 in undesignated funds.

4 Other trading activities

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2024	Total funds 2023
	£'000	£'000	£'000	£'000	£'000	£'000
Housing income	-	-	-	374	**374**	398
Recharges to other Christian organisations	-	39	-	69	**108**	74
Recharges to other charitable organisations	-	-	-	-	**-**	3
TOTAL	-	39	-	443	**482**	**475**

Total income from other trading activities for the year ended 31 December 2023 of £475,000 was split between funds as follows: £49,000 in other restricted funds and £426,000 in undesignated funds.

5 Investment income

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2024	Total funds 2023
	£'000	£'000	£'000	£'000	£'000	£'000
Dividends and interest	9	222	26	384	**641**	591
(Loss) / profit on sales of investments	21	-	-	47	**68**	(4)
Rents	-	10	-	136	**146**	142
TOTAL	30	232	26	567	**855**	**729**

Total investment income for the year ended 31 December 2023 of £729,000 was split between funds as follows: £6,000 in endowment funds, £226,000 in other restricted funds, £16,000 in designated funds and £481,000 in undesignated funds.

6 Other income

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2024	Total funds 2023
	£'000	£'000	£'000	£'000	£'000	£'000
Gain on sale of fixed assets	530	-	-	1,180	**1,710**	376
TOTAL	530	-	-	1,180	**1,710**	**376**

Total other income for the year ended 31 December 2023 of £376,000 was split between funds as follows: £279,000 in endowment funds and £97,000 in undesignated funds.

7 Fundraising costs

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2024	Total funds 2023
	£'000	£'000	£'000	£'000	£'000	£'000
Investment management costs	27	-	-	7	**34**	30
Property rental costs	-	-	-	77	**77**	83
TOTAL	27	-	-	84	**110**	**113**

Total fundraising costs for the year ended 31 December 2023 of £113,000 was split between funds as follows: £23,000 in endowment funds and £90,000 in undesignated funds.

8 Expenditure on charitable activities

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2024	Total funds 2023
	£'000	£'000	£'000	£'000	£'000	£'000
CONTRIBUTION TO ARCHBISHOPS' COUNCIL						
Training for ministry	-	-	-	190	**190**	189
National church responsibilities	-	-	-	114	**114**	130
Mission agency pension costs	-	-	-	19	**19**	6
Retired clergy housing costs	-	-	-	79	**79**	75
Pooling of ordinands maintenance grants	-	-	-	(66)	**(66)**	(35)
TOTAL	-	-	-	336	**336**	**365**
RESOURCING MINISTRY AND MISSION						
Parish Ministry:						
Stipends and National Insurance	-	228	126	4,167	**4,521**	4,374
Pension contributions	-	57	17	864	**938**	962
Housing costs	-	-	8	1,653	**1,661**	1,425
Removal, resettlement and grants	11	4	-	320	**335**	395
Training for ministry tuition fees	-	(3)	-	-	**(3)**	115
Archdeacons, vocations, chaplaincy and other expenses	-	21	2	439	**462**	459
TOTAL	11	307	153	7,443	**7,914**	**7,730**
Mission grants	-	471	-	44	**515**	410
Grants to support parishes	-	17	-	-	**17**	1
Support for parish ministry	5	1,942	4	2,357	**4,308**	3,405
TOTAL	5	2,430	4	2,401	**4,840**	**3,816**
EXPENDITURE ON EDUCATION						
Support for Church Schools	-	219	-	169	**388**	384
TOTAL	16	2,956	157-	10,349	**13,478**	**12,295**

Total expenditure on charitable activities for the year ended 31 December 2023 of £12,295,000 was split between funds as follows: £2,000 in endowment funds, £2,501,000 in other restricted funds, £111,000 in designated funds and £9,681,000 in undesignated funds.

9 Other expenditure

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2024	Total funds 2023
	£'000	£'000	£'000	£'000	£'000	£'000
Loss on sale of property	-	-	-	3	**3**	-
Interest payable on other loans	-	-	-	2	**2**	3
TOTAL	-	-	-	5	**5**	**3**

Total other expenditure for the year ended 31 December 2023 of £3,000 was split between funds as follows: £3,000 in undesignated funds.

10 Analysis of expenditure including allocation of support costs

	Activities directly undertaken	Grant funding of activities	Support costs	Total 2024
	£'000	£'000	£'000	£'000
Raising funds	111	-	-	**111**
Charitable activities:				
Contributions to Archbishops' Council	-	336	-	**336**
Resourcing parish ministry	10,571	878	1,305	**12,754**
Education	228	-	160	**388**
Other	5	-	-	**5**
	10,915	**1,214**	**1,465**	**13,594**

	Activities directly undertaken	Grant funding of activities	Support costs	Total 2023
	£'000	£'000	£'000	£'000
Raising funds	113	-	-	**113**
Charitable activities:				
Contributions to Archbishops' Council	-	365	-	**365**
Resourcing parish ministry	9,619	795	1,132	**11,546**
Education	224	-	160	**384**
Other	3	-	-	**3**
	9,959	**1,160**	**1,292**	**12,411**

11 Analysis of support costs

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2024	Total funds 2023
	£'000	£'000	£'000	£'000	£'000	£'000
Support for Schools	-	160	-	-	**160**	160
Administration and premises	-	-	-	1,156	**1,156**	968
Synod and Diocesan Advisory Committee Support	-	-	-	-	**-**	11
Governance:						
Auditors – external audit	-	-	-	27	**27**	26
Auditors – other services	-	-	-	1	**1**	2
Registrar and Chancellor	-	-	-	121	**121**	125
TOTAL	-	160	-	1,305	**1,465**	**1,292**

12 Analysis of grants made

	Number	Individuals	Institutions	Total 2024	Total 2023
		£'000	£'000	£'000	£'000
FROM UNRESTRICTED FUNDS FOR NATIONAL CHURCH RESPONSIBILITIES					
Archbishops' Council	5	-	336	336	365
FROM UNRESTRICTED / DESIGNATED FUNDS					
PCCs for mission	1	-	9	9	19
Ordinands in training	12	122	-	122	157
Resettlement and first appointment grants	69	165	-	165	169
Sundry clergy grants	77	23	52	75	72
Training development grants for individuals	2	1	-	1	-
TOTAL	161	311	61	372	418
FROM RESTRICTED FUNDS					
World Mission Partner dioceses and projects	5	-	77	77	76
Repair and re-ordering of churches	6	-	31	31	-
Hardship and Energy grants	-	-	-	-	28
PCCs for project workers *(Action in the City)*	2	-	7	7	-
PCCs for mission initiatives	10	-	291	291	159
Other Christian organisations for mission initiatives	1	-	54	54	78
Resettlement and first appointment grants	1	3	-	3	2
Sundry grants	21	3	11	14	10
Ordinands in training	23	29	-	29	24
TOTAL	69	35	471	506	377
TOTAL GRANTS PAYABLE	235	346	868	1,214	1,160

13 Staff costs

	2024	2023
	£'000	£'000
EMPLOYEE COSTS DURING THE YEAR (EXCLUDING CLERGY PAY)		
Wages and salaries	2,649	2,336
Social security costs	267	229
Pension costs	275	247
Pension costs – Church Workers Pension Scheme deficit contributions*	-	41
TOTAL	3,191	2,853
AVERAGE NUMBER OF PEOPLE EMPOYED DURING THE YEAR	No.	No.
Parish mission support	45	39
Discipleship and Ministry support	10	8
Administration and financial management	12	11
Property	3	3
Education	4	5
TOTAL	74	66

The numbers of staff whose emoluments (including benefits in kind but excluding pension contributions) amounted to more than £60,000 were as follows:

	2024	2023
	Number	Number
In the band £70,000 – £80,000	-	1
In the band £80,000 – £90,000	2	2
In the band £90,000 – £100,000	-	1
In the band £100,000 – £110,000	1	-

The total amount of employer defined contribution pension contributions paid on behalf of these employees were £29,118 (2023: £39,269).

13 Staff costs (continued)

Key management (employee) 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	Jan Smart	Property Director	Daniel Mayes
Company Secretary	Jan Smart	HR Director	Ben Franks
Director of Finance	Karen Preece	Director of Education	Sarah Smith

Renumeration and pensions for these five FTE employees amounted to £419,079 (2023: £435,186 for five FTE employees).

None of the directors received any remuneration as directors. The BDBF in both 2024 and 2023 has an overarching insurance policy that includes trustees' indemnity insurance however the premium attributable to the trustees' indemnity insurance element is not separately identifiable.

The clergy and clergy stipends are not included within the BDBF's staff costs, as they are not employees of the BDBF. The BDBF is merely responsible for the central administration and payment of the stipends on behalf of the parishes. However, the BDBF paid an average of 132 (2023: 131) stipendiary clergy as office holders holding parish or diocesan appointments in the diocese, and the costs were as follows:

	2024	2023
	£'000	£'000
Stipends	4,089	3,902
National Insurance contributions	334	315
Apprenticeship Levy	18	17
Restructuring costs	28	45
Pension costs – current year	891	1,107
TOTAL	5,360	5,296

14 Net expenditure before transfers and other recognised gains / (losses)

	2024	2023
	£'000	£'000
NET EXPENDITURE IS STATED AFTER CHARGING:		
Depreciation – owned assets	43	42
Net gain on disposal of fixed assets	1,707	376
Auditor's remuneration – audit of financial statements	27	26
Auditor's remuneration – other services	1	2

15 Tangible fixed assets

	Freehold Properties (see analysis below)	Computer equipment	Office equipment	TOTAL
	£'000	£'000	£'000	£'000
COST / DEEMED COST OR VALUATION				
At 1 January 2024	23,244	141	177	23,562
Additions	221	12	-	233
Disposals	(363)	(20)	-	(383)
AT 31 DECEMBER 2024	23,102	133	177	23,412
ACCUMULATED DEPRECIATION				
At 1 January 2024	-	127	72	199
Charge for the year	-	14	29	43
Disposals	-	(20)	-	(20)
AT 31 DECEMBER 2024	-	121	101	222
NET BOOK VALUE				
AT 31 DECEMBER 2024	23,102	15	73	23,190
AT 31 DECEMBER 2023	23,244	14	105	23,363

All the above assets are used for charitable purposes.

15 Tangible fixed assets (continued)

	2024 cost or deemed cost	2023 cost or deemed cost
	£'000	£'000
FREEHOLD PROPERTIES		
ENDOWMENT FUNDS		
Benefice houses fund:		
Parsonage houses	18,007	18,240
Glebe funds:		
Housing of team vicars, curates and others	660	660
Assets in course of construction	188	76
DESIGNATED FUNDS		
Assets in course of construction	89	32
UNRESTRICTED FUNDS		
Corporate property:		
Housing of senior clergy, curates and others	1,469	1,469
Other corporate property	2,689	2,767
TOTAL FREEHOLD PROPERTIES	**23,102**	**23,244**

16 Investments held as fixed assets

	Glebe	Endowment fund	Unrestricted fund	TOTAL
	£'000	£'000	£'000	£'000
A) INVESTMENT PROPERTIES				
At 1 January 2024	1,439	800	160	2,399
AT 31 DECEMBER 2024	**1,439**	**800**	**160**	**2,399**

Properties were valued by Bruton Knowles (Chartered Surveyors) on an open market existing use basis as at 31 December 2020. The BDBF's policy is to seek formal professional valuations of its investment properties every five years with trustee review in the intervening period. The next formal professional review is due to be carried out as at 31 December 2025.

	1 January 2024	Sales	Purchases	Change in market value	31 December 2024
	£'000	£'000	£'000	£'000	£'000
B) OTHER FINANCIAL INVESTMENTS					
ENDOWMENT FUNDS					
Listed investments	4,241	(1,757)	1,752	371	4,607
Unlisted investments	569	-	-	13	582
	4,810	(1,757)	1,752	384	5,189
OTHER RESTRICTED FUNDS					
Listed investments	276	-	-	16	292
Unlisted investments	4,777	(51)	-	82	4,808
	5,053	(51)	-	98	5,100
UNRESTRICTED FUNDS					
Designated funds:					
Unlisted investments	35	-	-	1	36
Undesignated funds:					
Listed investments	1,183	(452)	453	106	1,290
Unlisted investments	1,522	-	-	8	1,530
	2,740	(452)	453	115	2,856
TOTAL	**12,603**	**(2,260)**	**2,205**	**597**	**13,145**

Unlisted investments consist of freely marketable shares in The Central Board of Finance Investment Fund and COIF administered by the CCLA Fund Managers. The historic cost of listed investments as at 31 December 2024 was £5,262,000 (2023: £4,821,000) and £5,174,000 (2023: £5,229,000) for unlisted investments.

17 Debtors

	2024	2023
	£'000	£'000
RECEIVABLE WITHIN ONE YEAR		
Parish loans (concessionary loans)	30	13
Prepayments and other debtors	4,356	1,107
Accrued income	68	68
	4,454	1,188
RECEIVABLE AFTER ONE YEAR		
Parish loans (concessionary loans)	105	54
Other debtors	465	531
	570	585
TOTAL DEBTORS	**5,024**	**1,773**

18 Creditors: amounts falling due within one year

	2024	2023
	£'000	£'000
Other loans – Church Commissioners (concessionary loan)	10	20
Other loans – anonymous loan for parish (concessionary loan)	8	40
Trade creditors	324	539
Other creditors	314	411
Accruals and deferred income	2,097	267
	2,753	1,277

Other loans (Church Commissioners) relate to advances from the Church Commissioners for house purchases and parish 'back to back loans' from the Central Board of Finance. The loans are variable interest loans at the rate of the Central Board of Finance (Church of England) Deposit Fund rate plus 0.55%.

19 Creditors: amounts falling due after more than one year

	2024	2023
	£'000	£'000
Other loans – Church Commissioners (concessionary loan)	-	10
Other loans – anonymous loan for parish (concessionary loan)	24	-
	24	10

The maturity of the above loans may be analysed as follows:

	2024	2023
	£'000	£'000
Between one to two years	8	10
Between two to five years	16	-
	24	10

Other loans (Church Commissioners) relate to advances from the Church Commissioners for parish 'back to back loans' from the Central Board of Finance. The loans are variable interest loans at the rate of the Central Board of Finance (Church of England) Deposit Fund rate plus 0.55%.

20 Analysis of assets and liabilities between funds

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2024	Total funds 2023
	£'000	£'000	£'000	£'000	£'000	£'000
TANGIBLE ASSETS						
Other fixed assets	18,855	8	89	4,238	**23,190**	23,363
INVESTMENTS – FIXED						
Investment properties	2,239	-	-	160	**2,399**	2,399
Other	5,189	5,100	36	2,820	**13,145**	12,603
DEBTORS						
Due within one year	-	2,208	-	2,246	**4,454**	1,188
Due after one year	-	105	-	465	**570**	585
Cash at bank	4,255	2,588	5,377	(4,760)	**7,460**	6,817
CREDITORS						
Due within one year	(7)	(1,874)	(190)	(682)	**(2,753)**	(1,277)
Due after one year	-	-	-	(24)	**(24)**	(10)
NET ASSETS	30,531	8,135	5,312	4,463	**48,441**	**45,668**

	Restricted funds		Unrestricted funds		
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2023
	£'000	£'000	£'000	£'000	£'000
TANGIBLE ASSETS					
Other fixed assets	18,907	7	32	4,417	**23,363**
INVESTMENTS – FIXED					
Investment properties	2,239	-	-	160	**2,399**
Other	4,810	5,053	35	2,705	**12,603**
DEBTORS					
Due within one year	45	517	(797)	1,423	**1,188**
Due after one year	-	54	-	531	**585**
Cash at bank	3,708	2,577	4,928	(4,396)	**6,817**
CREDITORS					
Due within one year	(2)	(743)	(9)	(523)	**(1,277)**
Due after one year	-	-	-	(10)	**(10)**
NET ASSETS	29,707	7,465	4,189	4,307	**45,668**

21 Movements in funds

	1 January 2024	Income	Expenditure	Transfers	Capital movements	31 December 2024
	£'000	£'000	£'000	£'000	£'000	£'000
ENDOWMENT FUNDS						
Glebe Fund*	**5,972**	7	(10)	-	142	**6,111**
Birmingham Diocesan Endowment Fund*	**5,085**	14	(18)	-	235	**5,316**
Parsonage Houses Fund	**18,300**	530	-	(77)	-	**18,753**
Bishop Brown Legacy Endowment Fund	**350**	9	(15)	-	7	**351**
	29,707	560	(43)	(77)	384	**30,531**
OTHER RESTRICTED FUNDS						
Sites and Buildings Fund	**978**	2	-	-	-	**980**
Church Schools Fund	**6,015**	282	(219)	-	94	**6,172**
Action in the City Fund	**24**	1	(8)	-	-	**17**
Malawi Partnership Fund	**329**	37	(86)	-	3	**283**
St Luke's at Gas Street – Fabric Fund	**29**	-	13	(42)	-	**-**
Training for Ministry Fund	**86**	(83)	(13)	-	-	**(10)**
Strategic Ministry Fund – Curates training	**-**	313	-	(313)	-	**-**
Strategic Ministry Fund – Post first responsibility	**-**	35	-	(35)	-	**-**
Shaping the Future Fund	**(1)**	62	(101)	40	-	**-**
Empowering Disciples Fund	**5**	1	(2)	-	-	**4**
Historic England – Places of Worship Officer	**-**	11	(22)	11	-	**-**
People & Places Development Fund	**(44)**	728	(685)	-	-	**(1)**
Programme Management Fund	**-**	96	(96)	-	-	**-**
Church Planting (Shirley and Pype Hayes) Fund	**-**	189	(189)	-	-	**-**
Context Ministry and Church Planting Development Fund	**5**	239	(239)	-	-	**5**
Longbridge and Anglo-Catholic Mission Fund	**(2)**	642	(643)	-	-	**(3)**
Safe Spaces Innovation Fund	**(1)**	53	(53)	-	-	**(1)**
Coming Home Fund	**(1)**	39	(38)	-	-	**-**
Net Zero Carbon Initiatives Fund	**-**	126	(95)	-	-	**31**
WM Racial Justice Collaboration	**-**	385	(236)	-	-	**149**
St Martin's Grants	**9**	17	(12)	-	-	**14**
Readers Fund	**34**	1	(5)	-	1	**31**
Bolivia Partnership Fund	**-**	3	(3)	-	-	**-**
Diocesan Investment Programme Fund	**-**	1,500	(4)	(1,490)	-	**6**
Flourish Fund	**-**	21	(18)	-	-	**3**
Oak Foundation Grant	**-**	467	(12)	-	-	**455**
Historic England – St Michael's Handsworth	**-**	190	(190)	-	-	**-**
	7,465	5,357	(2,956)	(1,829)	98	**8,135**
UNRESTRICTED FUNDS						
DESIGNATED FUNDS						
Pastoral Fund*	**1,406**	26	-	-	1	**1,433**
Strategic Mission Fund	**2,783**	-	(157)	1,253	-	**3,879**
UNDESIGNATED FUNDS						
General Fund*	**4,307**	9,827	(10,348)	653	114	**4,463**
	8,496	**9,853**	**(10,595)**	**1,906**	**115**	**9,775**
TOTAL	**45,668**	**15,770**	**(13,594)**	**-**	**597**	**48,441**

21 Movements in funds (continued)

	1 January 2023	Income	Expenditure	Transfers	Capital movements	31 December 2023
	£'000	£'000	£'000	£'000	£'000	£'000
ENDOWMENT FUNDS						
Glebe Fund*	5,962	(1)	(7)	-	18	5,972
Birmingham Diocesan Endowment Fund*	5,112	(2)	(16)	-	(9)	5,085
Parsonage Houses Fund	17,813	279	-	208	-	18,300
Bishop Brown Legacy Endowment Fund	316	9	(2)	-	27	350
	29,203	285	(25)	208	36	29,707
OTHER RESTRICTED FUNDS						
Sites and Buildings Fund	976	2	-	-	-	978
Church Schools Fund	5,775	272	(212)	-	180	6,015
Action in the City Fund	24	1	-	-	(1)	24
Malawi Partnership Fund	361	60	(91)	-	(1)	329
St Luke's at Gas Street – Fabric Fund	29	-	-	-	-	29
Training for Ministry Fund	55	167	(136)	-	-	86
Strategic Ministry Fund – Curates training	-	419	-	(419)	-	-
Strategic Ministry Fund – Post first responsibility	-	33	-	(33)	-	-
Shaping the Future (1)	-	159	(265)	105	-	(1)
Empowering Disciples Fund	4	1	-	-	-	5
Historic England – Places of Worship Officer	-	24	(48)	24	-	-
People & Places Capacity Fund	(3)	13	(10)	-	-	-
People & Places Development Fund	(14)	769	(799)	-	-	(44)
Programme Management Fund	-	156	(156)	-	-	-
Church Planting (Shirley and Pype Hayes) Fund	-	125	(125)	-	-	-
Context Ministry and Church Planting Development Fund	1	239	(235)	-	-	5
Longbridge and Anglo-Catholic Mission	-	267	(269)	-	-	(2)
Safe Spaces Innovation Fund (1)	-	24	(25)	-	-	(1)
Coming Home Fund	-	47	(48)	-	-	(1)
WM Racial Justice Collaboration	-	15	(15)	-	-	-
St Martin's Sabbatical Grants	-	5	(5)	-	-	-
St Martin's Youth Grants	2	9	(2)	-	-	9
Giving Advisor Fund	-	25	(26)	1	-	-
Readers Fund	38	1	(6)	-	1	34
Hardship Fund	28	-	(28)	-	-	-
	7,276	2,833	(2,501)	(322)	179	7,465
UNRESTRICTED FUNDS						
DESIGNATED FUNDS						
Pastoral Fund*	1,109	16	-	279	2	1,406
Growing Younger Fund (2)	229	-	-	(229)	-	-
Strategic Mission Fund	2,754	-	(96)	125	-	2,783
Communications Hub	20	-	(15)	(5)	-	-
UNDESIGNATED FUNDS						
General Fund*	5,569	8,647	(9,774)	(56)	(79)	4,307
	9,681	8,663	(9,885)	114	(77)	8,496
TOTAL	46,160	11,782	(12,412)	-	138	45,668

The funds denoted with * include the following revaluation reserves:

	2024	2023
	£'000	£'000
WITHIN ENDOWMENT FUNDS		
Glebe Fund	994	994
Birmingham Diocesan Endowment Fund	9	9
	1,003	1,003
UNDESIGNATED FUNDS		
General Fund	1,032	1,032
TOTAL	2,035	2,035

21 Movements in funds (continued)

Details of the major funds are as follows:

Endowment Funds

Glebe Fund Under the terms of the Endowment and Glebe Measure 1976, all historic parish Glebe land holdings were transferred to the respective Diocesan Boards of Finance, which were required, in return, to ensure that all clergy within their diocese received at least the agreed minimum stipend for the year. It represents Glebe assets and the accumulated sale proceeds of Glebe property. Capital funds may be used for the purchase, improvement and maintenance of Glebe property and benefice property. Besides Glebe property, the funds may be invested in investments or cash held on deposit. All clear income derived from these investments is transferred to the General Fund as a contribution towards the cost of clergy stipends.

Birmingham Diocesan Endowment Fund This fund was also established under a scheme of the Charity Commissioners (dated September 1906), promoted by the Worcester Diocese, with the object of providing a permanent capital endowment, the income derived from which was to be available to the diocesan trustees for the purpose of augmenting the incomes of clergy serving in the *"poorer areas"* of Birmingham. In 1963, the Charity Commissioners approved a variation to the scheme appointing the BDBF as joint trustees of the charity, together with the Birmingham Diocesan Trustees Registered. The objects were varied slightly by a Birmingham Commissioners Order dated August 1981, following the implementation of the Endowment and Glebe Measure, confirming that any clear income of the charity is to be applied in augmenting stipends of the clergy in the CofE Birmingham. Subsequent to the *Fresh Start* re-organisation of 1993, the BDBF transferred certain property and fiscal investments previously held in the General Fund into the Endowment Fund.

Bishop Brown Legacy Endowment Fund This fund was established from the estate of the late Bishop Brown (Bishop of Birmingham 1969-1977). His will gave a legacy to the BDBF to establish an endowment fund for the benefit of ordinands in training in the CofE Birmingham. The income derived from the capital endowment may be used to contribute to the maintenance grants of those in training.

Parsonages House Fund This fund represents the carrying value of all the benefice houses (parsonages) in the CofE Birmingham.

Restricted Funds

Sites and Buildings This fund was originally created under a scheme of the Charity Commissioners by the Worcester Diocese in November 1906, when Birmingham was first being established as an independent diocese (Birmingham being formed mostly from parishes previously part of either the Diocese of Worcester or Lichfield). The objectives of that fund were to assist the proposed new diocese in providing sites for and building new churches and mission rooms. The fund was absorbed into the Annual Reports of the CofE Birmingham during the years following the First World War and in 1951 the Charity Commissioners' consent was obtained to replacing individual trustees by the Birmingham Diocesan Board of Finance. This fund continues to be used to provide income for making grants to PCCs for the maintenance or extension of churches, and loans at reduced interest rates for new churches or (more usually) major repair projects.

Church Schools Fund This fund comprises the accumulated capital proceeds arising from the sale of closed Church Schools. Under section 86 of the 1944 Education Act (now section 554 of the 1996 Act), part or all of the proceeds arising on the sale of closed schools will have been directed to this fund under a Determination Order by the Secretary of State for Education. These proceeds in Birmingham are held under the terms of a Uniform Statutory Trust. The income deriving from the deposits and investments (mainly Common Investment Funds) is applied for the benefit of existing voluntary aided schools by way of grants and or loans for building projects and repairs.

Action in the City Fund This fund is the surplus funds raised by churches in the CofE Birmingham against the target set to create the endowment fund that set up the Church Urban Fund (CUF). CUF was set up in response to the *Faith in the City* report in the wake of the social unrest that manifested itself in the England's inner cities in the early 1980s. Its residual capital and income continue to be used to support parishes engaged in community regeneration activities.

The Malawi Partnership Fund This relates to monies raised by individuals and parishes across the Birmingham Diocese to provide support to link dioceses and their parishes in Malawi.

St Luke's at Gas Street – Fabric Fund This fund is the specific donations raised to fund the building works at the Mission Resourcing Church at Retort House, Gas Street, Birmingham. This fund is now closed.

Training for Ministry Fund This fund relates to the Resourcing Ministerial Education Block Grant that the BDBF receives from Archbishops' Council to fund training costs of ordinands. With effect from September 2023, the income to this funds only relates to book allowances paid to ordinands – all other training costs are now met directly by Archbishops' Council. During 2024, grants received over the life of the Block Grant programme but not expended amounting to £104,000 were repaid to Archbishops' Council.

Strategic Ministry Fund – Curates Training This fund relates to funding received from Archbishops' Council to support the training of additional curates.

Strategic Ministry Fund – Post of First Responsibility This fund relates to funding received from Archbishops' Council to support the stipend and housing costs of a first time incumbent in a parish that would not otherwise have warranted a full-time post.

Shaping the Future Fund This fund relates to our *Shaping the Future* strategic programme which is being part funded by a Strategic Development Funding grant from Church Commissioners with match funding from our own resources. This programme completed during 2024.

Empowering Disciples Fund This fund relates to donations collected at the annual ordination service which is then available to make small grants to further vocations and discipleship.

Historic England – Places of Worship Officer This fund relates to match funding provided by Historic England towards our Places of Worship Support Officer.

People & Places Capacity and Development These funds relate to our *People & Places* Strategic framework which is funded by grants from the Church Commissioners and our own resources. This fund relates to the monies from Church Commissioners.

Programme Management Fund This relates to a grant from the Church Commissioners to support the project management team who support the delivery of our active projects.

Church Planting (Shirley and Pype Hayes) Fund This relates to a Strategic Development Funding grant from the Church Commissioners to support the establishment of new church plants (and related infrastructure) within the CofE Birmingham in the specific areas of Shirley and Pype Hayes.

Context Ministry and Church Planting Fund This relates to a Strategic Development Funding grant from the Church Commissioners to support the development of our strategic approach to context ministry and church planting within the diocese as part of our wider transformational vision for the CofE Birmingham.

Longbridge and Anglo-Catholic Mission Fund This relates to a Strategic Development Funding grant from the Church Commissioners to support the development of a new church (including a community centre) in Longbridge and a project to develop our strategic approach to anglo-catholic ministry across the diocese as part of our wider transformational vision for the CofE Birmingham.

Safe Spaces Innovation Fund This relates to an Innovation grant from the Church Commissioners to support the development of a safe spaces for young people as part of our Community Regeneration work.

Coming Home Fund This relates to funding received from Gloucester Diocesan Board of Finance to support the early stages of plans to develop affordable housing on sites owned by the diocese.

Net Zero Carbon Initiatives Funding This relates to short time limited funding from the Archbishops' Council to support various initiatives as we work towards meeting the Net Zero Carbon target by 2030.

WM Racial Justice Collaboration Fund This relates to funding from the Racial Justice Unit of the Church Commissioners for a collaborative programme to promote racial justice across Birmingham and the other five Midlands dioceses (Lichfield, Hereford, Coventry, Worcester and Gloucester).

21 Movements in funds (continued)

St Martin's Grants These relate to a range of small grants received from St Martin's Trust to enable us to (1) make small grants to clergy for sabbatical costs, (2) make small grants to support youth projects across the diocese and (3) support the development of a diocesan pastoral support scheme.

Readers Fund This relates to the funds previously held independently by the Birmingham Readers Council. This was transferred to the BDBF for administrative simplification in 2022. The fund provides additional support to Readers in their ministry.

The Bolivia Partnership Fund This relates to monies raised by individuals and parishes across the Birmingham Diocese to provide support to parishes in Bolivia.

Diocesan Investment Programme Fund This relates to Strategic Capacity and Development Funding grants from the Church Commissioners to support the strategic recovery of the diocese over the next ten years. Some of the funds will provide capacity support for our strategic growth plans and some funding will be used to support our Strategic Mission Fund as we return to financial sustainability.

Flourish Fund This relates to a grant from the National Society for the Promotion of Religious Education to support the development of partnerships between schools or colleges and their local churches, aiming to engage a large number of children, young people, and their families.

Oak Foundation Grant This relates to a grant from the Oak Foundation to support the Church of England *Coming Home* Affordable Homes initiative. BDBF is working with Gloucester Diocesan Board of Finance through their subsidiary, Church Development Agency to develop sites for affordable housing in both dioceses. The grants are made to enable sites to be worked up to planning permission stage before funding is identified for build programmes from external agencies (such as housing associations).

Historic England – St Michael's Handsworth This fund relates to match funding provided by Historic England towards critical repair works at the church of St Michael's, Handsworth.

Unrestricted funds

Pastoral Fund The diocesan pastoral fund represents the proceeds of redundant churches. The funds may be used for the acquisition and development of parsonages and other clergy houses and the provision, restoration, improvement and repair of churches once the legal obligations for redundant church buildings vested in the BDBF for disposal are met. When these funds have been used to purchase or improve property this has been charged to the Pastoral Fund in the year of expenditure. Proceeds of sale have been credited as income in the year of receipt. Where the BDBF has used the funds to purchase or improve properties in its corporate capacity, these have been included as fixed assets in these financial statements.

Strategic Mission Fund This is a designated fund that has been created using proceeds from unrestricted property disposals. The fund will be used for intentional strategic mission investments. This fund was previously known as the Strategic Investment Fund.

During 2020, Bishop's Council agreed a proposal to release back to general unrestricted funds from the Strategic Mission Fund such monies as were necessary to deliver a balanced budget on unrestricted activities. Releases were made in respect of the year ended 31 December 2023 but were not required following receipt of Sustainability Grant funding (for 2020 and 2022) and Diocesan Investment Programme funding (for 2024) from Archbishops' Council. A similar proposal to release funds has been ratified again in respect of the 2025 unrestricted activities budget.

General Fund The general fund is the BDBF's unrestricted, undesignated fund available for any of the Board's purposes without restriction.

Details of inter fund transfers in 2024 are as follows:

	Unrestricted	Unrestricted	Restricted	Endowment	Total
	£'000	£'000	£'000	£'000	£'000
General Fund to Strategic Ministry – Curates training ❶	313	-	(313)	-	-
General Fund to Strategic Ministry – Post First Responsibility ❶	35	-	(35)	-	-
General Fund to Historic England – Places of Worship Officer Fund ❷	(11)	-	11	-	-
Strategic Mission Fund to *Shaping the Future* Fund ❷	-	(40)	40	-	-
Parsonage Fund to General Fund ❸	77	-	-	(77)	-
Gas Street Fabric fund to General	42	-	(42)	-	-
General Fund to Strategic Mission Fund ❺	(1,293)	1,293	-	-	-
Diocesan Investment Programme Fund to General Fund ❻	1,490	-	(1,490)	-	-
TOTAL	**(653)**	**1,253**	**(1,829)**	**(77)**	**-**

❶ *Transfer of costs from unrestricted funds to restricted funds in respect of Strategic Ministry funding (Curates and Post First Responsibility).*
❷ *This represents the transfer of designated funds to cover restricted costs not covered by grant receivable.*
❸ *This represents the transfer of book values in relation to parsonage land sold surplus to requirements.*
❹ *This represents the transfer of restricted funds to cover costs met by unrestricted funds in prior years.*
❺ *These represent the transfer of property disposal proceeds to the Strategic Mission Fund to fund intentional strategic mission investments.*
❻ *This represents the use of the Diocesan Investment Programme fund to cover the 2024 shortfall in unrestricted funds.*

Details of inter fund transfers in 2023 were as follows:

	Unrestricted	Unrestricted	Restricted	Endowment	Total
	£'000	£'000	£'000	£'000	£'000
General Fund to Strategic Ministry – Curates training ❶	419	-	(419)	-	-
General Fund to Strategic Ministry – Post First Responsibility Fund ❶	33	-	(33)	-	-
General Fund to Historic England – Places of Worship Officer Fund ❷	(24)	-	24	-	-
General Fund to Giving Facilitator Fund ❷	(1)	-	1	-	-
Strategic Mission Fund to *Shaping the Future* Fund ❷	-	(105)	105	-	-
General Fund to Strategic Mission Fund ❸	(799)	799	-	-	-
General Fund to Pastoral Fund ❹	(487)	-	-	487	-
Parsonage Houses Fund to Pastoral Fund ❺	-	279	-	(279)	-
Communications Hub Fund to General Fund ❻	5	(5)	-	-	-
Strategic Mission Fund to General Fund ❼	798	(798)	-	-	-
TOTAL	**(56)**	**170**	**(322)**	**208**	**-**

❶ *Transfer of costs from unrestricted funds to restricted funds in respect of Strategic Ministry funding (Curates and Post First Responsibility).*
❷ *This represents the transfer of unrestricted and designated funds to cover restricted costs not covered by grant receivable.*
❸ *These represent the transfer of property disposal proceeds to the Strategic Mission Fund to fund intentional strategic mission investments.*
❹ *This represents the transfer of new parsonage purchased using Pastoral Fund monies.*
❺ *This represents the transfer of a parsonage on sale pending the construction of a new parsonage.*
❻ *This represents the release of the unused balance of the designated Communications Hub Fund following completion of the project.*
❼ *This represents the use of the Strategic Mission Fund to cover shortfall in unrestricted funds.*

22 Commitments

At 31 December 2024 the BDBF had £nil of capital commitments which were contracted for but not provided in the financial statements (2023: £nil).

The BDBF has parish loan facilities amounting to £nil approved during the year which have not been drawn down by the parishes concerned as at 31 December 2024 (2023: £nil).

23 Pension costs

Employees – Church Workers Pension Fund

The BDBF participates in the Church Workers Pension Fund (CWPF) for lay staff. The Fund is administered by the Church of England Pensions Board, which holds the assets of the fund separately from those of the employer.

The 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 section (DBS) of the CWPF provides benefits to lay employees based on final pensionable salaries.

For funding purposes, the 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 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 Pool, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. This means that contributions are accounted for as if the Scheme were a defined contribution scheme. There are no costs charged to the SOFA in the year in relation to this scheme (2023: £nil).

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 the DBS is carried out once every three years. At the most recently finalised valuation as at 31 December 2022 there was a surplus of £73.6m. The next actuarial valuation is due at 31 December 2025.

Since 31 December 2023, the Church of England Pensions 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 2024 or 2023.

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

With effect from April 2012, it was agreed to make all future non-clergy pension arrangements through the Pension Builder section (PBS) of the CWPF.

For eligible salaried employees who commenced employment after 1 January 2006 the BDBF participates in the PBS, the assets of which are held separately from those of the BDBF and the other participating employers.

Both sections of the PBS are classed as defined benefit schemes. The BDBF contributes to the Pension Builder Classic section. The 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. Pension contributions are recorded in an account for each member. Discretionary increases may also be added, depending on investment returns and other factors. There is no requirement for the Board to grant any bonuses. The account, plus any bonuses declared, is payable from members' Normal Pension Age.

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 Statement of Financial Activities in the year are the contributions payable (2024: £275,293 (2023: £271,918)).

A valuation of the scheme is carried out once every three years. The most recent scheme valuation completed was carried out as at 31 December 2022. This revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review as at 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 2023. There is no requirement for deficit payments at the current time. The next valuation is due as at 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.

The BDBF also contributes to a Group Personal Pension Plan organised by Friends Life for certain employees. This is a defined contribution, money purchase arrangement. The pension cost for the year shown in the financial statements is equal to the total contributions. The total contributions for the year were £429 (2023: £324).

23 Pension costs (continued)

Stipendiary Clergy

The BDBF participates in the Church of England Funded Pensions Scheme for stipendiary clergy, a defined benefit pension scheme. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes 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. For senior office holders, pensionable stipends are are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to specific Responsible Bodies and this means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pension costs charged to the Statement of Financial Activities in the year are contributions payable towards benefits and expenses accrued in that year (2024: £978,000, 2023: £1,017,000).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at 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% pa
- RPI inflation of 3.6% pa (and pension increases consistent with this)
- CPIH inflation in line with RPI less 0.8% pre 2030 moving to RPI with no adjustments from 2030 onwards
- Increase in pensionable stipends in line with CPIH, and
- Mortality in accordance with 90% of the S3NA tables, with allowance for improvements in mortality rates in line with the CIMI2020 extended model projections, 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 and an allowance for 2020 data of 0% (i.e. w2020=0%)
- 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)

Following finalisation of the 31 December 2021 valuation, deficit contributions ceased with effect from 1 January 2023, since the scheme was fully funded. Section 28.11A of FRS102 requires any 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 2024 and 2023 is £nil.

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

24 Commitments under operating leases

At 31 December 2024 the charity was committed to making the following payments under non-cancellable operating leases:

	Land and buildings 2024	Land and buildings 2023
	£'000	£'000
OPERATING LEASES WHICH EXPIRE		
Within one year	226	226
Within one to two years	226	226
Within two to five years	678	678
More than five years	565	791
	1,695	1,921

25 Reconciliation of net expenditure to net cashflow from operating activities

	2024	2023
	£'000	£'000
NET INCOME / (EXPENDITURE) FOR THE YEAR ENDED 31 DECEMBER	2,773	(492)
Depreciation charges	23	(66)
Dividends, interest and rent from investments	(787)	(733)
Interest payable on loans	2	3
(Profit) on sale of fixed assets	(1,710)	(376)
(Profit) / loss on sale of investments	(68)	4
(Increase) in debtors	(3,176)	(322)
Increase / (decrease) in creditors	1,518	(487)
Change in fair value of investments	(597)	(138)
NET CASH (USED IN) OPERATING ACTIVITIES	(2,022)	(1,963)

26 Analysis of cash and cash equivalents

	At 1 January 2024	Cash flow	At 31 December 2024
	£'000	£'000	£'000
Cash in hand and at bank	1,450	(165)	1,285
Cash held on deposit	5,367	808	6,175
	6,817	643	7,460

Cash held on deposit requires notice of less than three months to access.

27 Analysis of changes in net debt

	At 1 January 2024	Cash flow	Other non-cash changes	At 31 December 2024
	£'000	£'000	£'000	£'000
Cash in hand and at bank	1,450	(165)	-	1,285
Cash equivalents	5,367	808	-	6,175
Loans falling due within one year	(60)	42	-	(18)
Loans falling due after more than one year	(10)	(14)	-	(24)
	6,747	671	-	7,418

28 Related party transactions

No trustee received any remuneration for services as a director. The trustees in their role as trustees received travelling and out of pocket expenses totalling £nil (2023: £nil). Two trustees received travelling and out of pocket expenses (2023: 4) totalling £5,034 (2023: £4,491) in respect of duties as archdeacon or area / women's dean. These amounts are in line with the BDBF usual practice and are not in relation to their roles as trustees.

The BDBF is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the diocese, other than bishops and cathedral staff. The BDBF is also responsible for the provision of housing for stipendiary clergy in the diocese, including suffragan bishops but excluding diocesan bishop and cathedral staff. The following table gives details of the trustees who were in receipt of a stipend and housing provided by the BDBF during the year:

	Stipend	Housing
The Bishop of Aston	No	Yes
The Archdeacon of Birmingham	Yes	Yes
The Archdeacon of Aston	Yes	Yes
The Revd Toby Crowe	Yes	Yes
The Revd Sarah Hayes	Yes	Yes
The Revd Geoff Lanham	Yes	Yes
The Revd Canon Louise Shaw	Yes	Yes
The Revd Canon Bamidele Sotonwa	Yes	Yes
The Revd Canon Rebecca Stephens	Yes	Yes
The Revd Jeremy Allcock	Yes	Yes
The Revd Canon Catherine Grylls	Yes	Yes

The stipend of the Suffragan Bishop was funded by the Church Commissioners. The annual rate of stipend funded by the BDBF, paid to Archdeacons in 2024 was £40,924 (2023: £38,975) and for other clergy who were trustees the diocesan stipend rate was £29,615 (2023: £28,204).

The Cathedral shared office space with the BDBF in the year ended 31 December 2024 and an amount of £2,250 was payable for this space (2023: £2,250).

The Cathedral paid Common Fund of £70,902 to the BDBF for the year ended 31 December 2024 (2023: £49,735).

The Birmingham Diocesan Multi-Academy Trust ('the Trust') purchased at cost the services of the Diocesan Board of Education School Improvement Officer, the Church School Distinctiveness Adviser and the Education Support Manager for clerking duties at a cost of £nil (2023: £2,926).

The BDBF contributed £3,000 (2023: £3,000) towards the office costs of *Thrive Together Birmingham*, the Church Urban Fund joint venture with the Bishop of Birmingham and BDBF.

Three clergy trustees received continuing ministerial development grants to support study and development needs and resettlement and removal grants totalling £4,290 (2023: £6,152 for five clergy trustees) during the year ended 31 December 2024. These grants were unconnected with their role as BDBF trustees.

For the purposes of this disclosure note transactions with parochial church councils where there may be a relationship between members of Bishop's Council as they are trustees of these bodies, have not been included.

29 Funds administered as agent

	2024	2023
	£'000	£'000
Government grants received in respect of school capital projects	799	801
Contributions from Church School governors for school capital projects	158	134
Total received in	957	935
Amounts paid out on school capital projects	(1,369)	(1,642)
NET POSITION FOR THE YEAR	(412)	(707)

The Board of Education (as incorporated within the Diocesan Board of Finance) receives contributions from governors of church schools in the diocese in connection with major repair and capital projects to Church Schools and also government grants in connection with the same. The Board of Education administers these monies as managing agent and makes the appropriate payments to contractors for work carried out. The monies do not belong to the Board of Education and as such the receipts and payments are not treated as incoming resources or resources expended in the Statement of Financial Activities. Any monies held or due at the balance sheet date are recognised within the balance sheet and contained within the Church School Fund.

The BDBF held and managed parsonage decoration funds on behalf of its parishes during the year ended 31 December 2023. The monies do not belong to the BDBF and as such the receipts and payments into and out of the funds are not treated as incoming resources or resources expended in the Statement of Financial Activities. Any monies held at the balance sheet date were recognised within the balance sheet as a creditor. The scheme was closed during the year ended 31 December 2023 and all monies held were returned the parishes involved.

30 Prior year comparative statement of financial activities

	Note	Restricted funds: Endowment funds	Restricted funds: Other funds	Unrestricted funds: Designated funds	Unrestricted funds: Undesignated funds	Total funds 2023
		£'000	£'000	£'000	£'000	£'000
INCOME						
INCOME AND ENDOWMENTS FROM						
Donations:	2					
Parish contributions		-	32	-	4,633	4,665
Archbishops' Council		-	2,328	-	1,983	4,311
Other donations		-	135	-	709	844
Charitable activities	3	-	63	-	318	381
Other trading activities	4	-	49	-	426	475
Investments	5	6	226	16	481	729
Other income	6	279	-	-	97	376
TOTAL INCOME		285	2,833	16	8,647	11,781
EXPENDITURE ON						
Raising funds	7	23	-	-	90	113
Charitable activities	8	2	2,501	111	9,681	12,295
Other	9	-	-	-	3	3
TOTAL EXPENDITURE		25	2,501	111	9,774	12,411
Net (expenditure) / income before investment gains and losses		260	332	(95)	(1,127)	(630)
Net (losses) / gains on investments		177	179	2	(49)	309
Net gains on investment property		(141)	-	-	(30)	(171)
NET (EXPENDITURE) / INCOME		296	511	(93)	(1,206)	(492)
Transfers between funds	21	208	(322)	170	(56)	-
Other recognised gains / (losses)	23	-	-	-	-	-
NET MOVEMENT IN FUNDS		504	189	77	(1,262)	(492)
Total funds brought forward	21	29,203	7,276	4,112	5,569	46,160
TOTAL FUNDS CARRIED FORWARD	21	29,707	7,465	4,189	4,307	45,668









Growing churches at the heart of each community









THE CHURCH OF ENGLAND BIRMINGHAM







THE CHURCH OF ENGLAND BIRMINGHAM

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The Birmingham Diocesan Board of Finance is a company limited by guarantee.
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THE BIRMINGHAM DIOCESAN BOARD OF FINANCE

England & Wales - Charity number 249403

Accounts

The Birmingham Diocesan Board of Finance

Annual Report

THE CHURCH OF ENGLAND BIRMINGHAM





The trustees, who are also directors for the purposes of company law, present their trustees' report together with the financial statements and auditor's report of the charitable company – The Birmingham Diocesan Board of Finance (BDBF) for the year ended 31 December 2023. The financial statements comply with current statutory requirements, the Statement of Recommended Practice for Charities 2015 ('SORP2015') and the Companies Act 2006.

This report is set out as follows:

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Chairman's Statement 5

Annual Report of the Trustees comprising:

Strategic Report 6

Strategic and Operating Review 38

Summary information about the structure of the Church of England 45

Independent Auditor's Report 46

Financial Statements 47

It should be noted that the Annual Report gives narrative on the activities of Birmingham Cathedral, Birmingham Diocesan Trust, Church Schools, Thrive Together Birmingham and individual parishes to give an overview of all CofE Birmingham activities. However, the financial information of these entities is not included in the BDBF financial statements. They have their own financial statements as separately constituted organisations. (See page 45 for details of the structure of The Church of England.)

The members of the Bishop's Council set out below have held office during the period from 1 January 2023 to the date of this report, unless otherwise stated.

EX-OFFICIO

Bishop of Birmingham
The Rt Revd Michael Volland *(from 2 March 2024)*
Interim Bishop of Birmingham
The Rt Revd Anne Hollinghurst *(until 2 March 2024)*
Suffragan Bishop of Aston
The Rt Revd Anne Hollinghurst
Chair of the Diocesan Board of Finance
Mr Steven Skakel
Dean of Birmingham Cathedral
The Very Revd Matt Thompson
Archdeacon of Birmingham
The Ven Jenny Tomlinson
Chair of the Diocesan Synod House of Clergy
The Revd Toby Crowe
Chair of the Diocesan Synod House of Laity
Mr Trevor Lewis

CLERGY MEMBERS OF THE DIOCESAN SYNOD

The Revd Sarah Hayes
The Revd Geoff Lanham
The Revd Canon Louise Shaw
The Revd Canon Bamidele Sotonwa
The Revd Canon Becky Stephens

LAY MEMBERS OF THE DIOCESAN SYNOD

Miss Jennifer Clark *(until 2 March 2023)*
Mr Jonathan Goll
Mrs Deirdre Moll
Mr Anesu Muyambi
Mr Julian Phillips
Mrs Chrissie Price
Mrs Patricia Williams *(until 22 September 2023)*

NOMINEES

The Revd Jeremy Allcock
The Revd Canon Catherine Grylls *(until 20 November 2023)*
Mr Guy Hordern

GENERAL SYNOD REPRESENTATIVES

The Rt Revd Michael Volland *(from 2 March 2024)*
The Rt Revd Anne Hollinghurst *(until 2 March 2024)*
The Revd Tim Bateman *(until 27 February 2024)*
The Revd Canon Douglas Machiridza
The Revd Philip Calvert
Mrs Dawn Brathwaite
Mr Guy Hordern
Dr Rachel Jepson

DIOCESAN SECRETARY

Dr Jan Smart

COMPANY SECRETARY

Dr Jan Smart

DIOCESAN DIRECTOR OF FINANCE

Miss Karen Preece

DIOCESAN REGISTRAR

Ms Vicki Simpson

REGISTERED OFFICE

John Cadbury House, 190 Corporation Street, Birmingham, B4 6QD

AUDITOR

Haysmacintyre LLP,
10 Queen Street Place, London, EC4R 1AG

BANKERS

Bank of Scotland,
125 Colmore Row, Birmingham, B3 3SF

INVESTMENT ADVISERS

Evelyn Partners
14th Floor, 103 Colmore Row, Birmingham, B3 3AG

PROPERTY AGENTS

Bruton Knowles, Embassy House,
60 Church Street, Birmingham, B3 2DJ



Bishop's Foreword



We give God praise and glory for the wonderful variety of ministries that have been undertaken in Church of England Birmingham this past year. I would like to add my own word of thanks to diocesan staff and clergy colleagues who have worked so hard in recent months to provide ministry and to engage in gospel-focused mission and witness. A particular word of gratitude is due to Bishop Anne for her diligent service while Acting Bishop of Birmingham.

As we look ahead to 2024 we continue to be energised by our Transforming Church vision and to prayerfully strive for 'growing churches at the heart of each community'. While we take stock of various challenges, particularly the pressure on finances, we will continue to be focused, to work closely together, and to draw deeply on the considerable skills and experience with which God has gifted Church of England Birmingham.

In seeking to follow Christ together, I invite us to meditate deeply and prayerfully on Jesus' words in John 15, 'Abide in me… If you remain in me and I in you, you will bear much fruit; apart from me you can do nothing.'

In and through our labours, we are called to abide attentively in the living Lord Jesus. He has called us to minister grace and loving service in his name, and it is his Kingdom we share in building. I encourage us to apply ourselves wholeheartedly and with great hope to the variety of tasks to which God has called us as Church of England Birmingham. In sharing the good news of Jesus in word and deed, we press forward with energy and creativity. We continue to pray in expectation for God's provision and to look forward to the growth and fruitfulness that will result.

+Michael Birmingham

The Rt Rev Dr Michael Volland
Bishop of Birmingham



2023 has been a year of much development and growth notwithstanding ongoing financial challenges. As Acting Bishop of Birmingham throughout the period, I pay tribute to the superb colleagues with whom I've worked - the Bishop's interim support team, Bishop's senior staff, directors, diocesan officers, Area Deans, Bishop's Advisers, our Chair of the Diocesan Board of Finance and finance teams.

Financial resources may be a constant challenge, but we are rich in talent and dedicated people. This remains true also across our parishes, chaplaincies, schools and new Christian Communities. We have seen progress with establishment of Oversight Area collaboration, a record number of those ordained, over 100 completing Way of Discipleship and Way of Servant Leadership modules, renewal of Reader training, the reimagining of Commissioned Pastoral Care Teams, new ministry pathways for Youth and Childrens workers, occasional worship leaders and preachers, the consolidation of our Local Ministry Pathway, and so much more. Our thinking about the range of ministries God calls us to was also stimulated through our excellent Archdeaconry Explore Days.

Alongside this flourishing and expanding of ministry which supports our priority of growing in number of disciples, there has been real development in our work for racial justice, social justice and environmental justice. In all of this, the Kingdom of God has been among us, and we have discovered many times this last year the treasure hidden in the field and the pearl of great price. (Matt 13.44-46)

+Anne Aston



The Rt Revd Anne Hollinghurst
Bishop of Aston and Acting Bishop of Birmingham October 2022 – February 2024

Chairman's Statement



2023 has been another busy year in the life of Church of England Birmingham. During what was expected to be a difficult year, we have remained focused on delivering on our mission, growing churches at the heart of each community. In this report, you will find much to be encouraged about despite the ongoing challenging financial backdrop. The work done by the parishes we are here to support is humbling, and our heart-felt thanks go out to everyone who makes that possible.

In 2023, a total income of £11,781,000 showed a decrease of £926,000 compared to 2022. Our single largest source of income, parochial contributions or 'Common Fund' from our parishes at £4,633,000, was again below our budget and remains much lower than the commitments made in 2020, which were £6,021,000. Against this background, we have carefully managed our expenditure whilst seeking to maintain ministry and mission resources that meet the needs of all God's people, both present and future.

Expenditure was £12,411,000 compared to the prior year's figure of £13,027,000, a reduction of £616,000. Clergy posts have been maintained at a similar level to 2022, while we managed to deliver non-salary/stipend savings elsewhere. The Church Commissioners continue to support us with the Lowest Income Communities grant, and in 2023, this was £1,933,000.

Additionally, we utilised £1,710,000 (2022: £1,589,000) of Strategic Development and Capacity funding, resulting from our successful bids to the Church Commissioners over the past few years. These funds are deployed and focused on delivering our long-term sustainability and growth strategy. This funding helps to resource our parish support and mission teams including Children & Young Person mission enablers as well as supporting the development of new centres of worship and revitalising existing places such as St John's Longbridge. I commend the work of our teams across the Diocese, delivering a wide range of transformational projects.

Overall, there is a deficit for the year of £630,000 (2022: £320,000 deficit) before considering the year-end non-cash adjustments in relation to investment and investment property valuations. This is a better than expected result, given just how difficult conditions have been during the period 2020-23.

Looking forward, the deficit in 2024 is expected to be considerably larger as our income is forecast to be broadly flat while our costs will increase due mainly to inflationary and cost of living pressure. In the short term, this is sustainable; however, in the medium term, we expect to reap the benefits of our growth strategy as the cost-of-living crisis abates and the work we are doing bears fruit.

We are blessed with the generous support of the national church team, who walk with us at every stage, and our directors, officers, and staff, who tirelessly and competently support the work of the Church of England Birmingham. I opened with my thanks to the work of all those who volunteer and serve God's kingdom across the Birmingham diocese'. May God continue to work in us and through us to grow His church.

Finally, I thank Bishop Anne, Acting Bishop of Birmingham during 2023, for her wise and encouraging leadership during the Vacancy in See. We warmly welcome Bishop Michael, who, at his installation, preached on the importance that we all abide in Jesus because, apart from him, we can do nothing. Amen to that.

Steven Skakel

Steven Skakel
Chair of Birmingham Diocesan Board of Finance







TRANSF

Engage with children, youth, families and other missing generations to reflect the age profile of the wider population across the diocese



Grow in number of disciples (more)

Growing churches at the



Flourishing ordained and lay leadership that reflects the diversity of the wider population across the diocese

Achieve financial sustainability







ORMING
CHURCH



Worshipping communities are diverse (meaning representative of our communities) and accessible to all



Underpinned by a culture of prayer



Grow in partnerships and impact in the community

heart of each community

Grow in depth of discipleship (more confident)



Environmental sustainability





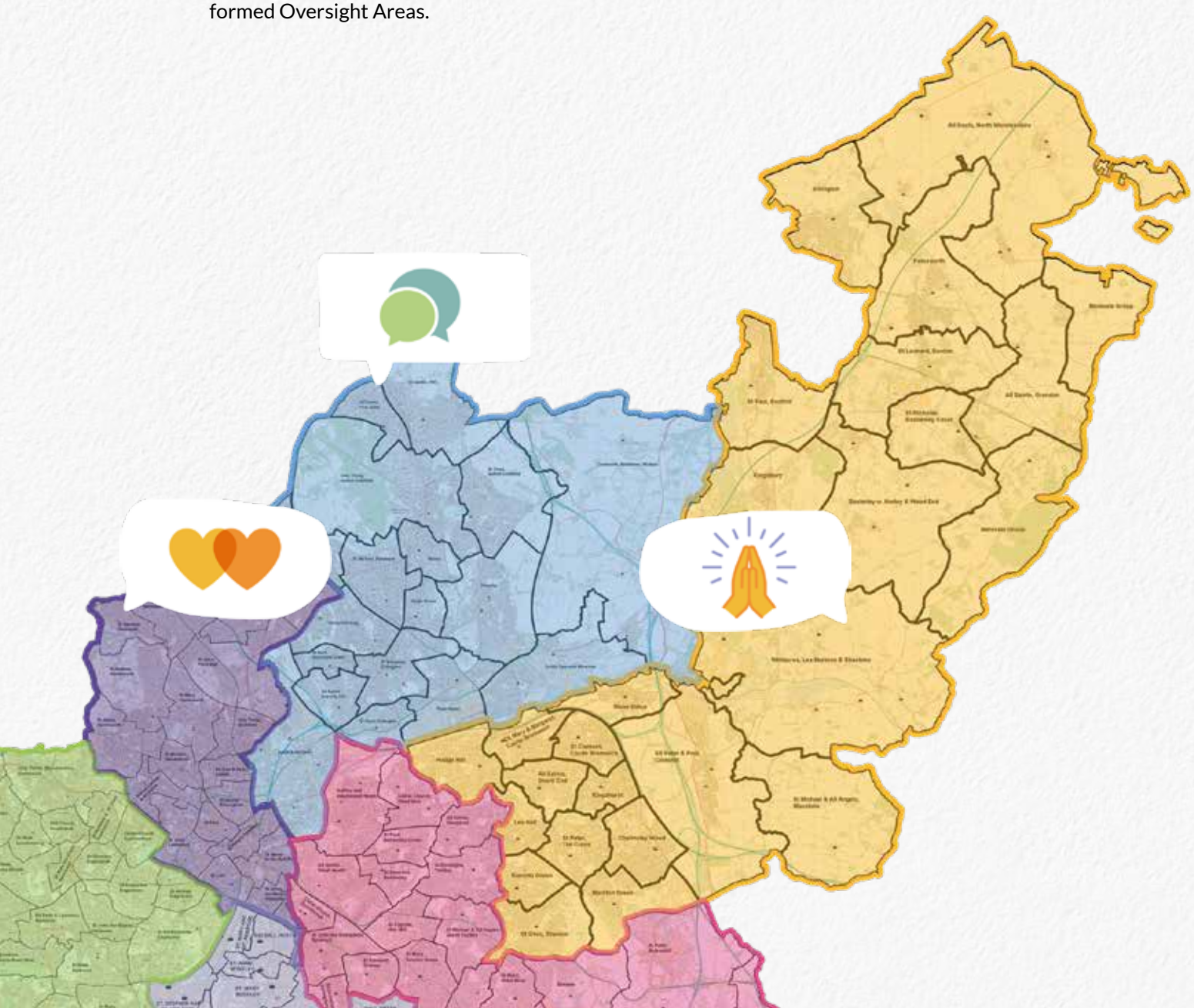
Oversight Area Progress

The formation of Oversight Areas will provide CofE Birmingham's key missional structure to deliver the Transforming Church vision. There are 42 collaborative Oversight Areas, formed of parishes voluntarily working together to achieve sustainable and flourishing mission and ministry. The majority of our Oversight Areas are now fully formed and have begun actively working together.

Oversight Ministers offer oversight leadership for mission and a strategic focus, facilitating future conversations and collaborations for their Oversight Area. Many of these Oversight Minister appointments have already been made.

The creation Oversight Areas and appointment of Oversight Ministers seeks to strengthen mission focus and help increase the capacity of ordained and lay leadership and resources, as we deliver the next steps of our Transforming Church vision and strategy, for this season.

The following pages include examples of the activities of our parishes and newly formed Oversight Areas.



The Parish of The Whitacres, Lea Marston and Shustoke

Every month, rain or sun, we gather on the third Saturday to worship outdoors in God's creation.

More young people are joining us, discovering nature, and connecting deeper with God, and cultivating meaningful friendships.

2023 concluded with our first-ever Forest Church nativity, a precious blessing for all involved, uniting us in the story of the birth of Jesus.



Sharing of Pastoral Care Team in an Oversight Area

St Bernard's & St Pauls in Hamstead formed a new Oversight Area. St Bernard's has a pastoral care team of six members, whilst St. Pauls had reduced their pastoral care team to just one and was in danger of ceasing.

They decided to meet together as one Pastoral Team and support each other in Pastoral duties

and then every two months to update, decide and allocate duties, over a shared lunch, and stay in touch regularly through a WhatsApp group. Whilst the joining together is still in its infancy they look forward to navigating pastoral care together.

Oversight Area All Saints Four Oaks and St James, Hill

The parishes of All Saints Four Oaks and St James, Hill are at the beginning of their journey together as an Oversight Area, where we have a pre-existing history of collaboration and occasional shared worship.

In February, 20 people from across the two parishes met together for the second phase of this journey to consider the form and shape mission in our Oversight Area might take. We were able to articulate who we are, as two distinct parishes, and what is already being done within them. We were then able to have conversations about the many areas of cross-over and points of connection. The session ended with some 'next steps' for the coming weeks and months.

The conversations were generous and open-hearted and there was a real energy for finding ways to share ideas and resources, to support one another and collaborate in even more ways moving forwards.



Christ Church, Quinton

Transformation into a Community Hub in the Brandhall part of the parish, has given a fresh start to a building that had stopped serving its missional purpose. In partnership with local churches (Kings Community Church, Church Central and St Hilda's RC) and with help from Sandwell Churches Link,

a kingdom-bringing vision has become a reality.



Through Local Pantry, uniform bank, clothing project, warm space, knit and natter, and more, local people's needs are being met in a practical way and are building community and friendships. Working together, uniting skills, and praying as one has been the key to success.





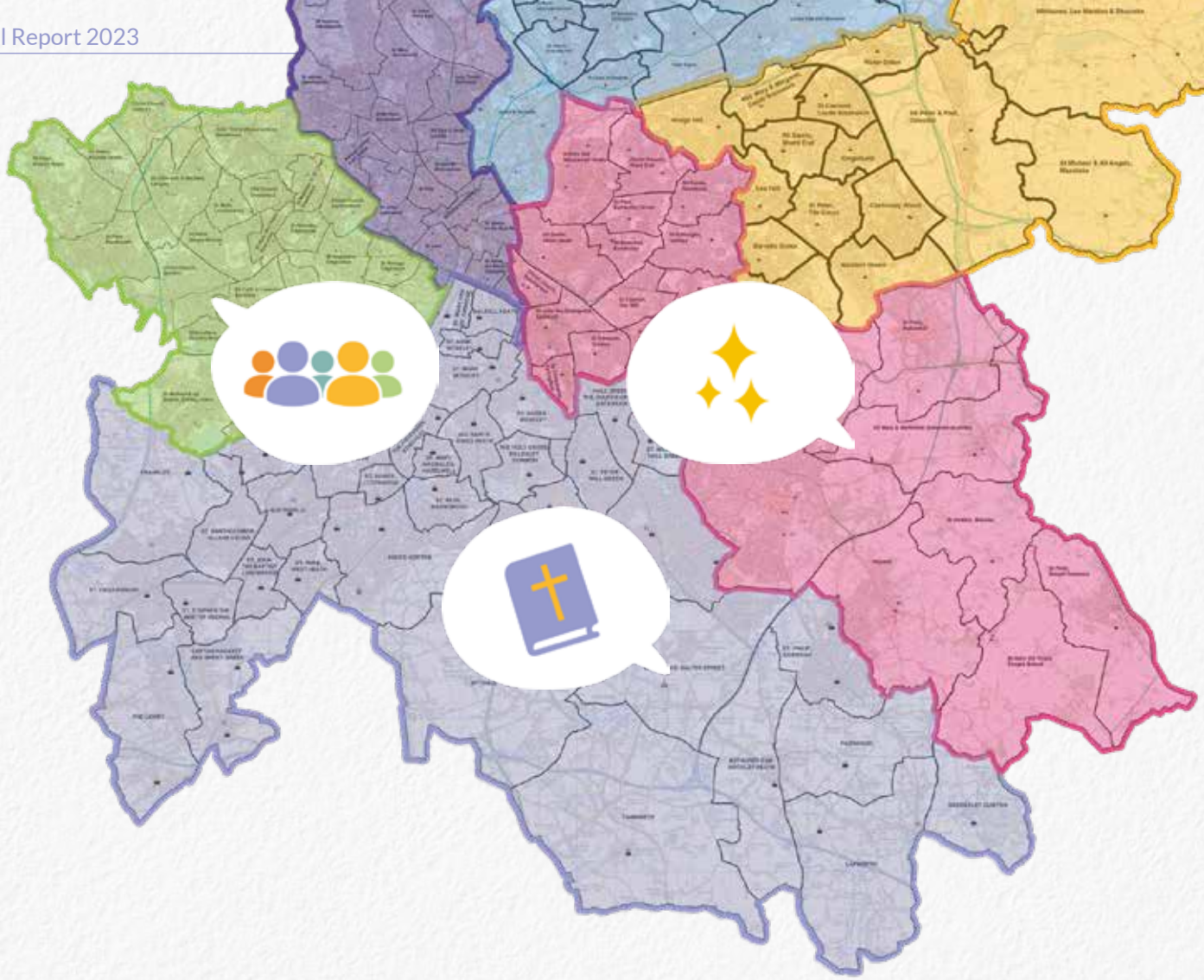
Reflections on Oversight Area formation in Yardley & Solihull Deanery

Yardley & Solihull Deanery was the first deanery to establish its Oversight Areas. The Area Dean at the time of formation, reflected on how

collaboration and communication are key to working across parish boundaries in mission and ministry to create Oversight Areas.

The formation of a Project Team comprising diverse expertise to engage local knowledge and vision-sharing with stakeholders was key to its success.

Administrative support from the Deanery Support Officer and the People & Places Administrator played a crucial role in facilitating meetings, communication, paperwork management, and data compilation essential for Oversight Area formation. The Bishop's Office produced important documentation and certificates which ratified the establishment of Oversight Areas.





St Patrick's Salter Street - Traditional Church Growth: A Delightful Mystery

The Vicar of St Patrick's Church Salter Street, has already seen the worshipping community grow each week. St Patrick's has traditional pews, offers traditional hymns and worship, and is a sign that some

people still value the belonging and friendliness of a traditional parish church

The growth has been helped by the arrival of a new director of music who has helped grow the choir and improve quality and diversity of the musical worship expressions including much loved traditional hymns. It is delightful to see new people coming each Sunday and especially families with young Children, enjoying our traditional setting. Many of these new comers have also joined our Bible fellowship group which takes place weekly in term time, and it has become a sacred space of nurture, where our new members can meet and support each other. "Traditional Church still has a future!"





Growing churches at the











heart of each community







Christchurch Summerfield



Christchurch Summerfield was originally formed out of St John's, Ladywood (consecrated in 1885) but in January 2023 began a new chapter of revitalisation. A new church family has been formed with the existing congregation and joined by a group from Gas Street Church. Christchurch continues as a multi-generational, multi-ethnic church that serves the North Edgbaston community and on Easter Sunday they celebrated with a baptism. One person shared their story, *"My journey with Jesus Christ has been a transformative experience that has brought me immense joy, peace, and purpose."*



Launchpad

In September the Mission Support Team introduced Launchpad – a partnership with Youthscape (a national youth work charity) that helps parishes develop youth work from scratch. Many children disengage with church as they reach older primary school age; many teenagers have never been part of a church community. Launchpad begins to explain why and offers potential solutions. One participant had this to say, *"It has shown me that youth work does not have to be big and bold but needs to fit with resources available and opportunities open. I believe the course has helped me to identify what can be done rather then focus on what cannot."*

LAUNCHPAD
GETTING YOUR YOUTH WORK OFF THE GROUND



'Church on Jarvis' at Christ the King, Erdington

Christ the King, Erdington launched a new, intergenerational worshipping community called 'Church on Jarvis' in October. Every month, local people of all ages come together for an inclusive, creative service shaped by a set of seven values, which include being a place of encounter, a place that is honest and vulnerable, and a place that is participatory, interactive and practical. It has given those who come a place to worship and learn more about God. Between 25-30 people attend. It has been so successful that on the request of those attending, next year it will happen fortnightly.

Church on the Wood

Church on the Wood is a pioneer-led community for those who aren't used to church. St Andrews Chelmsley Wood is a small, established congregation of largely long-standing members. In May, over 60 from these two groups came together for activities, bible teaching, all-age worship and time together. Some older attendees even alternated between crocheting and lifeguarding to allow younger members to enjoy the swimming pool!
As a result of the weekend a dozen people made a commitment to follow Jesus with nine subsequently baptised. New leaders of various ages are now running activities ranging from gymnastics to post-natal mentoring, and members of the original congregation suggested Easter Sunday services be combined rather than separate.



Commissioned Youth Pathway

2023 saw the start of our first-ever Commissioned Youth work training, and seven youth workers from across the CofE Birmingham joined three tutors to take part in the Youth Work Essentials training, a resource created by Youthscape. Four employed workers and three volunteers have journeyed together to delve into subjects such as the teenage brain, youth work in a multifaith context, and growing up digital. Our final teaching and retreat session took place over a weekend in March, with a service of Commissioning by Bishop Anne in April.



Our Commissioned Children's Worker Pathway begins in February 2024 with 25 participants.

A new youth group in the Deanery of Aston and Sutton Coldfield

In Sutton Coldfield, we have recognised a gap in growing discipleship for teenagers, so we have started a youth group on a Sunday evening. The first session saw 12 teenagers eating pizza and sharing where they see God at work.

Continuing Professional Development for employed youth and children's workers

This year, we introduced Continuing Professional Development (CPD) for our employed youth and children's workers, including joining in Reader training days focusing on intercessory prayer and intergenerational worship. One children's worker said, *"There was a lot to learn and enjoy about the CPD training event, and I was made to feel very welcome in an excellent learning environment. My highlight was the well-paced workshops led by informed and experienced teachers, it made for engaging and relevant learning backed up with some great online material and reading."*

We are offering a spring and autumn retreat as part of 2024's package, too.



Bishop Youth Synod (BYS) – Diocesan Synod

Diocesan Synod in November 2023 saw the Bishop's Youth Synod lead a presentation and discussion on the church's engagement with young people. The BYS planned and wrote the presentation themselves, challenging the adults to think again about Sunday services. Could they be more welcoming and inviting to young people? They asked, *"How willing are you to change to encourage young people into your church community? How do you engage with young people on a Sunday morning? What more could you do?"*
We are excited about the follow-up conversations we are having and how willing churches are to listen and engage with young people.



Youth Café at St. Barnabas, Erdington

At Christmas, young people from Youth Café at St. Barnabas, Erdington, made Christmas hampers for vulnerable families connected to the church. St. Barnabas partnered with Urban Devotion Birmingham, to run Youth Café, and with funding received by Urban Devotion, they were together able to make and distribute 12 hampers. The young people came up with ideas of what to include and even made some of the items in the hampers including beautiful paper decorations! It is brilliant to see the young people serve the local area.

Racial Justice

The Racial Justice Board continues to work on delivering recommendations contained in the 'From Lament to Action' CofE report, with strategies for the following priorities:

- The Enablement of Church of England Birmingham to be inclusive and welcoming to all and stamping out the sin of racism.
- Widening recruitment ethos to culturally sensitive deployment to reflect Birmingham using positive action.
- Increase of UKME inclusion in the decision-making structures and the discussion of issues.

The Racial Justice Board has set up a Data Working Group, to help improve data gathering and reporting, with a survey being undertaken to gather new data on diversity across the CofE Birmingham. The CofEB Racial Justice Board has developed a Charter on Racial Justice for Church of England Birmingham, and also grievances and complaint procedure which will be ready for adoption in 2024. Training continue to take place and includes intercultural awareness and unconscious bias training.

Racial Justice regional collaboration

CofE Birmingham, along with five other dioceses in the West Midlands, have successfully bid for funding for a major Regional Racial Justice Programme. Working collaboratively across the region, we are engaging a team who will guide our approach to implementing the recommendations in "From Lament to Action" and also act as a catalyst for culture change, as we promote racial justice and tackle racism within the church and its structures within the context of each participating diocese. A Regional Board is being formed and its members will work with the local boards and action groups in the six dioceses. No individual diocese possesses the resources necessary to effectively accomplish this task alone; given the diverse contexts within each diocese, it would be challenging for any single diocese to fully unleash all potential and address every challenge. A collaborative approach will share resources and learning with greater impact and effectiveness.

'Lighthouse' St. Mary's, Pype Hayes

'Lighthouse' St. Mary's, Pype Hayes, held Messy Easter for families in the local community. It was a brilliant morning with over 70 people hearing the Easter story, taking part in egg hunts and even making contraptions that would protect an egg when dropped from the balcony (this activity was the firm favourite!). Several families said they enjoyed it and were so pleased something like this was available for their children. A couple of the families then came to church on Easter Sunday.

Diocesan Board of Education (DBE)



Committed to ensuring we have more representation in our schools' leadership teams, we developed and ran a programme for Senior leaders identifying as Global Majority Heritage. It has been hugely inspirational and resulted in a number of our participants being appointed as headteachers. This has been subsequently developed into a further programme for our Global Majority Heritage Middle Leaders.

The DBE also recognise and celebrate the partnership between schools and their local churches. We have drawn together examples of good practice and ideas for both churches and schools. These can be used to develop stronger relationships, making use of the opportunities that each offers to understand more about the transformative nature of schools when children and young people encounter the Kingdom of Heaven on earth.

Youth club at St Giles, Rowley Regis

St Giles, Rowley Regis has started a youth club based in its church hall. The idea for the club came from the young people at St. Michael's school and a member of the congregation. They came on board as a volunteer, and we began planning using the 'Youth Club in a Box' resource. The group is currently intentionally small as we seek to be youth-led. Using their ideas, passions and being mindful of their seasons (e.g. exam season!) to develop the programme. We are looking forward to developing and growing, and supporting the young people in their confidence to lead.

Choirs join together in the Deanery of Aston and Sutton Coldfield

Churches in Sutton Coldfield are sharing in worship and prayer together wherever possible. Some of the choirs joined together for Ash Wednesday and filled the choir pews at St. Peter's. Going forward, we want to work together to grow God's Kingdom and deepen our relationship with Christ.



Safe Spaces for Young People

This is a network of churches and community based projects running open access provision for young people every week. Funding from the Church Commissioners Innovation Fund enables Thrive Together Birmingham (one of our partner organisations) to work with churches, to open new Safe Spaces for young people in their neighbourhood, as a basis for connecting young people to explore church and discipleship. The grant enables us to fund local Cluster Leads to support Safe Spaces in their area including developing basic youth work training. The Church Commissioners grant will enable us to open 15 new church based Safe Spaces around the CofE Birmingham over the next three years, providing a grant to churches to support the costs of the activity. The first five are in progress.



Youth 139 and Pineapple Youth Project – Rural and Urban Youth Ministry in action!

In the rural parish of All Souls, North Warwickshire, we started Youth 139, a weekly Youth Group aimed at addressing the need for youth ministry in the community. With guidance from the CofE Birmingham Mission Support team, the new leader started the group from scratch in September 2022. Named after Psalm 139:13-14, the group has grown to 30-40 regular attendees who gather each Thursday evening for various activities. The leader used online resources from Pathways online learning to increase her Youth Worker knowledge.

In the urban parish of Ascension, Stirchley, the Pineapple Youth Project, established in partnership with Riverside Church, serves young people from diverse backgrounds. The project offers activities like Youth Zone for 11-14-year-olds, Pineapple Rules Football for ages 7-15, and Youth Alpha sessions exploring faith. The group fosters youth leadership and community engagement, including weekend getaways and local park activities.

Safeguarding

We are committed to providing a Safer Church for everyone and caring for those who are victims and survivors of abuse.

The Safeguarding team has worked throughout the year to improve and increase the advice and support we offer to parishes with concerns, recruitment, policy, good practice and training.

Case work continues to be busy which is welcomed by the safeguarding team as this indicates that parishes are alert to safeguarding. Throughout the year we participated in a national pilot project to shape the future of a more independently scrutinised safeguarding service, including external supervision of safeguarding officers and national standards for safeguarding.

We continue to deliver a programme of training in line with the national framework. We provide support to our Parish Safeguarding Officers, to whom we are very grateful for their ongoing commitment.



Clergy Continuing Ministerial Development (CMD)

The Director of Ministry and colleagues in dioceses in the West Midlands region continue to deliver high quality courses equipping clergy to renew their confidence and calling at key stages of ministry. Diocese of Derby has now joined this Clergy CMD partnership. A key focus is renewed emphasis on clergy wellbeing and flourishing across all programmes, informed by insights from the CofE Clergy Wellbeing Covenant and Living Ministry Research.

Highlights in our stimulating diet of Bishop's Study Mornings for clergy, Readers and Licensed Lay Ministers were: Dr Harvey Kwiyame's theological reflections on interculturality, Canon Theologian Professor David Ford's profound reflections on St John's Gospel, and Dr Dave Allen's insights into St Mark's Gospel.

Structure and culture change in the CofE Birmingham were supported by a theological reflective practice learning community for Area Deans and Archdeacons. The support and development of Self-Supporting Ministers is strengthened by the appointment of The Revd Simon Cocks to the new role of Bishop's Adviser for Self-Supporting Ministers (SSM).

Curates and IME phase 2

CofE Birmingham continues to be a generative centre of Ministerial Formation, with over 40 Curates training alongside experienced Incumbents, ministry colleagues and lay leaders in a wide diversity of theological traditions and mission contexts, supported by Head of Ministry Formation and a team of IME2 Advisers. Programmes support formation for missional leadership and equipping discipleship and lay ministry in interfaith, intercultural and intergenerational contexts.





Confirmation group at St Mary and St Margaret's Castle Bromwich

St Mary and St Margaret's Castle Bromwich, saw a group of five young people aged between 14 and 18 gather for a Confirmation group alongside three adults. Using the Start course, they journeyed together on Zoom after an initial face-to-face meeting that involved pizza, as all good youth work does!

These young people and adults looked together at the basics of Christianity and deepened their faith as they discussed, reflected, and prayed together.

One of the leaders, said how much fun they had, over the six weeks together and what an impact it had made in all their lives.

Readers Training and Continuing Ministerial Development

The Head of Ministry Formation and colleagues have radically overhauled the Reader Training programme to shape Readers for contemporary ministry and mission in church communities and workplace settings. This is focused around the new CofE vision for Reader Ministry as Skilled Teachers of the Faith, Enablers of Mission and Leaders in Church and Society. Our Reader Training programme was reviewed by a national team which expressed confidence in the quality of its design and delivery.

Local Ministry Pathway

The foundation year for a second cohort of Birmingham's innovative formation pathway for leaders of local christian communities has begun. This learning community shapes lay and ordained Ministers for leadership in inner urban and outer estate contexts.

Archdeaconry Explore Days

Two Archdeaconry Explore Days saw over 130 delegates discovering and learning more about church vocations and service.

Bishop Anne led worship and encouraged everyone to 'think outside of the box' about their talents and calling, discovering new life, new hope and new purpose through volunteering.

Delegates met over refreshments, shared in worship and heard six short talks on ministry ranging from Competitive Ministry and Spiritual Practice, to volunteering and combating poverty which is endemic in our Birmingham region.









Growing churches at the











heart of each community



Higher Education (HE) Chaplaincy



In Birmingham – a city of six universities – HE student numbers continue to increase. The University of Birmingham alone now has more than 40,000 students with projections of that increasing to 50,000 in the next ten years. It has been exciting to witness an increase in student participation in groups and services, and a greater willingness to work ecumenically across the denominations. 'The Well' which is a collaboration between the Anglican Chaplaincy and St Mary's, Selly Oak continues to bring together students and the local community to explore the rich tapestry of our spiritual traditions and practices.

Healthcare Chaplaincy

Healthcare Chaplaincy remains a priority to CofE Birmingham with Bishop Anne licensing Fr Thomas Singh as a member of the chaplaincy team at University Hospitals Birmingham; welcoming an Anglican priest to the team once more. Fr Thomas will be based primarily at the Queen Elizabeth Hospital.



Veterans Chaplaincy



Jill Williams, Reader at Tile Cross, was asked some years ago to act as chaplain to the 1944 Alliance Normandy - Market Garden, which is part of the Federation of Birmingham Ex-Service Associations.

In May 2023, Jill was among a group from the 1944 Alliance who attended a Garden Party at Buckingham Palace. In June 2023, Jill accompanied a group of Veterans and their families on a week's visit to Normandy to remember D-Day 79 Years on.

Re-imagining Commissioned Pastoral Teams (CPT)

The CPT Steering Group has been re-imagining how teams can contribute to the formation of new Oversight Areas. Sharing pastoral teams across parishes is already a reality and we are building on that experience to actively encourage collaboration within Oversight Areas to make the best use of gifts. This is bearing fruit and enables the advantages of team working in parishes that would not otherwise be able to muster a team.

We are working with new Oversight Ministers and Oversight Areas and are in active discussion about the forming of new Oversight Area Pastoral Teams.

Birmingham Cathedral

Birmingham Cathedral continues to partner with Let's Feed Brum, to offer breakfast and support to those who are hungry or homeless in the city, a relationship that begun in 2020. In Lent 2023, our Canon Missioner, led a Lent course with members of the homeless community, and supported by members of the cathedral community, has been instrumental in a developing partnership with other city centre churches to offer Street Banquet, a hot meal at a local church on a Sunday each month. An ecclesial community among homeless people is gradually emerging from this work as we seek to 'Grow Churches at the Heart of Each Community'.



Vocations and Discernment

God is still calling people to join in the mission of God. For some this has been a call to ordained ministry, either as a paid or self supporting minister. It has been a privilege and joy to journey with the 13 people ordained deacon and the ten ordained priest in Summer 2023. Equally a joy to travel with those exploring what God might be saying to them in way of living out their discipleship. Some are called to go and some are called to stay but all are called to serve.

Discipleship resources and School's ministry

The Growing Younger Adviser in the Mission Support team, has developed Discipleship Pathway resources on how to engage with children, young people, and families, as part of a project funded by the Church Commissioners. These resources encourage Schools Ministry volunteers to invite children and families to church events intentionally, fostering fruitful connections.

One of our Readers, who co-ordinates the parish's work with schools, shares two success stories from their parish. In one, a mother and child started with the Toddler Group, progressed to Messy Church, and eventually led to the mother's confirmation. Another family got involved through their child's school event invitation to the Christmas Tree Festival. Additionally, twelve local schools are invited yearly for a Christmas event, engaging Year 1 pupils with the story and its deeper meanings.

Learning for Discipleship and Mission

Alongside the myriad ways in which disciple-making goes on in parishes week by week, over 100 people took part in 'Way of Discipleship' modules and the 'Way of Servant-Leadership' course. Churches used and adapted the library of resources in their own context and numbers came together to receive their certificates at a special Evensong in the summer. The modules are increasingly providing foundational formation for those exploring their callings in all of life. Over two and a half thousand people have accessed the 'Way of Discipleship' resource since its launch.



Intercultural

The new intercultural mission resource, 'Two Way Street', was launched at a Bishop's Study Morning by its authors, Dr Harvey Kwiyani and Revd Nigel Rooms. The resource offers parishes a way of examining their intercultural life, planning and mission. It contains an audit, four sessions, case study, films, and a 'What next?' tool. St Germain's Edgbaston, have used it with key leaders to discern how they can better represent and engage with their local communities.

Growing God's Kingdom in Moseley

In the past year the Associate Vicar of Moseley has overseen the launch and support of several small groups aimed at fostering Christian discipleship and faith within the parish. These inclusive gatherings, such as 'Moseley at the Movies', provide a welcoming environment for individuals seeking spiritual growth and connection. Through film discussions and other activities, participants explore existential themes and find meaningful engagement. Many attendees, including newcomers and those from outside the parish, have subsequently become involved in the wider community of faith at St Mary's and St Anne's Churches. Additionally, the Lent course, featuring Paula Gooder's study on the TV series 'Broken', attracted 24 participants, further enriching the communal journey of faith and worship in Moseley.

Pathways Online Learning Platform

Pathways have supported the Oversight Ministry Learning Communities by creating online spaces that recognise the differing needs and offerings for the cohorts of leaders that are engaged in the programme and in a way that recognises the demands of Oversight Ministers in these new roles.

Pathways also continued to work with the Mission Support Team in delivering the two pathways of Commissioned Youth Worker and Commissioned Childrens Worker, and particularly noteworthy is a new programme for Continued Professional Development for Employed Youth and Children's Workers, integrating the learners into the IME1 Readers in Training sessions. This posed a technical challenge which we were able to rise to and benefited participants in learning alongside peers exploring a different area of ministry.

Pathways have been collaborating with IME1 Reader training team to deliver a learning experience that really stretches and exercises the potential of our online platform, alongside in-person residentials and Zoom sessions. Pathways is partly used as an information source, and also extends the learning with peer activities such as discussion forums. We have been buoyed by the Readers' eagerness to diligently participate in everything we provide and a positive review of our IME1 work by the Periodic External Review team, in October.

Everyday Faith

Three churches completed an Everyday Faith Learning Community programme, meeting over a period of two years looking at how to support and grow Monday to Saturday disciples. Each church has made at least seven small changes over that period to develop an Everyday Faith culture.













Growing churches at the









heart of each community







Food Pantries

Thrive Together Birmingham is collaborating with Church Action on Poverty (CAP) through their Your Local Pantry project to develop a network of Food Pantries in the West Midlands as an alternative to Foodbanks. A Food Pantry is a community food membership scheme run by volunteers built around hospitality to support local people struggling with the costs of living. 17 Food Pantries across the diocesan region provide an affordable weekly food offer with some choice of staple food items including fresh, chilled and frozen food.

Interfaith

The Lozells Heritage trail has helped people understand the religious diversity of Birmingham. People of different faiths have taken part, and we have developed it into a pilgrimage taking time to reflect and learn as we walk and visit the places of worship. The trail has been used to train curates, Readers, Diocesan staff and theological students helping them understand the multi-religious context of Birmingham and what that means for our ministry and mission. A second trail based in Smethwick is currently being developed and will be launched in 2024.



Toddler story of interfaith conversation



The Growing Younger Advisor and the Director of Interfaith organised an event for toddler group leaders. They explored how we maintain Christian distinctiveness while respecting the other faiths of the families that join us.

A member of St John's Church in Harborne said, *"We welcome people with tea and toys. We have toys that the children find familiar, which are representative of their different backgrounds. We share Jesus' love through songs, such as 'My God is So Big' alongside our usual nursery rhymes. A dad told me that he went into Waitrose and his child lay in an aisle singing, 'Jesus' Love is Very Wonderful' at the top of his voice three times, whilst a large audience of customers watched! Through the love shown and through songs and prayers, God reveals himself to our toddler community."*



Urban Estates

The Birmingham Urban Network, now led by a planning team, enjoyed a retreat at Shallowford House with Bishop Lynne Cullens. The group reflected on creativity and vulnerability, with Bishop Lynne leading us in reflecting how deeply we have treasure in sometimes very broken jars. This retreat was one of six events in the year in which the network met for mutual encouragement and development.



Work with Older Adults

Thrive Together Birmingham have, once again, secured funding from Birmingham City Council to continue the excellent work of the Body, Mind and Spirit Partnership (BMSP) over the next three years. BMSP is a collaboration of 12 churches and Christian projects, including seven Anglican churches, who employ Development Workers to support older people to connect and then facilitate activities that enable them to live independently and well for longer, in their local communities. Over 1,500 older people benefit from activities facilitated by the partnership, mainly held in parish church buildings.

Funding boost for St Agatha's church, Sparkbrook

A £25,000 grant from the National Churches Trust will support St Agatha, Sparkbrook, in enhancing its community facilities by funding the installation of a servery and disabled toilet. This investment ensures the Grade I Listed church can continue serving its local community effectively. The Vice President of the National Churches Trust, emphasized the importance of such support in preserving local heritage and enabling churches to remain active community hubs. The Churchwarden expressed gratitude for the grant, highlighting its significance in securing the church's long-term viability and fostering optimism for the future.

World Mission – Bolivia



11 people from Church of England Birmingham were involved in a partnership visit to the Diocese of Bolivia in August 2023. The team represented five different parishes in Birmingham and they were able spend time in their Bolivian link parishes, establishing and deepening relationships, observing and joining in mission and ministry. Sharing in worship together was a special part of the time. This is very much a partnership, a two-way relationship, an exciting example of mutual discipleship. One team member wrote, *"I spent a week in La Paz which is our partner parish of Lickey and Blackwell. A wonderful opportunity to meet people and to share in worship and prayer. I am excited that we have been able to continue this relationship through regular zoom meetings in which we can pray for each other."*

World Mission – Malawi



The Birmingham Diocesan link with Malawi is well established and involves many parishes and individuals. In 2023 a number of people made visits to Malawi to learn of the current situation and to deepen relationships. Many parishes collected items to send in the annual 'container'. The generous giving of people in parishes in Birmingham enables support especially in unexpected times of difficulty. Cyclone Freddy brought much devastation in Malawi. As the Body of Christ across the global church we respond compassionately in both practical acts and prayer.

The first year of a programme to fund roofs on classroom blocks and priests' houses has made a real difference to the lives of many across Malawi.

St Philip's Dorridge and Rwanda

There are so many wonderful Global Mission links across the CofE Birmingham and a number of these come through people in local churches having personal connections. One such connection enabled Revd Duncan Hill-Brown, vicar of St Philip's, to accept a longstanding invitation to visit mission partners in Rwanda. Amongst the many challenges he saw vibrant faith and growing churches and was inspired by a vision and expectation to plant new congregations. On his return he stated, *"My prayers and the prayers of the people of St Philip's Dorridge have changed since the visit"*. Global links grow and extend the prayer life of the local church and build faith. In February 2024, a visit to Dorridge was made by Bishop Jean-Pierre our mission Partner and the Bishop of the Missionary Diocese of Karongi Rwanda, strengthening the link further.

Financial Support

We are hugely thankful for the financial support we receive from a variety of sources, and in particular:

PCCs: for their faithful giving of Common Fund which contributes to the cost of ministry.

Church Commissioners: for Lowest Income Communities (LinC) which supports ministry and social action in our lowest income parishes, and for Strategic Development Funding (SDF) which has funded our change programme (People & Places) and strategic activities to boost mission and ministry.

St Martin's Trust: for providing financial support to some of our most economically deprived parishes.

Benefact Trust: for grants which have helped us to deliver a range of activities that include working with children and young people, helping churches support the most vulnerable and tackle social issues.



Warm Welcome

Churches have played a significant role in the developing network of Warm Welcome and Places of Welcome spaces across the CofE Birmingham, led by Thrive Together Birmingham. These places of hospitality are open to all, provide free refreshment, are safe, comfortable and welcoming places where people can come together to take part in activities, get practical advice and support, as well as meeting neighbours from their community. This important movement was celebrated with an arts exhibit at St. Martins in the Bull Ring created by Birmingham Centre for Arts Therapies (BCAT) and Warm Welcome participants.





Net Zero Carbon Action Plan and Environmental Policy

A CofE Birmingham Net Zero Carbon Action Plan has been written which sets out how it will work towards achieving the target of net zero carbon emissions by 2030. This Action Plan was approved by Diocesan Synod, along with a new Environmental Policy where the CofE Birmingham commits to playing its part fully in responding to the climate emergency and caring for the environment. The Action Plan and Environmental Policy together provide important building blocks for the next few years as the CofE Birmingham develops and implements its responses to the climate emergency.

Net Zero Carbon Project Manager

The CofE Birmingham has received funding from the Church Commissioners to employ a full-time Net Zero Carbon (NZC) Project Manager for an initial three years. The NZC Project Manager will work to strategically enable the CofE Birmingham to achieve net zero carbon emissions by 2030. This role will be key in ensuring that the CofE Birmingham builds on its goal of environmental sustainability.

Caring for God's Creation at St James Shirley

St James Shirley, is caring for their two acres of green oasis by having a 'no mow' area. They have cleared paths where there is coarse grass and have introduced yellow rattle which parasitizes coarse grass, encouraging space for other wildflowers to grow. Later in the summer the area is strimmed and raked. Hand weeding is hard work, but the volunteers have been ably assisted by the local Sea Cadets. They avoid herbicides which can harm bees, finding salt is quite effective and washes away in the rain.



Air Source Heat Pump at St Peter's Hall Green

St Peter's Hall Green have been learning how to be better stewards of creation. When their heating broke down, they wanted to change to an air source heat pump and needed to raise a significant sum of money. Their vicar felt the urge to inspire, and suggested he ride from Birmingham to Glasgow for Cop26. Assisted by his colleague and two sons, they did it! The money was eventually raised through generous giving, existing funds, some grants from trusts including the Benefact Trust and Aviva match funding. Now they are warm and green!



Eco friendly St Peter's Harborne



At St Peter's Harborne, concern for God's creation is at the heart of our worship and teaching; they have new double-glazed the windows in the hall, they have organised litter picks, wildlife surveys, junior church fun days planting wild flowers in their church yard; the hall garden is a haven for wildlife, they conserve water in water butts and avoid harmful chemicals, they use only sustainable materials in flower arranging, for Christian Aid they held a public scavenger hunt to raise awareness of climate injustice and they always try to reduce, recycle and reuse.

Silver Eco Church Award to Cotteridge Church

In 2023, Cotteridge Church worked hard on their outside space, creating a garden haven in a small previously disused area in the heart of Cotteridge. This year they are focusing on how they can make their building more energy efficient. They have had an energy audit, including infrared photos taken to identify where heat is being lost and in December, they achieved their Silver Eco Church Award, with many congratulations!









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STRATEGIC AND OPERATING REVIEW

Supporting the mission

The Church of England Birmingham through the Birmingham Diocesan Board of Finance (BDBF) aims to promote, facilitate and assist with the work and purposes of the Church of England for the advancement of the Christian faith in the Birmingham Diocese and elsewhere. This includes the provision of facilities for public worship, pastoral care and spiritual, moral and intellectual development, together with the promotion of Christian values and services by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

In this, the BDBF acts as the financial executive for the Diocesan Synod in the administration of The Church of England Birmingham's interests.

The BDBF helps to facilitate the pursuit of our Diocesan Goals by its ongoing objective to maintain a sound financial structure that resources the needs determined by Diocesan Synod and informed by local and national church institutions. This financial structure includes supporting clergy through the payment of stipends, managing parsonages and other ministerial houses, and also by providing other facilities and resources in the support of the ministry of both clergy and lay people in parishes across the Diocese.

Constitution

The BDBF is established under the Diocesan Boards of Finance Measure 1925. It is a company limited by guarantee and subject to its own Memorandum and Articles of Association. The BDBF is also a registered charity.

The BDBF is constituted as the financial executive of the Diocesan Synod, each member of which is also a member of the BDBF. Trustees are appointed by the members on a triennial basis. The BDBF acts as the Parsonages Board and the Diocesan Mission and Pastoral Committee for the purposes of ecclesiastical legislation.

The BDBF, which meets four times each year, is the principal policy making body. It takes advice from its Board of Trustee Directors, constituted as the Bishop's Council, which examines issues in detail and makes recommendations. The Council also takes executive action in certain matters and deals with day-to-day issues. The membership of the Bishop's Council is contained on page 3 of this report.

Delegation of day-to-day delivery The Trustees and the sub-committees which assist them in the fulfilment of their responsibilities, rely upon the Diocesan Secretary and colleagues for the delivery of the day-to-day activities of the company. The Diocesan Secretary is given specific and general delegated authority to deliver the business of the BDBF in accordance with the policies framed by the Trustees. The Diocesan Secretary and key staff during 2023 were:

Dr Jan Smart . . . . . Diocesan Secretary
Miss Karen Preece . . . . . Director of Finance
Mrs Sarah Smith . . . . . Director of Education
Mr Daniel Mayes. . . . . . Property Director
Mr Ben Franks . . . . . HR Director

Recruitment and training of trustees

Trustees are recruited through a mixture of ex-officio positions, elections and nominations. Elections take place every three years before the first meeting of the new Diocesan Synod (itself elected every three years). The trustees have the power to co-opt members according to their assessment of the needs of the BDBF in terms of required skills and experience.

Induction for trustees includes a one-day event to ensure familiarisation with the organisation and its vision and strategy and also an overview of trustees' responsibilities. 2023 saw the second year of a three-year Trustee development programme to provide trustees with deeper knowledge and skills to further equip them for their role – sessions in the year covered the legal structures in relation to property holdings for the BDBF and parishes within the diocese and the relationships between the two and the role and work of the Diocesan Board of Education.

They are also given relevant literature which explains the role and obligations associated with their role as a director and trustee of the BDBF. Trustees then receive ongoing training as appropriate. They will also receive an introduction to any special areas with which they will be working such as the Board of Education. Trustees are encouraged to visit Diocesan operations.

All trustees are required to maintain their entry in the register of declarations of interests.

Some senior staff have job titles incorporating the title 'Director' but they are not directors of the company (for the purposes of company law) and therefore are not 'charity trustees'.

Charity Governance Code

The BDBF welcomes the 'Charity Governance Code' and is working on its application. The three-year Trustee Development Programme which commenced in 2022 is part of our planned 'self-audit' review. The programme will continue throughout 2024.

Management structure

The BDBF is assisted in its work during the year by a number of committees:

The Diocesan Board of Education is a statutory body whose financial responsibilities are reported as part of the BDBF. The Board is also responsible for the Diocesan Church Schools' Fund (restricted fund).

Finance, Investment and Property Subcommittee (FIPS) acts in all finance matters, including audit, remuneration of BDBF staff, the management of BDBF investment property and fiscal investments and parsonage maintenance issues, and makes recommendations to Bishop's Council.

Executive Change Board was established by Bishops Council in 2022 to ensure that all strategic change activity is aligned with the *Transforming Church* vision and strategy of CofE Birmingham. A process has been established by which strategic changes, and new initiatives can be encouraged, incorporated, monitored and held accountable.

The Diocesan Advisory Committee for the Care of Churches (DAC) provides advice on the effective stewardship and development of church buildings whether listed or not; church architecture, archaeology, art and history; conserving historic fabric and furnishings; and liturgy and worship. The DAC works with parishes at all stages of a 'building' project. One of its key responsibilities is oversight of the Faculty process, which is the Church of England equivalent of the civil planning process. As well as representation from with the CofE Birmingham and the wider church, membership includes experienced specialists, who provide consultancy advice on a voluntary basis.

Other organisations with which the BDBF co-operates in achieving its objectives

Within the ministry of The Church of England Birmingham, the BDBF plays an important role in co-operation with other persons and charities which form part of the Church. Under the oversight of the Bishop of Birmingham, who shares the cure of souls with clergy and lay workers across the Diocese, the day-to-day responsibility for the funding of clergy stipend costs, providing clergy housing, training clergy and other Diocesan costs falls to the BDBF. Some of these clergy are trustees of the BDBF and they are listed on page 3.

The BDBF has important relationships with the national institutions of the Church of England, specifically:

The Archbishops' Council to which it pays grants based on an apportionment system for funding national training of ordinands and the activities of the various national boards and councils, as well as General Synod.

The Church Commissioners from which the BDBF receives grants and which acts on behalf of clergy with HM Revenue and Customs. The BDBF pays clergy stipends through the Church Commissioners.

The Church of England Pensions Board which provides pensions for clergy and the BDBF's lay staff. It also offers schemes to provide housing for clergy in retirement.

At local level key relationships include:

Parochial Church Councils (PCCs) which are the main income source for the BDBF through the Common Fund system. PCCs are independent charities and operate under the Parochial Church Councils (Powers) Measure 1956. They are able to influence decision making within the BDBF and at Diocesan Synod level through representation to those bodies and through the input of their Deanery Synods.

Church Urban Fund (CUF) Joint Venture – the Bishop of Birmingham, the BDBF and CUF are the founding members and equal partners of *Thrive Together Birmingham* (Thrive). This is a company limited by guarantee with charitable status. The BDBF Director of Community Regeneration, an employee of BDBF, is also the Chief Executive of Thrive, and has oversight over development workers who are employed by that entity.

The Diocese of Birmingham Educational Trust which is a charity set up in response to the challenge of a large number of Church of England Schools converting or otherwise becoming Church of England Academies under the Academies Act 2010. The charity operates as a sponsor or co-sponsor of Church of England Academies in the Diocese as required and supports Academy Trusts to both fulfil their responsibilities and provide a challenge to governors in this regard.

Birmingham Diocesan Multi-Academy Trust which is the Diocesan multi-academy trust that was established during 2017. The six sponsored academies which were under the umbrella of The Diocese of Birmingham Educational Trust transferred to this multi academy trust on 1 September 2017. The trust now has nineteen schools.

Birmingham Cathedral with whom there is an established pattern of close collaborative working.

St Martin's Trust and other local trusts which generously provide financial support to some of the Diocese's most economically deprived parishes.

Other Christian Denominations with and through whom the BDBF resources matters of workplace chaplaincy and ecumenical relations, notably through Churches & Industry Group Birmingham, Birmingham Churches Together and Local Ecumenical Partnerships.

Interfaith bodies, such as *The Feast*, as part of our cross-community work to promote good interfaith relations.

Birmingham Diocesan Trust (BDT) which is the custodian trustee for properties and permanent endowments on behalf of parishes and schools. BDT is a separately registered charity.

Volunteers

The Church of England Birmingham is dependent on the huge number of people involved in church activities both locally and at Diocesan level. We believe that the number of active volunteers (or volunteer hours) given to the mission and ministry of the church is a key indicator of the health of a church. The service provided to a community through church volunteering also has a significant impact on people's relationship to the church, particularly at times of crisis.

The BDBF greatly appreciates the considerable time given by all the committee members across the Diocese in pursuit of the mission of The Church of England Birmingham.

Estimating the 'in-kind' value of volunteer time to the operations of the BDBF is particularly difficult to measure in a meaningful way. It is for this reason that no estimate of the value of this time has been included in the financial statements.

Public benefit

The Church of England Birmingham through the BDBF reviews its work each year and considers outcomes and plans for the future. It takes account of the Charity Commission's general guidance on public benefit when reviewing its purpose and in considering how planned activities will meet that aim.

How our activities deliver public benefit

Our main activities aim to deliver public benefit in the following ways:

- ***Clergy*** Providing parish and other clergy to offer Christian services and spiritual oversight
- ***Parochial Church Councils*** Assisting PCCs to provide churches, sacred spaces and worship services
- ***Parish Mission*** Assisting parishes particularly through the *Transforming Church* vision and associated core activity and strategic programmes
- ***Education*** Contributing to the spiritual and moral education of children and young people in over 50 church schools
- ***Social action*** Contributing to and assisting in social action in parishes and elsewhere, such as food banks and night shelters
- ***Training*** Providing training and assistance in order that parishes have clergy and volunteers who are competent, for example, to assist clergy in providing Christian services, visiting the sick, and comforting the bereaved
- ***Grants*** Making grants to enable the national church institutions to function and have a positive wider influence
- ***World Mission*** In part through links with the Anglican Dioceses in Malawi and Bolivia

Who benefits from our services?

We aim to make our services open to as wide a section of the public as possible. For example:

- Everywhere in the diocese is part of a Church of England parish that has a member of clergy who has concern for the spiritual welfare of the individuals who reside in it
- Parishes in wealthier areas generally contribute somewhat more than the cost of their clergy in order that clergy can also be provided in less wealthy areas
- Training courses are offered at reduced or no cost where appropriate, in order that ability to pay is not a barrier to participation

Fundraising

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. The legislation defines fundraising as "soliciting or otherwise procuring money or other property for charitable purposes". The BDBF does not undertake fundraising from the general public but from time to time does apply for grant funding from grant-awarding charities. Any such amounts receivable are presented in the financial statements as 'voluntary income' and include legacies and grants.

In relation to the above we confirm that all solicitations are managed internally, without involvement of commercial participators or professional fundraisers, or third parties. The day-to-day management of all income generation is delegated to the executive team, who are accountable to the trustees. The BDBF is not bound by any undertaking to be bound by any regulatory scheme. The BDBF has received no complaints in relation to fundraising activities. Its terms of employment require staff to behave reasonably at all times; as the BDBF does not approach individuals for funds, contracts of employment do not particularise this requirement for fundraising activities nor does the BDBF consider it necessary to design specific procedures to monitor such activities.

Financial overview of the year

This annual report looks to give a flavour of how The Church of England Birmingham family has been looking to rebuild its financial position following the challenges of COVID-19 as well as the cost-of-living and energy crises. In the widest sense, each of these events have substantially damaged the underlying financial health of many of our parishes (all independent charities). Because of the close Common Fund relationship between parishes and the Birmingham Diocesan Board of Finance (BDBF), the BDBF available resources are continuing to be very hard hit.

As a diocese our single largest source of income is parochial contributions – otherwise known as Common Fund. These funds are remitted to us by our parishes out of their income, which substantially comes from two key sources: voluntary giving and the rental of their church halls and other property. Both income streams have still not recovered everywhere to pre-pandemic levels, and this continued to have a substantial and direct impact on our collection of Common Fund over 2023. The generosity of our parishes and congregations continued to be severely tested again over the last year; although there are signs of improvement in giving and lettings, parishes are still experiencing very tight operating cash flow compounded by increasing maintenance costs (some as a result of delayed works and some as a result of high inflation levels). We have continued to work closely with our parishes to support them where we can in order to maintain our Common Fund income as far as possible. However, our current experience continues to show that it will be a long road to recovery for our parishes.

We have continued to hold costs down wherever possible in order to make financial savings and the National Church has continued to provide cash flow support through early payment of agreed grants, but this does not make up for a continuing shortfall in Common Fund income especially when compared with pre-COVID levels. There is no expectation of any further sustainability/gap funding available from the Church Commissioners for 2023 onwards.

Our 2024 budgets reflect a continuing financial operating shortfall of £1,500,000 – this is significantly more than our 2023 budget and reflects our experience over 2023 – our core costs (stipends and salaries) continue to rise in the midst of the cost of living crisis and high inflation when our core income streams have remained relatively static. The Board has again made provision for the utilisation of unallocated Strategic Investment Fund monies to cover our 2023 and 2024 operating deficits and the ongoing programme of property disposals will continue to maintain this fund (and replace any funds utilised over the next few years) to ensure that our transformation programmes can still continue to deliver on our vision.

Financial review

The 2023 headline income figure of £11,781,000 shows an overall significant decrease in income of £926,000 compared to £12,707,000 in the prior year. Even after excluding gains on the disposal of redundant assets, this still gives us a real decrease in income of £910,000. As is always the case, we need to dig deeper to understand the core underlying trends beneath the headlines.

Underpinning our day-to-day diocesan finances is our single largest source of income – parochial contributions or 'Common Fund' from our parishes. To complement the work we are carrying out under the *People & Places* deployment framework, we implemented a new common fund methodology in 2019 that draws inspiration from St Paul's writing of two communities that need to share – Common Fund is a powerful, practical application of God's generosity.

After the difficulties of 2020, it became clear that the methodology that we had implemented in 2019 was not sufficiently robust to withstand the wide swings in income that our parishes were experiencing, and we therefore implemented an interim methodology for 2021-2023, now extended into 2024. This used the commitments made by each parish for 2020 as a base for giving. We then allowed parishes to take a more flexible approach to their offering – in general we accepted amounts between 75% and 100% of this original commitment, with conversations with those parishes that identified that this lower threshold would still be a problem. Our overall budget for 2023 was then set at 80% of the 2020 Commitment total (£4,975,000).

The total commitments made for 2023 were £4,988,000 including pledged gifts of £377,000 – this compares with a total of £6,021,000 in 2020. In 2023, our parishes actually contributed £4,635,000. This was £340,000 less than our original budget and only 93% of the commitments that had been made at the start of the year. On a positive note, gifts that were pledged were broadly delivered. Against the challenges of the last year, we recognise that this outturn demonstrated the real commitment of our parishes and again we are immensely grateful for their continued support. However, this fall in our key income stream must be set against a backdrop of a 5% increase in the diocesan stipend rate (in line with the rise in the national minimum stipend).

Remitted statutory fees from occasional offices (such as weddings and funerals) were only £9,000 greater than 2022. Although arresting a seven-year decline, this is still 28% lower than pre-pandemic levels.

We continue to proactively let empty parsonages during parish vacancies. Our housing rental income of £398,000 is however 12% less than 2022 – this reflects a move to more short-term lets and the use of 'Guardians' as a response to ongoing difficulties in recovering properties at the end of lets (as well as limited insurance cover when properties are left vacant). Rents achieved are slightly lower (even in a rising letting market) than we can obtain for longer lets – although properties are now being occupied for longer, whilst being easier to recover. Elsewhere, our investment income at £729,000 is £95,000 better than 2022 – this reflects much better investment performance across our portfolios, stemming from the improved market conditions during 2023 after a turbulent 2022.

The BDBF continues to receive significant support from the Church Commissioners in the form of Lowest Income Communities funding based on the Index of Multiple Deprivation for each parish. We received £1,983,000 of this funding in 2023 – we were again the recipients of an additional grant of £50,000 from the Oxford Diocese Mutuality Fund in addition to our expected grant of £1,933,000. The Strategic Ministry Fund (via Church Commissioners) has continued to support us when we have a cohort of more than our base of six curates starting each year. We received another new three-year grant for two starters in 2023 meeting 90% of the cost of each of them, in addition to ongoing funding for the three funded starters in 2021 and four in 2022.

We have continued to reap the financial benefits of Strategic Development and Capacity funding through a full twelve months of activity for the Shaping the Future programme, the People & Places framework and an ever increasing range of resourcing and church planting and other initiatives, contributing income of £1,710,000 (2022: £1,589,000). However, these income sources are restricted in nature and can only be utilised for specific activities.

We remain immensely grateful to Church Commissioners, Benefact Trust, Historic England and the many individual donors who share our mission vision and support our activities more widely.

The 2023 headline expenditure figure of £12,411,000 when compared to the prior year figure of £13,027,000 shows a reduction in expenditure of £616,000. The reduction excluding the one-off hardship grants paid out to parishes and clergy is £165,000. As noted within our income commentary, we need to again dig deeper to understand the core underlying trends beneath the headlines.

As noted in our key financial indicators, we have again experienced a high (though managed) parish clergy vacancy rate, as well as the impact of a 5% increase in stipends and lay salaries, which had implications for our ministry costs. Clergy Housing works were managed tightly during the year (the first of the new quinquennium)

and came in £93,000 under budget on a £945,000 works programme, despite the significant increases in costs experienced during the year. 2023 was our first full year of occupation in John Cadbury House – as well as seeing lower costs of occupation when compared with 1 Colmore Row, we also benefited from a release of £43,000 in relation to the Colmore Row dilapidations provision (thanks to some impressive negotiations). Alongside this, we did manage to deliver non-salary/stipend savings across most areas for a wide range of reasons.

Outside of clergy costs, our main areas of expenditure have again been within our restricted grant income resourced *People & Places* framework and missional initiative programmes including *Shaping the Future*, Church Planting and Children & Families Ministry as well as historical places of worship support.

KEY PERFORMANCE INDICATOR	2023 ACTUAL	2023 BUDGET
Common Fund collection rate on Sum Requested amount %	78%	80%
Common Fund collection rate on Pledged Gifts amount %	100%	100%
Common Fund overall collection rate on Budgeted amount %	93%	100%
Common Fund overall % rise year-on-year in cash terms	-3.3%	-9.5%
Parish clergy establishment posts	90	99
Dividend yield on Evelyn Partners investment portfolio %	7.1%	10.1%
Dividend yield on CCLA investment portfolio %	4.5%	3.7%
Reserves policy met	No	No

On an overall funds basis, there is a deficit for the year of £630,000 (2022: £320,000 deficit) before considering the year end non-cash adjustments in relation to investment and investment property valuations.

The increase of £309,000 (2022: £1,560,000 decrease) in the valuation of our investment portfolio year on year clearly reflects the much steadier market conditions that we have seen over the past year (in stark contrast to the previous two years). Although our accounting policies did not require an external valuation exercise to be carried out in respect of our Investment property portfolio until 2025, we have seen substantial fluctuations in property markets over the last 18 months and we therefore decided to commission an interim valuation exercise as at 31 December 2023. This indicated a net fall in value of £171,000, which is reflected in these accounts. This reduction was principally in relation to a single retail property which forms 30% of the total investment property portfolio value – the reduction reflects the fact that we are approaching the end of the existing lease. Although significant, both of these items are year-end financial statement adjustments which have no impact on the day-to-day running of and cash flows of the BDBF.

Work continues projecting further into the future to ensure that BDBF remains sustainable financially. Following the completion of our strategy review over 2022 and 2023, a formal sustainability exercise is in progress to develop our platform for growth. There are many factors to consider, but it is informed by a broad review of the key factors impacting on the BDBF financial outcomes:

- Ministry deployment: ordained and lay, paid and unpaid, parochial and pioneer
- Parish finances, including Common Fund contributions and parochial fees
- Centrally organised parish support services
- Long-term buildings strategy
- Continuing funding bids to Church Commissioners and others

Balance Sheet position

The BDBF trustees consider that the balance sheet, together with details in note 20 to the financial statements show broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets, given the purposes for which the funds are held. While the net assets at the balance sheet date totalled £45,668,000 (2022: £46,160,000) it must be remembered that included in this total are properties, mostly in use for ministry whose value amounted to £23,136,000 (2022: £23,407,000). Much of the remainder of the assets shown in the balance sheet are held in restricted funds and cannot necessarily be used for the general purposes of the BDBF.

Significant Property Transactions

During the year, we have completed the sale of one surplus parsonage owned by the BDBF together with one glebe parsonage (where the proceeds will be used towards the costs of a new parsonage during 2024). Bishop's Council has continued its policy to place the proceeds from significant unrestricted property disposals into the Strategic Investment Fund. This fund was designated by the BDBF for intentional strategic mission investment and in the long-term, it is still intended that this is the case. However, Bishop's Council has agreed that this fund will be used to cover operating deficits for 2023, 2024 and 2025, if needed.

We continue to progress on our long-term property estate development plan – over 2023, we have:

- Continued to replace or upgrade unsuitable properties (aiming to be more carbon neutral where possible)
- Continued to accommodate the changing geographical deployment of clergy within the diocese
- Started to develop a costed plan to achieve our net-zero carbon objective by 2030 – Church Commissioner funding has been approved to appoint a Net Zero Project Manager to progress this during 2024. However, the substantial funding necessary to deliver the plan has yet to be identified
- Realised development potential in some properties to use our resources more effectively for mission and ministry and have a number of development projects in progress
- Continued working collaboratively with Gloucester Diocese as part of the National Church response to the *Coming Home* Report to improve access to affordable housing – this includes being part of developing pilot projects on sites across the diocese that may become part of a national Church Housing Association

Factors that may impact on future financial performance

There are a number of factors which can impact on the BDBF's ability to meet its objectives, but which are outside its control. Most important is the collection of the Common Fund from the parishes. Any significant shortfall in the amount collected could have implications for our mission objectives and deployment, as has been evidenced over the course of the last three years. In response to this, actions to manage the numbers of stipendiary clergy effectively will continue alongside general cost savings to manage the BDBF financial position over this difficult period.

As is the case for all charities with historic endowment, the BDBF is vulnerable to changes in the value and returns upon its properties and stock market based (fiscal) investments. This is mitigated by employing specialist fund managers and advisors to help develop an appropriate investment policy.

As noted above, the BDBF receives significant support from the Church Commissioners, and we still expect to do so under the new nine-year funding settlement for dioceses announced during 2022. However, this is all restricted funding for limited time periods and so this brings into focus our business planning activities as we 'reimagine' the shape of mission and ministry for the next generation.

Reserves Policy

The BDBF has completed a review of its Reserves Policy and approved an updated policy at its meeting in March 2024. The key rationale behind the review and the resulting new policy is to reflect the ongoing understanding that the designated Strategic Investment Fund is as integral to balancing the operating budget as our unrestricted reserves.

The new policy is as follows:

Free reserves are maintained for the following reasons:

- To avoid bank borrowing if there is a temporary shortfall in income and/or surge in expenditure
- To provide for emergencies

The reserves policy of the BDBF is formulated in line with recommendations of the Charity Commission of England and Wales. The basic policy statement is as follows:

"The BDBF aims to maintain the equivalent of at least three months operating expenditure in cash and readily liquid assets in the general unrestricted fund and the designated Strategic Investment Fund insofar as it is not set aside for specific investment and growth activities. This excludes all other designated and restricted funds and loans. This policy is to be reviewed on an annual basis."

In arriving at the minimum amount, account has been taken of the Board's well-established effective income raising and budgeting process. Most income is now received in a steady stream throughout the year and performance against budget is monitored regularly. As at 31 December 2023, the reserves policy target is £2,766,000 representing three months unrestricted operating expenditure as budgeted for the forthcoming year. The trustees believe that such a reserves target will cushion the BDBF from short term revenue problems and will enable them to meet their legal requirements in case of serious financial problems.

The total unrestricted reserve stands at £6,518,000 including £4,307,000 of undesignated unrestricted reserves and available funds from the Strategic Investment Fund of £2,211,000. However, these reserves include £4,508,000 of non-readily realisable fixed assets, which leaves the BDBF with free reserves of only £2,010,000, which would be below the target of £2,766,000 as at 31 December 2023. The Trustees recognise that free reserves are less than target, however expect that the ongoing programme of property disposals will provide sufficient additional resources to manage BDBF through the current difficult times. Our 2024 budget already assumes that transfers of £1,492,000 will be required from the Strategic Investment Fund (total balance as at 31 December 2023 £2,783,000) in order to balance the budget and Bishop's Council has formally approved that the necessary funds can be un-designated if and when they are required. The ongoing property disposal programme is expected to continue to top-up this fund over the next few years – the top-up in 2023 was £799,000 compared with £798,000 being drawn down to cover the 2023 operating deficit.

Designated funds

The BDBF may with the approval of the board, designate additional unrestricted reserves to be retained for an agreed purpose where this is considered prudent. Such designated reserves are reviewed on an annual basis and returned to the general fund in the event that the purpose of their designation is no longer considered adequate for their retention. A description of each reserve with the intended use of the reserve is set out in note 21. During 2023, there were two significant designated funds, the first being the Strategic Investment fund totalling £2,783,000 as at 31 December 2023, which has been created using the proceeds for unrestricted property disposals since 2019. The fund is intended to be used for intentional strategic mission investments including funding to extend elements of our Church Commissioner grant funded *Shaping the Future* and *People & Places* strategic programmes. However, as noted above, in setting the 2024 budget Bishop's Council once again agreed to un-designate such funds as are deemed necessary in order to deliver a balanced unrestricted outturn. Prior to 2023, no use had been made of this approval due to the availability of Sustainability funding. The second of these funds is the Pastoral fund totalling £1,406,000 as at 31 December 2023.

Restricted and endowment funds

As set out in note 21 the BDBF holds and administers a number of restricted and endowment funds. As at 31 December 2023 restricted funds totalled £7,465,000 (2022: £7,278,000) and endowment funds totalled £29,707,000 (2022: £29,203,000). Neither are available for the general purposes of the BDBF.

Investment policy

The BDBF maintains an overview of its investments through its FIPS sub-committee, which also monitors performance against market benchmarks and considers the adequacy of its investment mix.

The review of our published Statement of Investment Principles started in 2022 and completed in the first quarter of 2023. Although this did not recommend any changes to our fund managers, we agreed changes in the way that the funds are managed and reported. Throughout 2023, we worked with our fund managers to make the recommended changes in asset allocation and especially the way our managers identify and monitor 'collectives' (including unit trusts) to ensure that they reflect our move towards a 'greener' portfolio. All of these changes were carefully managed to ensure that there was no significant financial loss to the BDBF.

Throughout 2023 our overarching investment principles as embedded in our Statement of Investment Principles were as follows:

- Implement a balanced asset allocation approach to the portfolio with a medium risk profile
- Portfolio to be invested in well diversified, high-quality assets which provide protection against inflation over the long-term
- Performance to be reviewed against the ARC Sterling Steady Growth Charity Index which is the standard peer group benchmark for a UK charity with a medium risk profile
- Performance at least 3.5% better than inflation over the long-term, as measured by the UK Consumer Price Index (CPI), whilst generating sufficient income to support the work of the BDBF
- Investments will be made in compliance with the Ethical Investment Advisory Group (EIAG) guidelines of the Church of England and in particular to exclude investments in companies that generate more than 10% turnover from conventional fossil fuels (oil, gas, and coal), fossil fuel extraction and production, or oil and gas refining

The portfolio is managed in the following manner:

- Direct property investments managed by Bruton Knowles
- Marketable investments actively managed by Evelyn Partners
- Remaining funds within CCLA/ CBF funds on a self-managed basis

Investment funds within certain restricted funds (Malawi / Church Schools / Bishop Brown) are held within CCLA funds selected on the basis of the income/capital needs of the respective fund as appropriate.

We have seen a much more stable position with regard to our investment portfolio this year. Our relatively small investment valuation surplus of £309,000 reflects the much less volatile markets. This, together with the significantly higher base rate has seen investment income (£591,000) that is 20% better than last year. Investment performance on a total return basis over the last twelve months was much improved at +7.1% (compared with -7.2% in 2022). This was 3% worse than our new benchmark portfolio. However, we were only working against this new benchmark for part of the year following the implementation of our new investment policy and the consequent revisions to our portfolio.

Investment management advisor performance for both direct property and marketable investments will continue to be robustly monitored in the forthcoming year in line with our updated Investment Policy and recommendations arising from the review.

Grant making policy

The BDBF has established its grant making policy to achieve its objectives for public benefit (as detailed on page 39). We deliver our public benefit to the wider population in the Diocese by the work of our parishes. We support this work by grant programmes that

help parishes to further engage and service their local communities. This may be mission activities, community regeneration, church maintenance, schools and world mission. All grant applications must be made in writing. Parish mission and delivery plans and available resources are considered in the distribution of available grants.

Remuneration of key management personnel

Emoluments of higher paid employees are determined by the Chair of the DBF with reference to regular appraisals, remuneration and salary benchmarking and consequent recommendation of changes.

Principal risks and uncertainties

The trustees of the BDBF have overall responsibility for ensuring that the charitable company has an appropriate system of controls, financial and otherwise. The systems of internal control are designed to provide reasonable, but not absolute assurance against material misstatement or loss. They include:

- An annual budget and five-year financial plan approved by the trustees
- Regular consideration of both financial results and other performance indicators
- Delegation of authority and segregation of duties

As part of this responsibility, the trustees are also required to ensure that effective and adequate risk management is in place to manage the major risks to which the BDBF is exposed. They have a clear mechanism for obtaining assurance on the management of risks. The trustees agree the approach to risk including overseeing the process to identify and assess key risks and understanding how those risks are managed and mitigated.

During 2023, the BDBF implemented a new risk assessment framework (agreed for use by Bishop's Council in February 2023). Individual risks are assessed using a scoring mechanism, with respect to the inherent likelihood of occurrence and the likely severity of impact on the BDBF, the steps in place to mitigate the risk and the resulting impact on residual risk. Residual risks are ranked using a 'traffic light' scheme (red / amber / green). Under the new framework, risk will be reported directly to Bishop's Council rather than FIPS as many identified risks are outside the remit of FIPS.

Risks are considered and presented as either Strategic or Operational risks within an active risk register. Strategic risks are identified as significant when they influence the achievement of our strategic diocesan goals through the Transforming Church strategy alongside day-to-day operational activities. These may include major internal risks, such as financial sustainability or compliance risks. Or they may be external events with high impact which the BDBF cannot control and for which the BDBF needs to develop response mechanisms. During 2023, this has particularly included the ongoing assessment of the financial impacts of our reducing Common Fund income as well as continuing increases in clergy stipends and lay salaries on the long-term sustainability of the BDBF. Operational risks are day-to-day risks and more likely to be internal, within the BDBF's control and with a higher level of probability of the risk event happening. The BDBF's focus of attention on these risks relates to how it can control, manage or transfer the risk to a third party.

The strategic risks which are currently assessed as scoring highest, and the outline mitigating strategies to address them, are shown in the table below.

RISK	MITIGATION STRATEGY
The impact of the COVID-19 pandemic and the subsequent energy and cost-of-living crises on the ability of parishes to meet diocesan Common Fund expectations results in significant and longer-term financial loss for the BDBF that it is unable to sustain	• *Cashflow (and outturn) forecasts based on latest information to identify pinch points.* • *Engagement with parishes to establish sustainability of Common Fund contributions.* • *Additional grant funding from National Church* • *Longer term plans including re-evaluation of designated reserves and a programme of property disposals to provide bridge funding to cover forecast deficit on unrestricted fund activity in 2024-2025*
Failure to effectively embed our Common Fund methodology leading to non-payment of Common Fund for reasons other than affordability	• *Clear biblical foundation to methodology with clear and effective communication, generosity and discipleship plans* • *Monthly review of contribution profile assisted by proactive discussions with parishes.* • *Review of effectiveness of methodology in a post-COVID world ongoing – new approach to be consulted on in 2024 and implemented from 2025*
The People & Places *framework for mission and ministry does not deliver the required culture change in a timely manner*	• *Full time Area Deans in place to facilitate culture change supported by Project teams comprising local laity and clergy.* • *Appointment of Oversight Ministers supported by programme of facilitated training through learning cohorts.* • *Increased focus on Oversight Area mission planning* • *New approach to clergy and lay learning and development* • *Review and refreshment of programme in 2023 together with ongoing monitoring and evaluation processes*
Failure to grow the Church in its mission, especially at the speed required by Church Commissioners funding streams	• *Governance structures in place for effective monitoring and evaluation of mission goals and financial impact consequences* • *2022 Strategic Review outcomes rolled out in 2023 – through a new Executive Board governance and review structure with a clearly defined focus on mission growth* • *Ongoing development of substantial bid for longer term DIP (Diocesan Investment Programme) funding through Church Commissioners 2022-2031 Triennium Funding*
Dependency on Church Commissioners funding for missional growth support activities	• *Effective management and delivery mechanisms on existing Church Commissioners funded programmes to ensure trust and confidence in delivery capacity to support further funding bids.* • *Plans being developed to establish our sustainable baseline that will underpin 2024 bid for DIP funding to support our Strategic goals.* • *Identify other income streams including regional funding bids and offering back-office services to other dioceses*
Reputational and financial risks associated with safeguarding of young people and vulnerable adults	• *Comprehensive training programme throughout DBF and parishes* • *Part of Pathfinder pilot to implement the IICSA recommendation* • *Diocesan Safeguarding Advisory Panel (DSAP) – with independent Chair (new appointment in 2023) and external safeguarding experts from statutory agencies* • *DSAP and Operational Safeguarding Group monitor CofEB compliance with national safeguarding requirements.*
CofE Birmingham is unable to meet its commitment to Diocesan Synod for net zero emissions by 2030	• *Environmental Board (steered by Bishop) to drive this work – routemap in place to set milestones to ensure delivery.* • *Net Zero Carbon group developing costed plan for works required to the property portfolio – Church Commissioners funding obtained for dedicated Net Zero Programme Officer* • *Investment strategy review has identified and enabled managed divestment of investments that do not meet zero carbon criteria (including fossil fuel)*

Plans for future periods

Our vision of *"Transforming Church – growing churches at the heart of each community"* continues to be central to our plans for future periods, with the core principles of:

- Grow in number of disciples
- Engage with children, youth, families and other missing generations
- Worshipping communities are diverse (representative of our communities) and accessible to all
- Grow in partnerships and impact on the community
- Flourishing ordained and lay leadership that reflects the diversity of the wider population of the diocese
- Grow in depth of discipleship
- Achieve financial sustainability
- Environmental sustainability
- All underpinned by a culture of prayer

We recognise that our pattern of ministry and mission needs to be relevant to each local context and will vary across locations. Key activities in the coming year will include:

- Continue the *People & Places* structural and culture changes; supporting Oversight Areas and Oversight Ministers to emerge and flourish
- Continue church growth strategies through local parish growth, church planting and revitalisation
- Oversight Area mission planning to support churches to engage with their local communities and play their part in the transformation of their neighbourhoods
- Focus on the creation of learning pathways for new leaders
- Continued reimagining of ministry and discipleship
- Collaboration with the DBE to further deepen and promote the Christian Distinctiveness of our schools
- Continue work on the route map to net zero carbon emissions by 2030
- Further embedding an ethos of diversity, inclusivity and generosity
- Identifying opportunities to improve financial sustainability

Directors' report

Going concern

2023 has once again been a difficult year for Birmingham – our parishes are still struggling to rebuild their finances to pre-pandemic levels – the cost-of-living and energy cost crisis in 2022 coupled with spiralling inflation is continuing to impact across the diocese. Taking all of this together, BDBF Common Fund collection has struggled even more during 2023 than we had expected, although the signs were there at the start of the year. Collection in 2023 was 3% lower than 2022 and 7% lower than the commitments made by parishes at the start of the year and our expectations for 2024 are no better. Our indicative Common Fund for 2024 is that we should deliver a relatively flat position year on year.

Since Common Fund remains the key unrestricted income stream for the BDBF, this has again required the Directors to consider the question of going concern in significantly more detail than it would have done before the pandemic. The 2024 budget has been prepared on the basis that common fund income will be broadly in line with the 2023 budget – at 80% of our base commitments for 2020. We did not achieve this in 2023 and as noted, our expectation is that we will fail to do so again.

The cost budget reflects some small savings however it also reflects a further 5% increase in clergy stipends and lay salaries. This level of increase was considered very carefully – however it was felt that a smaller increase would mean that clergy and lay staff would fall further behind at the time when all of the indications are that they are still feeling the impacts of high energy costs and inflation. Bishop's Council has agreed to allocate £1,492,000 (from the designated Strategic Investment Fund) to balance the 2024 outturn (having already used £798,000 to balance the 2023 outturn). Our forecasts assume that there will be no further Sustainability funding available from National Church. The planned property disposal programme to replace any designated funds used to fund unrestricted core activities is continuing to progress and further properties continue to be identified as potential disposals (and therefore operating cost savings as well as cash inflows). Restricted activities are expected to continue as per their agreed programmes, with our major *People & Places* programme broadly completing by the end of 2024. An outline 2025 budget and cash flow forecast has been prepared as part of an updated five-year financial plan to reflect latest expectations in relation to unrestricted income (particularly Common Fund) and overhead costs.

Based on the above, the trustees are satisfied that the BDBF has adequate resources to continue to operate as a going concern for the foreseeable future and have prepared the financial statements on that basis.

Charitable and political donations

No political contributions were made during the year. Charitable contributions have been made as part of the BDBF's objectives, mainly to projects sponsored under parish initiatives.

Taxation status

The BDBF is a charity having been established under the Diocesan Boards of Finance Measure 1925 and, as such, is not liable to income tax or corporation tax. The BDBF is also registered as a charity (reg. no. 249403).

Responsibilities of the trustees

The trustees are responsible for preparing the Trustees' strategic report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees 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 affairs of the company and of the incoming resources and application of resources, including the income and expenditure of the charitable company for that period.

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

- Select suitable accounting policies and then apply them consistently
- Make judgments and accounting estimates that are reasonable and prudent
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

The trustees 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.

Statements as to disclosure of information to auditors

The trustees have taken all the necessary steps to make sure that they are aware of any relevant audit information and to establish that the auditors are aware of that information.

As far as the trustees are aware, there is no relevant audit information of which the charitable company's auditors are unaware.

Appointment of auditors

A resolution to re-appoint Haysmacintyre LLP will be proposed at the forthcoming annual general meeting.

The Board of Trustees approve their Annual Report and, in their capacity as company directors, also approve the Strategic Report incorporated therein on 20 June 2024 and signed on its behalf.

Steven Skakel

Mr Steven Skakel
Chair and Director of Birmingham Diocesan Board of Finance

APPENDIX SUMMARY INFORMATION

The Structure of the Church of England

The Church of England is organised as two provinces, each led by an archbishop. The Archbishop of Canterbury leads the Southern Province, and the Archbishop of York leads the Northern Province. Each province is comprised of dioceses of which there are 41 in England (42 including the Diocese of Europe).

Dioceses, each under the spiritual leadership of a Diocesan Bishop, are the principal pastoral, financial and administrative resource of the Church of England. Each diocese is divided into parishes. Each parish is overseen by a parish priest, who is an Incumbent (Vicar or Rector) or Priest-in-Charge. From ancient times through to today, incumbents and their bishop are responsible for the 'cure of souls' in their parish.

His Majesty The King, who is the Supreme Governor of the Church of England, appoints archbishops, bishops and some deans of cathedrals on the advice of the Prime Minister. The two archbishops and 24 senior bishops sit in the House of Lords.

The Church of England is episcopally led, with 108 bishops including Diocesan bishops and assistant and suffragan bishops. It is governed by General Synod as its legislative and deliberative body at national level, making decisions on matters of doctrine, the holding of church services and relations with other churches. General Synod passes measures which, if accepted by Parliament, have the effect of Acts of Parliament. It is made up of three groups or 'houses' of members: the Houses of Bishops, of Clergy and of Laity. General Synod meets in London or York at least twice annually to consider legislation for the broader good of the Church.

The three National Church Institutions

The Archbishops' Council, the Church Commissioners and the Church of England Pensions Board are sometimes referred to as the three National Church Institutions.

The Archbishops' Council was established in 1999 to co-ordinate, promote, aid and further the mission of the Church of England. Its task is to give a clear sense of direction to the Church nationally and support the Church locally by acting as a policy discussion forum.

The Church Commissioners manage the historic assets of the Church of England, spending most of their income on pensions for the clergy. The costs of episcopal administration through the Diocesan and suffragan bishops are met by the Church Commissioners.

The Church of England Pensions Board was established by the Church Assembly in 1926 as the Church of England's pensions authority and to administer the pension scheme for the clergy. Subsequently it has been given wider powers, in respect of discretionary benefits and accommodation both for those retired from stipendiary ministry and for surviving partners of those who have served in that ministry, and to administer pension schemes for lay employees of Church organisations.

The Board, which reports to the General Synod, is trustee of a number of pension funds and charitable funds. Whilst the Church has drawn together under the Board its central responsibilities for retirement welfare, the Board works in close co-operation both with the Archbishops' Council and with the Church Commissioners.

The Diocese

The Cathedral Birmingham Cathedral is the Mother Church of the Diocese and legally is constituted as a separate charity currently exempt from Charity Commission registration and supervision. Copies of its trustees' report and financial statements may be obtained from Birmingham Cathedral (St Philips), Colmore Row, Birmingham, B3 2QB.

Diocesan Synod The statutory governing body of the Diocese is Diocesan Synod which is made up of broadly equal numbers of clergy and lay representatives elected from across the Diocese together with the bishops and archdeacons. Its role is to:

- Consider matters affecting the Church of England in the Diocese
- Act as a forum for debate of Christian opinion on matters of religious or public interest
- Advise the bishop where requested
- Deal with matters referred by General Synod
- Provide for the financing of the Diocese

Deanery Synod There is a Deanery Synod in each of the Diocese's six deaneries. Each Deanery Synod has two houses, laity and clergy, and Deanery Synod's role is to:

- Respond to requests from General Synod
- Give effect to the decisions made by Diocesan Synod
- Consider matters affecting the Church of England by drawing together the views of the parishes within the deanery
- Act as a channel of communication to express the views of parishes to Diocesan Synod and thence to General Synod
- Raise with Diocesan Synod such matters as it considers appropriate
- Elect members of the deanery to Diocesan Synod and of the Diocese to General Synod

The Bishop's Council

Under the constitution of Diocesan Synod, Bishop's Council has the following functions:

- To plan the business of the Synod, to prepare the agenda for its sessions and to circulate to members information about matters for discussion
- To initiate proposals for action by the Synod and to advise it on matters of policy
- To advise the President (the Diocesan Bishop) on any matter
- Subject to the directions of the Synod, to transact the business of the Synod when the Synod is not in session
- Subject to the directions of the Synod, to appoint members of committees or nominate individuals for election to committees
- To carry out such functions as the Synod may delegate to it

Parochial Church Council (PCC) A PCC is the elected governing body of an individual parish which in general is the smallest pastoral area in the Church of England. Typically each parish has one parish church. A PCC is made up of the incumbent as chair, the churchwardens, and a number of elected and ex-officio members. Each PCC is a charity. All PCCs with gross income over £100,000 are required by law to register with the Charity Commission (as soon as practical after their gross income exceeds £100,000) unless the Charity Commission issues a written determination to the contrary. This may be possible in exceptional circumstances such as when gross income includes a substantial grant for a purpose that will not be repeated for the foreseeable future. If not required to register, PCCs are 'excepted' charities.

Other than where shown, the transactions of PCCs do not form part of the attached financial statements. Financial statements of an individual PCC can be obtained from the relevant PCC treasurer.

Parishes, Benefices, Deaneries and Archdeaconries A benefice is an ecclesiastical office in a parish or group of parishes normally served by an incumbent. Team ministries may have several clergy of incumbent status serving in one benefice. A deanery is a group of parishes over which an area dean has oversight, and an archdeaconry is a group of deaneries for which an archdeacon is responsible.

The information in this appendix about General Synod, the Church Commissioners, the Archbishops' Council, Birmingham Cathedral and PCCs is included as background only. The financial transactions of these bodies do not form part of these financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BIRMINGHAM DIOCESAN BOARD OF FINANCE

Opinion

We have audited the financial statements of the Birmingham Diocesan Board of Finance Limited for the year ended 31 December 2023 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 the charitable company's net movement in funds, including the 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 charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions 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 Annual Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Annual Report have 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 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
- the charitable company 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 for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 44, 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.

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to safeguarding vulnerable beneficiaries, health and safety, and employment (including taxation), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011 and Church of England Measures.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fund accounting, including transfers between funds, and revenue recognition. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal postings by unusual users or with unusual descriptions;
- Challenging assumptions and judgements made by management in their critical accounting estimates;
- Testing transfers between funds; and
- Cut-off testing in respect of revenue.

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. 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 the charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Adam Halsey (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditor
Date: 18 July 2024
10 Queen Street Place, London EC4R 1AG

FINANCIAL STATEMENTS

Statement of financial activities

FOR YEAR ENDED 31 DECEMBER 2023
COMPANY NUMBER: 440966

	Note	Restricted funds		Unrestricted funds		Total funds 2023	Total funds 2022
		Endowment funds	Other funds	Designated funds	Undesignated funds		
		£'000	£'000	£'000	£'000	£'000	£'000
INCOME							
INCOME AND ENDOWMENTS FROM							
Donations:	2						
Parish contributions		-	32	-	4,633	4,665	4,832
Archbishops' Council		-	2,328	-	1,983	4,311	4,635
Other donations		-	135	-	709	844	1,309
Charitable activities	3	-	63	-	318	381	381
Other trading activities	4	-	49	-	426	475	524
Investments	5	6	226	16	481	729	634
Other income	6	279	-	-	97	376	392
TOTAL INCOME		285	2,833	16	8,647	11,781	12,707
EXPENDITURE ON							
Raising funds	7	23	-	-	90	113	126
Charitable activities	8	2	2,501	111	9,681	12,295	12,895
Other	9	-	-	-	3	3	6
TOTAL EXPENDITURE		25	2,501	111	9,774	12,411	13,027
Net (expenditure) / income before investment gains and losses		260	332	(95)	(1,127)	(630)	(320)
Net (losses) / gains on investments		177	179	2	(49)	309	(1,560)
Net gains on investment property		(141)	-	-	(30)	(171)	-
NET (EXPENDITURE) / INCOME		296	511	(93)	(1,206)	(492)	(1,880)
Transfers between funds	21	208	(322)	170	(56)	-	-
Other recognised gains / (losses)	23	-	-	-	-	-	299
NET MOVEMENT IN FUNDS		504	189	77	(1,262)	(492)	(1,581)
Total funds brought forward	21	29,203	7,276	4,112	5,569	46,160	47,741
TOTAL FUNDS CARRIED FORWARD	21	29,707	7,465	4,189	4,307	45,668	46,160

Transfers between funds

For analysis of transfers between funds, see note 21. All activities derive from continuing operations.

FINANCIAL STATEMENTS

Balance sheet

FOR YEAR ENDED 31 DECEMBER 2023
COMPANY NUMBER: 440966

	Note	2023 £'000	2023 £'000	2022 £'000	2022 £'000
FIXED ASSETS					
Tangible assets	15	23,363		23,561	
			23,363		23,561
INVESTMENTS:	16				
Investment properties		2,399		2,570	
Other investments		12,603		12,518	
			15,002		15,088
TOTAL FIXED ASSETS			38,365		38,649
CURRENT ASSETS					
Debtors	17	1,773		2,076	
Cash at bank		6,817		7,189	
		8,590		9,265	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	18	(1,277)		(1,724)	
NET CURRENT ASSETS			7,313		7,541
TOTAL ASSETS LESS CURRENT LIABILITIES			45,678		46,190
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	19		(10)		(30)
NET ASSETS	21		45,668		46,160
FUNDS					
Restricted income funds			7,465		7,276
Endowment funds			29,707		29,203
Unrestricted income funds:					
Designated			4,189		4,112
Undesignated			4,307		5,569
	21		45,668		46,160

The Statement of Financial Activities, Income and Expenditure Account, Cash flow Statement and the Notes form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 20 June 2024 and signed on behalf of the Board by:

Steven Skakel

Mr Steven Skakel Chair

Income and expenditure account

FOR YEAR ENDED 31 DECEMBER 2023

	2023 £'000	2022 £'000
Total incoming resources	11,496	12,689
Resources expended	(12,386)	(12,997)
Net (expenditure) / income before gains for the year	(890)	(308)
Net gains / (losses) on investments	132	(1,012)
Net gain / (loss) on investment property	(30)	-
NET (EXPENDITURE) / INCOME FOR THE YEAR	**(788)**	**(1,320)**
Other comprehensive income:		
Net assets transferred to endowments	(208)	(215)
TOTAL COMPREHENSIVE (EXPENDITURE) / INCOME	**(996)**	**(1,535)**

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.

Cash flow statement

FOR YEAR ENDED 31 DECEMBER 2023

	Note	2023 £'000	2022 £'000
NET CASH (USED IN) / PROVIDED BY OPERATING ACTIVITIES	25	**(1,963)**	(1,724)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends, interest and rent from investments		695	622
Interest paid		(3)	(1)
Proceeds from sale of:			
Tangible fixed assets / current assets for the use of the BDBF		1,246	470
Other investments		1,029	605
Purchase of:			
Tangible fixed assets for the use of the BDBF		(606)	(182)
Other investments		(809)	(571)
NET CASH PROVIDED BY INVESTING ACTIVITIES		**1,552**	**943**
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans repaid by BDBF		(20)	(20)
Loans repaid to BDBF		19	20
New loans made by BDBF		-	(33)
New loan received by BDBF		40	-
NET CASH PROVIDED BY / (USED IN) FINANCING ACTIVITIES		**39**	**(33)**
CHANGE IN CASH AND CASH EQUIVALENTS IN THE REPORTING PERIOD		**(372)**	**(814)**
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**7,189**	**8,003**
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	26	**6,817**	**7,189**

NOTES TO THE ACCOUNTS

1 Principal accounting policies

Basis of accounting

The financial statements have been prepared in accordance with the Companies Act 2006, Charities Act 2011, applicable accounting standards (FRS102), Charities SORP (FRS102), The Church of England Diocesan Annual Reports and Financial Statements Guide and under the historical cost accounting rules except that fixed asset investments, current asset investments and investment properties are included at fair valuation.

The financial statements are presented in Sterling (being the functional currency for all of its activities) rounded to the nearest £'000.

The BDBF meets the definition of a public benefit entity under FRS102.

Company status

The company is limited by guarantee, incorporated and registered in England and Wales (No. 440966). The members of the company are the Trustees named on page 3. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company. The company's registered office is John Cadbury House, 190 Corporation Street, Birmingham, B4 6QD.

Going concern

The trustees assess whether the use of the going concern principle is appropriate, i.e. whether there are any principal uncertainties, related events or conditions that may cast significant doubt on the ability of the BDBF to continue as a going concern. The worldwide COVID-19 pandemic and Cost of Living Crisis had a significant impact on the work and the finances of the BDBF during the financial year and this is expected to continue into 2024. The Directors' Report on page 44 sets out the response of the BDBF to this unexpected and unprecedented change to the activities of the charity, and in particular the unrestricted income of the charity. The report briefly sets out the mitigating actions that have been taken and will continue to be taken to ensure that the BDBF can continue as a going concern. The trustees make this assessment in respect of the period of at least one year from the date of the authorisation for issue of the financial statements and have concluded that the BDBF has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the BDBF's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

The principal accounting policies and estimation techniques are as follows:

Income

All income is included in the Statement of Financial Activities when the BDBF is legally entitled to them as income or capital respectively, ultimate receipt is probable and the amount to be recognised can be quantified with reasonable accuracy.

Common Fund and income from parochial fees The principal source of income comes from voluntary giving in the form of parish contributions (Common Fund), which includes amounts received up to the 31 January following the year end. Common Fund income also includes any arrears received from previous years.

Grant income Income from the Archbishops' Council is accounted for on a receivable basis and represents the annual grant for CofE Birmingham and parish mission, the funds for which originate in a block grant by the Church Commissioners to the Archbishops' Council. The annual grants from the Archbishops' Council may be used for either mission and ministry support for lower income communities (Lowest Income Communities Fund), restructuring activities (Restructuring Fund) or a range of strategic development activities (as set out in note 21 to the accounts.

Other grant income is recognised when receivable. This included Sustainability Grants from the Archbishops' Council, which were made available to bridge the gap between the expected unrestricted outturn and the actual unrestricted outturn, arising from the impact of the COVID-19 pandemic on the DBF financial position. The total funds allocated and received were held within a designated fund and all funds were utilised in 2022.

Rent and investment income Rent and investment income are recognised as income when receivable.

Gains on disposal of fixed assets for the BDBF's own use Gains on disposal of fixed assets for the BDBF's own use (i.e. non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.

Birmingham Diocesan Endowment Fund income The income from this fund is restricted for purpose of 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 Statement of Financial Activities for the sake of greater clarity and simplicity in financial reporting.

Glebe Fund income All clear income derived from its investments is transferred to the General Fund as contribution towards the cost of clergy stipends. It is on this basis that the income and the (normally much larger) related expenditure are both included in the unrestricted column of the Statement of Financial Activities for the sake of greater clarity and simplicity in financial reporting.

Expenditure

Liabilities are recognised as soon as there is a legal or constructive obligation committing the BDBF to pay out resources. Expenditure is included on the accruals basis under the following headings; all costs are allocated to a specific category.

Costs of raising funds These are the costs of managing the Endowment, Glebe and Unrestricted fund investments, plus the costs associated with letting the vacant parsonages and investment properties.

Charitable expenditure Charitable expenditure is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry and expenditure on education and Church of England schools in the diocese.

Resourcing ministry and mission includes the direct costs for the clergy and parishes, plus the costs of supporting the work of the parishes within the CofE Birmingham. This principally includes the cost of clergy stipends, costs related to maintaining clergy housing in the parishes, the payment of grants to assist parish work plus the related staff costs and overheads.

Grants payable Grants payable are accounted for when authorised, when the award of the grant has been specifically communicated to the recipient and when the trustees have agreed to pay the grant without condition, or any condition attaching to the grant is outside the control of the BDBF. Grants offered subject to certain conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.

Support costs Support costs consist of central management, administration and governance costs. They are allocated to categories of expenditure (resourcing ministry and mission, raising funds and education) on the basis of the proportion of staff time spent on each area of activity.

Pension costs and other post-retirement benefits The BDBF contributes to the Church of England Funded Pension Scheme for clergy and the Church Workers Pension Fund for other staff. Both these schemes are multi-employer pension schemes. The pension costs charged as resources expended represent the BDBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding liabilities (where applicable) for the pension schemes in which the BDBF participates would be recognised at the present value of contributions payable that arise from the deficit funding agreement. The liability would be recognised in creditors distinguishing between contributions falling due within one year and after more than one year. Details of the schemes are given in note 23 to the financial statements.

Redundancy and termination benefits Redundancy and termination benefits are recognised as soon as there is a legal or constructive obligation committing the BDBF to pay out resources.

Tangible fixed assets and depreciation

Freehold properties and parsonages Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material, due to the very long expected remaining useful life in each case, and because their expected residual values are not materially less than their carrying value.

The BDBF 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.

Parsonage houses recognition The BDBF has followed the requirements of FRS102 in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The BDBF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if declared redundant. The Trustees therefore consider the most suitable accounting policy to be to capitalise such properties as expendable endowment assets and to carry them at cost where known, otherwise at the deemed cost valuation of the midpoint of the relevant 1994 council tax band value.

Other non-investment properties The BDBF includes all other non-investment properties at cost where known, otherwise at the deemed cost valuation of the midpoint of the relevant 1994 council tax band value.

For properties that are jointly owned with a third party such as a parochial church council, only the proportion of the BDBF's investment in the property is accounted for within the financial statements of the BDBF.

Redundant churches are included at nil value.

Investment properties In accordance with FRS102, investment properties are carried at their fair value – this is considered by the Trustees annually and the aggregate surplus or deficit is recognised in the Endowment Fund and Glebe Fund. Investment properties were last professionally valued as at 31 December 2020, the results of which are included in these financial statements. If an asset changes category in the period under review then a professional valuation of the property is undertaken as the property changes category. The next professional valuation of properties is due as at 31 December 2025. No depreciation is provided on investment properties.

Non-Property fixed assets Tangible fixed assets costing more than £1,000 are capitalised and included at cost.

Depreciation Depreciation of non-property assets is charged by equal annual instalments at rates estimated to write off their cost less any residual value over the expected useful lives that are as follows:

Computer equipment	3 years
Office furniture and fittings	10 years or the end of the property lease if relating to tenant's improvements

Financial investments

Financial investments are stated at fair value. Realised gains or losses are recognised in the Statement of Financial Activities when financial investments are sold. Unrealised gains and losses are accounted for on revaluation of financial investments at the year end.

Critical accounting estimates and areas of judgement

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year.

Accounting estimates

The BDBF makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Valuation of investment properties The BDBF carries its investment properties at fair value, with changes in fair value being recognised in the Statement of Financial Activities. The BDBF engaged independent valuation specialists to determine fair value at 31 December 2020. Some of the key assumptions used to determine the fair value of these assets are based on the valuer's knowledge and experience of the market and values of similar properties, which could be deemed subjective.

Assumptions surrounding the clergy and church workers pension schemes The BDBF contributes to the Church of England Funded Pension Scheme for clergy and the Church Workers Pension Fund for other staff. Both these schemes are determined to be multi-employer pension schemes and as required under FRS102, the BDBF recognises any agreed deficit funding liabilities on its balance sheet. The key actuarial assumptions that underpin the required deficit funding contributions liability are based on the actuary's knowledge and experience. Any changes in these assumptions as given in note 23 could have a significant impact on the required deficit funding contributions and resulting balance sheet liability.

Areas of judgement

Current assets held for resale The BDBF carries any current assets held for resale at fair value, which includes the estimated realisable proceeds net of costs associated with selling the asset. The estimated net proceeds are based on the 'for sale' price and associated costs determined by an independent valuation specialist or an offer made by a buyer post year end.

Concessionary loans Concessionary loans (both made and received) are initially recognised at the amount received or paid, with the carrying amount adjusted in subsequent years to reflect repayments and any accrued interest and adjusted, if necessary, for any impairment. They are assessed for objective evidence of impairment at the end of each reporting period.

Non-depreciation of freehold properties and parsonages Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material, due to the very long expected remaining useful life in each case, and because their expected residual values are not materially less than their carrying value.

All estimates and judgements 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.

Funds

Funds over which the BDBF's control is limited by statute or the terms of a trust deed, or which are restricted in their use, have been defined as 'restricted funds'. Funds which are controlled by the BDBF and over which there are essentially no restrictions as to their use (either by statute or trust) have been defined as 'unrestricted'. Designated funds are unrestricted funds that have been set aside by the BDBF for purposes designated by BDBF policy. Such designations may be set aside from time to time according to policy decisions.

NOTES TO THE ACCOUNTS

Endowments

The Endowment Funds are those whose capital represent permanent endowment and are therefore not available for revenue expenditure. For two of the funds, the income derived from the properties and other investments is available for meeting the costs of clergy stipends:

Diocesan Glebe This represents those historic lands and buildings which were held by incumbents and formed part of the benefice prior to the Endowment and Glebe Measure 1976. Glebe investments are subject to regulations under this Measure and previous Acts of Parliament, the main provisions being that Glebe should be held only as land or property.

The Endowment Fund This is a local fund originally set up under a Charity Commissioners Scheme of 1906 (amended in 1930) and is available for investment at the discretion of the Board of Finance subject to general charities legislation.

Details of the other two endowment funds are given in note 21 to the financial statements, along with details of the other major funds held by the BDBF.

Operating leases

Rentals payable under operating leases are charged in the Statement of Financial Activities on a straight-line basis over the lease term. Where rent free periods are given as part of an operating lease, the impact of this rent-free period is reflected in the Statement of Financial Activities over the overall lease term.

Schools major repair and capital projects

The Board of Education (as incorporated within the BDBF) receives contributions from governors of church schools in the Diocese in connection with major repair and capital projects to Church Schools and also government grants in connection with the same. The Board of Education administers these monies as managing agent and makes the appropriate payments to contractors for work carried out. The monies do not belong to the Board of Education and as such the receipts and payments are not treated as incoming resources or resources expended in the Statement of Financial Activities. Any monies held at the balance sheet date are treated as creditors on the balance sheet.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and short term deposits with any qualifying institution repayable within a three month notice period.

Financial instruments

The BDBF has elected to apply the provisions of Section 11 *"Basic Financial Instruments"* and Section 12 *"Other Financial Instruments"* of FRS102 in full to all of its financial instruments.

Trade debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost being the transaction price less any amounts settled and any impairment losses.

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less amounts settled.

Concessionary loans (both made and received) are initially recognised at the amount received or paid, with the carrying amount adjusted in subsequent years to reflect repayments and any accrued interest and adjusted, if necessary, for any impairment. They are assessed for objective evidence of impairment at the end of each reporting period.

2 Donations

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2023	Total funds 2022
	£'000	£'000	£'000	£'000	£'000	£'000
PARISH CONTRIBUTIONS						
Common Fund – current	-	-	-	4,588	**4588**	4,766
Common Fund – prior	-	-	-	45	**45**	41
TOTAL COMMON FUND	**-**	**-**	**-**	4,633	**4633**	**4,807**
Contributions to Malawi Fund	-	32	-	-	**32**	25
TOTAL PARISH CONTRIBUTIONS	-	32	-	4,633	**4,665**	**4,832**
ARCHBISHOPS' COUNCIL						
Strategic Development	-	1,697	-	-	**1,697**	1,518
Strategic Capacity	-	13	-	-	**13**	71
Strategic Ministry	-	451	-	-	**451**	303
Lowest Income Communities Funding	-	-	-	1,983	**1,983**	1,997
Sustainability Grant	-	-	-	-	**-**	475
Resourcing Ministerial Education Block Grant	-	167	-	-	**167**	271
TOTAL ARCHBISHOPS' COUNCIL	-	2,328	-	1,983	**4,311**	**4,635**
OTHER DONATIONS						
Stipend sources	-	-	-	511	**511**	478
Benefact Trust	-	-	-	168	**168**	192
Other donations to Malawi Fund	-	15	-	-	**15**	14
Historic England – Places of Worship officer	-	24	-	-	**24**	25
Other donations	-	42	-	23	**65**	78
Other grants	-	54	-	7	**61**	522
TOTAL OTHER DONATIONS	-	135	-	709	**844**	**1,309**

2 Donations (continued)

The annual grants from Archbishop's Council may be used for either specific parish mission and development projects or for clergy stipends. The Strategic Development Funding is restricted to the *Shaping the Future*, *People & Places* and various Church Planting programmes or mission activities. The Strategic Capacity funding is restricted to the *People & Places* programme. Strategic Ministry Funding is restricted to supporting curates in training with the objective of increasing the number of curacies that the diocese is able to offer in any one year.

The Resourcing Ministerial Education Block Grant is to be used for approved clergy training pathways. The Sustainability Grant is a grant to bridge the gap between the expected and actual unrestricted outturn as a result of COVID-19.

3 Income from charitable activities

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2023	Total funds 2022
	£'000	£'000	£'000	£'000	£'000	£'000
Statutory fees	-	-	-	248	248	239
Parish training events	-	-	-	5	5	30
Insurance proceeds	-	-	-	-	-	2
Schools training events and services	-	61	-	-	61	59
Payroll Bureau service	-	-	-	13	13	14
Interest receivable on parish loans	-	2	-	52	54	37
TOTAL	-	63	-	318	381	381

Total income from charitable activities for the year ended 31 December 2022 of £381,000 was split between funds as follows: £62,000 in other restricted funds and £319,000 in undesignated funds.

4 Other trading activities

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2023	Total funds 2022
	£'000	£'000	£'000	£'000	£'000	£'000
Housing income	-	-	-	398	398	453
Recharges to other Christian organisations	-	49	-	25	74	66
Recharges to other charitable organisations	-	-	-	3	3	5
TOTAL	-	49	-	426	475	524

Total income from other trading activities for the year ended 31 December 2022 of £524,000 was split between funds as follows: £2,000 in other restricted funds and £522,000 in undesignated funds.

5 Investment income

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2023	Total funds 2022
	£'000	£'000	£'000	£'000	£'000	£'000
Dividends and interest	9	216	16	350	591	492
(Loss) / profit on sales of investments	(3)	-	-	(1)	(4)	(3)
Rents	-	10	-	132	142	145
TOTAL	6	226	16	481	729	634

Total investment income for the year ended 31 December 2022 of £634,000 was split between funds as follows: £18,000 in endowment funds, £196,000 in other restricted funds, £11,000 in designated funds and £409,000 in undesignated funds.

6 Other income

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2023	Total funds 2022
	£'000	£'000	£'000	£'000	£'000	£'000
Gain on sale of fixed assets	279	-	-	97	376	392
TOTAL	279	-	-	97	376	392

Total other income for the year ended 31 December 2022 of £392,000 was split between funds as follows: £392,000 in undesignated funds.

NOTES TO THE ACCOUNTS

7 Fundraising costs

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2023	Total funds 2022
	£'000	£'000	£'000	£'000	£'000	£'000
Investment management costs	23	-	-	7	30	32
Property rental costs	-	-	-	83	83	94
TOTAL	23	-	-	90	113	126

Total fundraising costs for the year ended 31 December 2022 of £126,000 was split between funds as follows: £28,000 in endowment funds and £98,000 in undesignated funds.

8 Expenditure on charitable activities

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2023	Total funds 2022
	£'000	£'000	£'000	£'000	£'000	£'000
CONTRIBUTION TO ARCHBISHOPS' COUNCIL						
Training for ministry	-	-	-	189	189	189
National Church responsibilities	-	-	-	130	130	132
Mission agency pension costs	-	-	-	6	6	8
Retired clergy housing costs	-	-	-	75	75	71
Pooling of ordinands maintenance grants	-	-	-	(35)	(35)	9
TOTAL	-	-	-	365	365	409
RESOURCING MINISTRY AND MISSION						
Parish Ministry:						
Stipends and National Insurance	-	419	70	3,885	4,374	4,104
Pension contributions	-	60	2	900	962	1,076
Housing costs	-	-	1	1,424	1,425	1,656
Removal, resettlement and grants	-	30	-	365	395	400
Training for ministry tuition fees	-	115	-	-	115	221
Archdeacons, vocations, chaplaincy & other expenses	-	99	3	357	459	517
TOTAL	-	723	76	6,931	7,730	7,974
Mission grants	-	361	10	39	410	303
Grants to support parishes	-	1	-	-	1	425
Support for parish ministry	2	1,205	25	2,173	3,405	3,411
TOTAL	2	1,567	35	2,212	3,816	4,139
EXPENDITURE ON EDUCATION						
Support for Church Schools	-	211	-	173	384	373
TOTAL	2	2,501	111	9,681	12,295	12,895

Total expenditure on charitable activities for the year ended 31 December 2022 of £12,895,000 was split between funds as follows: £2,000 in endowment funds, £2,760,000 in other restricted funds, £68,000 in designated funds and £10,065,000 in undesignated funds.

9 Other expenditure

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2023	Total funds 2022
	£'000	£'000	£'000	£'000	£'000	£'000
Loss on sale of property	-	-	-	-	-	2
Interest payable on other loans	-	-	-	3	3	1
Interest charge on pension liabilities	-	-	-	-	-	3
TOTAL	-	-	-	3	3	6

Total other expenditure for the year ended 31 December 2022 of £6,000 was split between funds as follows: £3,000 in designated funds and £3,000 in undesignated funds.

10 Analysis of expenditure including allocation of support costs

	Activities directly undertaken	Grant funding of activities	Support costs	Total 2023
	£'000	£'000	£'000	£'000
Raising funds	113	-	-	**113**
Charitable activities:				
Contributions to Archbishops' Council	-	365	-	**365**
Resourcing parish ministry	9,619	795	1,132	**11,546**
Education	224	-	160	**384**
Other	3	-	-	**3**
	9,959	**1,160**	**1,292**	**12,411**

	Activities directly undertaken	Grant funding of activities	Support costs	Total 2022
	£'000	£'000	£'000	£'000
Raising funds	126	-	-	**126**
Charitable activities:				
Contributions to Archbishops' Council	-	409	-	**409**
Resourcing parish ministry	9,625	1,128	1,360	**12,113**
Education	295	-	78	**373**
Other	6	-	-	**6**
	10,052	**1,537**	**1,438**	**13,027**

11 Analysis of support costs

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2023	Total funds 2022
	£'000	£'000	£'000	£'000	£'000	£'000
Support for Schools	-	160	-	-	**160**	78
Administration and premises	-	-	-	968	**968**	1,233
Synod and Diocesan Advisory Committee Support	-	-	-	11	**11**	10
Governance:						
Auditors – external audit	-	-	-	26	**26**	22
Auditors – other services	-	-	-	2	**2**	1
Registrar and Chancellor	-	-	-	125	**125**	94
TOTAL	-	160	-	1,132	**1,292**	**1,438**

NOTES TO THE ACCOUNTS

12 Analysis of grants made

	Number	Individuals	Institutions	Total 2023	Total 2022
		£'000	£'000	£'000	£'000
FROM UNRESTRICTED FUNDS FOR NATIONAL CHURCH RESPONSIBILITIES					
Archbishops' Council	5	-	365	365	409
FROM UNRESTRICTED / DESIGNATED FUNDS					
PCCs for mission	2	-	19	19	9
Ordinands in training	15	157	-	157	136
Resettlement and first appointment grants	74	169	-	169	122
Sundry clergy grants	87	29	44	73	62
TOTAL	178	355	63	418	329
FROM RESTRICTED FUNDS					
Malawi Partnership dioceses and projects	4	-	76	76	44
Hardship and Energy grants	5	-	28	28	481
PCCs for project workers *(Action in the City)*	-	-	-	-	5
PCCs for mission initiatives	7	-	159	159	147
Other Christian organisations for mission initiatives	2	-	78	78	64
Resettlement and first appointment grants	1	2	-	2	-
Sundry grants	24	7	3	10	5
Ordinands in training	15	24	-	24	53
TOTAL	58	33	344	377	799
TOTAL GRANTS PAYABLE	241	388	772	1,160	1,537

13 Staff costs

	2023	2022
	£'000	£'000
EMPLOYEE COSTS DURING THE YEAR (EXCLUDING CLERGY PAY)		
Wages and salaries	2,336	2,240
Social security costs	229	226
Pension costs	247	253
Pension costs – Church Workers Pension Scheme deficit contributions*	41	41
TOTAL	2,853	2,760

AVERAGE NUMBER OF PEOPLE EMPLOYED DURING THE YEAR	No.	No.
Parish mission support	39	36
Discipleship and Ministry support	8	8
Administration and financial management	11	11
Property	3	3
Education	5	4
TOTAL	66	62

** The deficit contributions paid in 2022 have been charged against the provision in note 23.*

The numbers of staff whose emoluments (including benefits in kind but excluding pension contributions) amounted to more than £60,000 were as follows:

	2023	2022
	Number	Number
In the band £70,000 – £80,000	1	3
In the band £80,000 – £90,000	2	-
In the band £90,000 – £100,000	1	1

The total amount of employer defined contribution pension contributions paid on behalf of these employees were £39,269 (2022: £34,786).

13 Staff costs (continued)

Key management (employee) 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	Jan Smart
Company Secretary	Jan Smart
Director of Finance	Karen Preece
Property Director	Daniel Mayes
HR Director	Ben Franks
Director of Education	Sarah Smith

Renumeration and pensions for these five FTE employees amounted to £435,186 (2022: £417,171 for five FTE employees)

None of the directors received any remuneration as directors. The BDBF in both 2023 and 2022 has an overarching insurance policy that includes trustees' indemnity insurance however the premium attributable to the trustees' indemnity insurance element is not separately identifiable.

The clergy and clergy stipends are not included within the BDBF's staff costs, as they are not employees of the BDBF. The BDBF is merely responsible for the central administration and payment of the stipends on behalf of the parishes. However, the BDBF paid an average of 131 (2022: 129) stipendiary clergy as office holders holding parish or diocesan appointments in the diocese, and the costs were as follows:

	2023 £'000	2022 £'000
Stipends	**3,902**	3,676
National Insurance contributions	**315**	311
Apprenticeship Levy	**17**	17
Restructuring costs	**45**	71
Pension costs – current year	**1,017**	982
Pension costs – deficit funding provided	**-**	143
TOTAL	**5,296**	**5,200**

14 Net expenditure before transfers and other recognised gains / (losses)

	2023 £'000	2022 £'000
NET EXPENDITURE IS STATED AFTER CHARGING:		
Depreciation – owned assets	**42**	51
Net gain on disposal of fixed assets	**376**	390
Auditor's remuneration – audit of financial statements	**26**	22
Auditor's remuneration – other services	**2**	1

15 Tangible fixed assets

	Freehold Properties (see analysis below) £'000	Computer equipment £'000	Office equipment £'000	TOTAL £'000
COST / DEEMED COST OR VALUATION				
At 1 January 2023	23,425	234	167	**23,826**
Additions	581	11	14	**606**
Disposals	(762)	(104)	(4)	**(870)**
AT 31 DECEMBER 2023	**23,244**	**141**	**177**	**23,562**
ACCUMULATED DEPRECIATION				
At 1 January 2023	-	218	47	**265**
Charge for the year	-	13	29	**42**
Disposals	-	(104)	(4)	**(108)**
AT 31 DECEMBER 2023	**-**	**127**	**72**	**199**
NET BOOK VALUE				
AT 31 DECEMBER 2023	**23,244**	**14**	**105**	**23,363**
AT 31 DECEMBER 2022	23,425	16	120	**23,561**

All the above assets are used for charitable purposes.

NOTES TO THE ACCOUNTS

15 Tangible fixed assets (continued)

	2023 cost or deemed cost	2022 cost or deemed cost
	£'000	£'000
FREEHOLD PROPERTIES		
ENDOWMENT FUNDS		
Benefice houses fund:		
Parsonage houses	**18,316**	17,831
Glebe funds:		
Housing of team vicars, curates and others	**660**	660
DESIGNATED FUNDS:		
Assets in course of construction	**32**	-
UNRESTRICTED FUNDS		
Corporate property:		
Housing of senior clergy, curates and others	**1,469**	1,031
Other corporate property	**2,767**	3,903
TOTAL FREEHOLD PROPERTIES	**23,244**	**23,425**

16 Investments held as fixed assets

	Glebe	Endowment fund	Unrestricted fund	TOTAL
	£'000	£'000	£'000	£'000
A) INVESTMENT PROPERTIES				
At 1 January 2023	1,490	890	190	**2,570**
Revaluations	(51)	(90)	(30)	**(171)**
AT 31 DECEMBER 2023	**1,439**	**800**	**160**	**2,399**

Properties were valued by Bruton Knowles (Chartered Surveyors) on an open market existing use basis as at 31 December 2020. The BDBF's policy is to seek formal professional valuations of its investment properties every 5 years with trustee review in the intervening period. In light of the variations being experienced in the property markets over the year, the Trustees commissioned an external light-touch review of the portfolio as at 31 December 2023. The downward adjustment to the valuation of some specific properties is reflected in these accounts. The next formal professional review is due to be carried out as at 31 December 2025.

	1 January 2023	Sales	Purchases	Change in market value	31 December 2023
	£'000	£'000	£'000	£'000	£'000
B) OTHER FINANCIAL INVESTMENTS					
ENDOWMENT FUNDS					
Listed investments	4,168	(659)	588	144	**4,241**
Unlisted investments	536	-	-	33	**569**
	4,704	**(659)**	**588**	**177**	**4,810**
OTHER RESTRICTED FUNDS					
Listed investments	266	-	-	10	**276**
Unlisted investments	4,649	(41)	-	169	**4,777**
	4,915	**(41)**	**-**	**179**	**5,053**
UNRESTRICTED FUNDS					
Designated funds:					
Unlisted investments	33	-	-	2	**35**
Undesignated funds:					
Listed investments	1,138	(226)	221	50	**1,183**
Unlisted investments	1,728	(107)	-	(99)	**1,522**
	2,899	**(333)**	**221**	**(47)**	**2,740**
TOTAL	**12,518**	**(1,033)**	**809**	**309**	**12,603**

Unlisted investments consist of freely marketable shares in The Central Board of Finance Investment Fund and COIF administered by CCLA Fund Managers. The historic cost of listed investments as at 31 December 2023 was £4,821,000 (2022: £4,610,000) and £5,229,000 (2022: £5,388,000) for unlisted investments.

17 Debtors

	2023 £'000	2022 £'000
RECEIVABLE WITHIN ONE YEAR		
Parish loans (concessionary loans)	13	16
Other loans (concessionary loans)	-	2
Prepayments and other debtors	1,107	1,352
Accrued income	68	41
	1,188	1,411
RECEIVABLE AFTER ONE YEAR		
Parish loans (concessionary loans)	54	65
Other loans (concessionary loans)	-	3
Other debtors	531	597
	585	665
TOTAL DEBTORS	1,773	2,076

18 Creditors: amounts falling due within one year

	2023 £'000	2022 £'000
Other loans – Church Commissioners (concessionary loan)	20	20
Other loans – anonymous loan for parish (concessionary loan)	40	-
Trade creditors	539	212
Other creditors	411	1,048
Accruals and deferred income	267	444
	1,277	1,724

Other loans (Church Commissioners) relate to advances from the Church Commissioners for house purchases and parish 'back to back' loans from the Central Board of Finance. The loans are variable interest loans at the rate of the Central Board of Finance (Church of England) Deposit Fund rate plus 0.55%. Other loans (anonymous loan) is interest-free.

19 Creditors: amounts falling due after more than one year

	2023 £'000	2022 £'000
Other loans – Church Commissioners (concessionary loan)	10	30
	10	30

The maturity of the above loans may be analysed as follows:

	2023 £'000	2022 £'000
Between one to two years	10	20
Between two to five years	-	10
	10	30

Other loans (Church Commissioners) relate to advances from the Church Commissioners for parish 'back to back' loans from the Central Board of Finance. The loans are variable interest loans at the rate of the Central Board of Finance (Church of England) Deposit Fund rate plus 0.55%.

NOTES TO THE ACCOUNTS

20 Analysis of assets and liabilities between funds

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2023	Total funds 2022
	£'000	£'000	£'000	£'000	£'000	£'000
TANGIBLE ASSETS						
Other fixed assets	18,976	7	32	4,348	**23,363**	23,561
INVESTMENTS – FIXED						
Investment properties	2,239	-	-	160	**2,399**	2,570
Other	4,810	5,053	35	2,705	**12,603**	12,518
DEBTORS						
Due within one year	45	517	(797)	1,423	**1,188**	1,411
Due after one year	-	54	-	531	**585**	665
Cash at bank	3,639	2,577	4,928	(4,327)	**6,817**	7,189
CREDITORS						
Due within one year	(2)	(743)	(9)	(523)	**(1,277)**	(1,724)
Due after one year	-	-	-	(10)	**(10)**	(30)
NET ASSETS	29,707	7,465	4,189	4,307	**45,668**	**46,160**

	Restricted funds		Unrestricted funds		
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2022
	£'000	£'000	£'000	£'000	£'000
TANGIBLE ASSETS					
Other fixed assets	18,473	13	-	5,075	**23,561**
INVESTMENTS – FIXED					
Investment properties	2,380	-	-	190	**2,570**
Other	4,704	4,915	33	2,866	**12,518**
DEBTORS					
Due within one year	-	558	(897)	1,750	**1,411**
Due after one year	-	65	-	600	**665**
Cash at bank	3,648	2.790	4,987	(4,236)	**7,189**
CREDITORS					
Due within one year	(2)	(1,065)	(11)	(646)	**(1,724)**
Due after one year	--	-	-	(30)	**(30)**
NET ASSETS	29,203	7,276	4,112	5,569	**46,160**

21 Movements in funds

	1 January 2023	Income	Expenditure	Transfers	Capital movements	31 December 2023
	£'000	£'000	£'000	£'000	£'000	£'000
ENDOWMENT FUNDS						
Glebe Fund*	5,962	(1)	(7)	-	18	5,972
Birmingham Diocesan Endowment Fund*	5,112	(2)	(16)	-	(9)	5,085
Parsonage Houses Fund	17,813	279	-	208	-	18,300
Bishop Brown Legacy Endowment Fund	316	9	(2)	-	27	350
	29,203	285	(25)	208	36	29,707
OTHER RESTRICTED FUNDS						
Sites and Buildings Fund	976	2	-	-	-	978
Church Schools Fund	5,775	272	(212)	-	180	6,015
Action in the City Fund	24	1	-	-	(1)	24
Malawi Partnership Fund	361	60	(91)	-	(1)	329
St Luke's at Gas Street – Fabric Fund	29	-	-	-	-	29
Training for Ministry Fund	55	167	(136)	-	-	86
Strategic Ministry Fund – Curates training	-	419	-	(419)	-	-
Strategic Ministry Fund – Post first responsibility	-	33	-	(33)	-	-
Shaping the Future (1)	-	159	(265)	105	-	(1)
Empowering Disciples Fund	4	1	-	-	-	5
Historic England – Places of Worship Officer	-	24	(48)	24	-	-
People & Places Capacity Fund	(3)	13	(10)	-	-	-
People & Places Development Fund	(14)	769	(799)	-	-	(44)
Programme Management Fund	-	156	(156)	-	-	-
Church Planting (Shirley & Pype Hayes) Fund	-	125	(125)	-	-	-
Context Ministry & Church Planting Development Fund	1	239	(235)	-	-	5
Longbridge & Anglo-Catholic Mission	-	267	(269)	-	-	(2)
Safe Spaces Innovation Fun (1)	-	24	(25)	-	-	(1)
Coming Home Fund	-	47	(48)	-	-	(1)
WM Racial Justice Collaboration	-	15	(15)	-	-	-
St Martin's Sabbatical Grants	-	5	(5)	-	-	-
St Martin's Youth Grants	2	9	(2)	-	-	9
Giving Advisor Fund	-	25	(26)	1	-	-
Readers Fund	38	1	(6)	-	1	34
Hardship Fund	28	-	(28)	-	-	-
	7,276	2,833	(2,501)	(322)	179	7,465
UNRESTRICTED FUNDS						
DESIGNATED FUNDS						
Pastoral Fund*	1,109	16	-	279	2	1,406
Growing Younger Fund (2)	229	-	-	(229)	-	-
Strategic Investment Fund	2,754	-	(96)	125	-	2,783
Communications Hub	20	-	(15)	(5)	-	-
UNDESIGNATED FUNDS						
General Fund*	5,569	8,647	(9,774)	(56)	(79)	4,307
	9,681	8,663	(9,885)	114	(77)	8,496
TOTAL	46,160	11,781	(12,411)	-	138	45,668

NOTES TO THE ACCOUNTS

21 Movements in funds (continued)

	1 January 2022	Income	Expenditure	Transfers	Capital movements	31 December 2022
	£'000	£'000	£'000	£'000	£'000	£'000
ENDOWMENT FUNDS						
Glebe Fund*	6,183	-	(11)	-	(210)	5,962
Birmingham Diocesan Endowment Fund*	5,420	9	(17)	-	(300)	5,112
Parsonage Houses Fund	17,598	-	-	215	-	17,813
Bishop Brown Legacy Endowment Fund	347	9	(2)	-	(38)	316
	29,548	18	(30)	215	(548)	29,203
OTHER RESTRICTED FUNDS						
Sites and Buildings Fund	973	3	-	-	-	976
Church Schools Fund	6,265	240	(131)	-	(599)	5,775
Action in the City Fund	30	2	(5)	-	(3)	24
Malawi Partnership Fund	407	52	(57)	-	(41)	361
St Luke's at Gas Street – Fabric Fund	29	-	-	-	-	29
Training for Ministry Fund	58	271	(274)	-	-	55
Strategic Ministry Fund – Curates training	-	303	-	(303)	-	-
Shaping the Future (1)	-	213	(356)	143	-	-
Shaping the Future match (2)	1	1	(2)	-	-	-
Empowering Disciples Fund	6	-	(2)	-	-	4
Historic England – Places of Worship Officer	-	25	(50)	25	-	-
People & Places Capacity Fund	(2)	71	(72)	-	-	(3)
People & Places Development Fund	1	931	(946)	-	-	(14)
Programme Management Fund	-	48	(48)	-	-	-
Church Planting (Shirley & Pype Hayes) Fund	-	162	(162)	-	-	-
Context Ministry & Church Planting Development Fund	-	131	(130)	-	-	1
St Martin's Youth Grants	4	-	(2)	-	-	2
Giving Advisor Fund	7	34	(41)	-	-	-
Readers Fund	-	41	(3)	-	-	38
Hardship Fund	-	507	(479)	-	-	28
	7,779	3,035	(2,760)	(135)	(643)	7,276
UNRESTRICTED FUNDS						
DESIGNATED FUNDS						
Pastoral Fund*	1,359	11	(40)	(215)	(6)	1,109
Pensions Reserve	(599)	-	140	160	299	-
Growing Younger Fund (2)	229	-	-	-	-	229
Strategic Investment Fund	2,617	-	(171)	308	-	2,754
Communications Hub	20	-	-	-	-	20
Sustainability Grant (Church Commissioners)	637	475	-	(1,112)	-	-
UNDESIGNATED FUNDS						
General Fund*	6,151	9,168	(10,166)	779	(363)	5,569
	10,414	9,654	(10,237)	(80)	(70)	9,681
TOTAL	47,741	12,707	(13,027)	-	(1,261)	46,160

The funds denoted with * include the following revaluation reserves:

	2023	2022
	£'000	£'000
WITHIN ENDOWMENT FUNDS		
Glebe Fund	994	1,045
Birmingham Diocesan Endowment Fund	9	99
	1,003	1,144
UNDESIGNATED FUNDS		
General Fund	1,032	1,062
TOTAL	2,035	2,206

21 Movements in funds (continued)

Details of the major funds are as follows:

Endowment Funds

Glebe Fund Under the terms of the Endowment and Glebe Measure 1976, all historic parish Glebe land holdings were transferred to the respective Diocesan Boards of Finance, which were required, in return, to ensure that all clergy within their Diocese received at least the agreed minimum stipend for the year. It represents glebe assets and the accumulated sale proceeds of glebe property. Capital funds may be used for the purchase, improvement and maintenance of glebe property and benefice property. Besides glebe property, the funds may be invested in investments or cash held on deposit. All clear income derived from these investments is transferred to the General Fund as a contribution towards the cost of clergy stipends.

Birmingham Diocesan Endowment Fund This fund was also established under a scheme of the Charity Commissioners (dated September 1906), promoted by the Worcester Diocese, with the object of providing a permanent capital endowment, the income derived from which was to be available to the Diocesan trustees for the purpose of augmenting the incomes of clergy serving in the "poorer areas" of Birmingham. In 1963, the Charity Commissioners approved a variation to the scheme appointing the BDBF as joint trustees of the charity, together with the Birmingham Diocesan Trustees Registered. The objects were varied slightly by a Birmingham Commissioners Order dated August 1981, following the implementation of the Endowment and Glebe Measure, confirming that any clear income of the charity is to be applied in augmenting stipends of the clergy in the CofE Birmingham. Subsequent to the *Fresh Start* re-organisation of 1993, the BDBF transferred certain property and fiscal investments previously held in the General Fund into the Endowment Fund.

Bishop Brown Legacy Endowment Fund This fund was established from the estate of the late Bishop Brown (Bishop of Birmingham 1969-1977). His will gave a legacy to the BDBF to establish an endowment fund for the benefit of ordinands in training in the CofE Birmingham. The income derived from the capital endowment may be used to contribute to the maintenance grants of those in training.

Parsonages House Fund This fund represents the carrying value of all the benefice houses (parsonages) in the CofE Birmingham.

Restricted Funds

Sites and Buildings This fund was originally created under a scheme of the Charity Commissioners by the Worcester Diocese in November 1906, when Birmingham was first being established as an independent Diocese (Birmingham being formed mostly from parishes previously part of either the Diocese of Worcester or Lichfield). The objectives of that fund were to assist the proposed new Diocese in providing sites for and building new churches and mission rooms. The fund was absorbed into the Annual Reports of the CofE Birmingham during the years following the First World War and in 1951 the Charity Commissioners' consent was obtained to replacing individual trustees by the Birmingham Diocesan Board of Finance. This fund continues to be used to provide income for making grants to PCCs for the maintenance or extension of churches, and loans at reduced interest rates for new churches or (more usually) major repair projects.

Church Schools Fund This fund comprises the accumulated capital proceeds arising from the sale of closed Church Schools. Under section 86 of the 1944 Education Act (now section 554 of the 1996 Act), part or all of the proceeds arising on the sale of closed schools will have been directed to this fund under a Determination Order by the Secretary of State for Education. These proceeds in Birmingham are held under the terms of a Uniform Statutory Trust. The income deriving from the deposits and investments (mainly Common Investment Funds) is applied for the benefit of existing voluntary aided schools by way of grants and or loans for building projects and repairs.

Action in the City Fund This fund is the surplus funds raised by churches in the CofE Birmingham against the target set to create the endowment fund that set up the Church Urban Fund (CUF). CUF was set up in response to the *Faith in the City* report in the wake of the social unrest that manifested itself in the England's inner cities in the early 1980s. Its residual capital and income continue to be used to support parishes engaged in community regeneration activities.

The Malawi Partnership Fund This relates to monies raised by individuals and parishes across the Birmingham diocese to provide support to link dioceses and their parishes in Malawi.

Growing Younger Fund (1) This fund relates to our *Growing Younger* strategic programme which is being part funded by a Strategic Development Funding grant from Church Commissioners with match funding from our own resources. This fund relates to the restricted monies from Church Commissioners and other external funding sources.

St Luke's at Gas Street – Fabric Fund This fund is the specific donations raised to fund the building works at the Mission Resourcing Church at Retort House, Gas Street, Birmingham.

Shaping the Future Fund (1) This fund relates to our *Shaping the Future* strategic programme which is being part funded by a Strategic Development Funding grant from Church Commissioners with match funding from our own resources. This fund relates to the restricted monies from Church Commissioners.

Shaping the Future Fund (2) This fund relates to our *Shaping the Future* strategic programme which is being part funded by a Strategic Development Funding grant from Church Commissioners with match funding from our own resources. This fund relates to the restricted monies from other external funding sources.

Training for Ministry Fund This fund relates to the Resourcing Ministerial Education Block Grant that the BDBF receives from Archbishop's Council to fund training costs of ordinands.

Strategic Ministry Fund – Curates Training This fund relates to funding received from Archbishop's Council to support the training of additional curates.

Strategic Ministry Fund – Post of First Responsibility This fund relates to funding received from Archbishop's Council to support the stipend and housing costs of a first time incumbent in a parish that would not otherwise have warranted a full-time post.

Empowering Disciples Fund This fund relates to donations collected at the annual ordination service which is then available to make small grants to further vocations and discipleship.

Historic England – Places of Worship Officer Fund This fund relates to match funding provided by Historic England towards our Places of Worship Support Officer.

People & Places Capacity Fund This relates to our *People & Places* Strategic framework which is part funded by a Strategic Capacity Funding grant from the Church Commissioners, with match funding from a Church Commissioners Strategic Development Funding grant and our own resources. This fund relates to the restricted Strategic Capacity Funding monies from Church Commissioners.

People & Places Development Fund This relates to our *People & Places* Strategic framework which is part funded by a Strategic Development Funding grant from the Church Commissioners, with match funding from a Church Commissioners Strategic Capacity Funding grant and our own resources. This fund relates to the restricted Strategic Development Funding monies from Church Commissioners.

Programme Management Fund This relates to a grant from the Church Commissioners to support the project management team who support the delivery of our active projects.

Church Planting (Shirley & Pype Hayes) Fund This relates to a Strategic Development Funding grant from the Church Commissioners to support the establishment of new church plants (and related infrastructure) within the CofE Birmingham in the specific areas of Shirley and Pype Hayes.

Context Ministry & Church Planting Fund This relates to a Strategic Development Funding grant from the Church Commissioners to support the development of our strategic approach to context ministry and church planting within the diocese as part of our wider transformational vision for the CofE Birmingham.

Longbridge & Anglo-Catholic Mission Fund This relates to a Strategic Development Funding grant from the Church Commissioners to support the development of a new church (including a community centre) in Longbridge and a project to develop our strategic approach to anglo-catholic ministry across the diocese as part of our wider transformational vision for the CofE Birmingham.

21 Movements in funds (continued)

Safe Spaces Innovation Fund This relates to an Innovation grant from the Church Commissioners to support the development of a safe spaces for young people as part of our Community Regeneration work.

Coming Home Fund This relates to funding received from Gloucester Diocesan Board of Finance to support the early stages of plans to develop affordable housing on sites owned by the diocese.

WM Racial Justice Collaboration Fund This relates to initial funding from the dioceses of Lichfield, Hereford, Coventry, Worcester and Gloucester to develop a joint funding bid to the Racial Justice Unit of the Church Commissioners for a collaborative programme to promote racial justice across Birmingham and the other five dioceses.

St Martin's Sabbatical Grant Fund This relates to funding received from St Martin's Trust to enable us to make small grants to clergy sabbatical costs.

St Martin's Youth Grant Fund This relates to funding received from St Martin's Trust to enable us to make small grants to support youth projects across the diocese.

Giving Advisor Fund This relates to a grant from the Church Commissioners to support the roll-out of the National Giving Strategy over five years starting in 2021. This programme funds a Giving advisor who works with individual parishes to develop parish-focussed approaches to giving including the facilitation of contactless giving.

Readers Fund This relates to the funds previously held independently by the Birmingham Readers Council. This was transferred to the BDBF for administrative simplification in 2022. The fund provides additional support to Readers in their ministry.

Hardship Fund This relates to funding received from the Church Commissioners for distribution to parishes and clergy across the diocese as a response to the energy cost crisis. All funds are expected to be expended by 31 March 2023.

Unrestricted funds

Pastoral Fund The diocesan pastoral fund represents the proceeds of redundant churches. The funds may be used for the acquisition and development of parsonages and other clergy houses and the provision, restoration, improvement and repair of churches once the legal obligations for redundant church buildings vested in the BDBF for disposal are met. When these funds have been used to purchase or improve property this has been charged to the Pastoral Fund in the year of expenditure. Proceeds of sale have been credited as income in the year of receipt. Where the BDBF has used the funds to purchase or improve properties in its corporate capacity, these have been included as fixed assets in these financial statements.

Pension Reserve This represents a designated or 'earmarked' fund in respect of possible BDBF obligations in respect of pension scheme arrangements.

Growing Younger Fund (2) This fund relates to our *Growing Younger* strategic programme which is being part funded by a Strategic Development Funding grant from Church Commissioners with match funding from our own resources. This fund relates to our own resources that we have designated towards the programme.

Strategic Investment Fund This is a designated fund that has been created using proceeds from unrestricted property disposals. The fund will be used for intentional strategic mission investments such as further implementation of context ministry and match funding for our Church Commissioners grant funded *Shaping the Future* and *People & Places* strategic programmes.

During 2020 as part of our response to the COVID-19 pandemic, Bishop's Council agreed a proposal to release back to general unrestricted funds from the Strategic Investment Fund such monies as were necessary to deliver a balanced budget on unrestricted activities. The receipt of Sustainability Grant funding from Archbishops' Council in 2020 and 2022 meant that such a transfer was not necessary in either 2020, 2021 or 2022, although the proposal was ratified again in respect of the 2023 (and 2024) unrestricted activities budget.

Communications Hub This is a designated fund to create a communications hub within the BDBF offices to enable us to bring the production of new film and sound media in house to support our communications strategy. The funds were identified from an unrestricted legacy received during 2021. The project was completed during 2023 and the balance of funds was released back to the General Fund at the end of 2023.

Sustainability Grant Fund This fund relates to Sustainability Grants received from Archbishops' Council in 2020 and 2022 to enable the BDBF to bridge the gap in their unrestricted budget as a result of the COVID-19 pandemic. There are no specific restrictions attached to this funding other than the general stated purpose of bridging any unrestricted financial gap arising as a result of the COVID-19 pandemic. Archbishops' Council permitted the diocese to hold over any funds granted in 2020 but not used in 2020 or 2021 for the same purpose in 2022. New Sustainability Grants awarded in 2022 must be utilised in 2022. All of the available funds were utilised in 2022.

General Fund The general fund is the BDBF's unrestricted, undesignated fund available for any of the Board's purposes without restriction.

Details of inter fund transfers in 2023 are as follows:

	Unrestricted general	Unrestricted designated	Restricted	Endowment	Total
	£'000	£'000	£'000	£'000	£'000
General Fund to Strategic Ministry Fund Curates Fund ❶	419	-	(419)	-	-
General Fund to Strategic Ministry – Post First Responsibility Fund ❶	33	-	(33)	-	-
General Fund to Historic England – Places of Worship Officer Fund ❷	(24)	-	24	-	-
General Fund to Giving Facilitator Fund ❷	(1)	-	1	-	-
Strategic Investment Fund to *Shaping the Future* Fund ❷	-	(105)	105	-	-
General Fund to Strategic Investment Fund ❸	(799)	799	-	-	-
General Fund to Pastoral Fund ❹	(487)	-	-	487	-
Parsonage Houses Fund to Pastoral Fund ❺	-	279	-	(279)	-
Communications Hub Fund to General Fund ❻	5	(5)	-	-	-
Strategic Investment Fund to General Fund ❼	798	(798)	-	-	-
TOTAL	**(56)**	**170**	**(322)**	**208**	**-**

❶ *Transfer of costs from unrestricted funds to restricted funds in respect of Strategic Ministry funding (Curates and Post First Responsibility).*
❷ *This represents the transfer of unrestricted and designated funds to cover restricted costs not covered by grant receivable.*
❸ *These represent the transfer of property disposal proceeds to the Strategic Investment Fund to fund intentional strategic mission investments.*
❹ *This represents the transfer of new parsonage purchased using Pastoral Fund monies.*
❺ *This represents the transfer of a parsonage on sale pending the construction of a new parsonage.*
❻ *This represents the release of the unused balance of the designated Communications Hub Fund following completion of the project.*
❼ *This represents the use of the Strategic Investment Fund to cover shortfall in unrestricted funds.*

Details of inter fund transfers in 2022 were as follows:

	Unrestricted general	Unrestricted designated	Restricted	Endowment	Total
	£'000	£'000	£'000	£'000	£'000
General Fund to Strategic Ministry Fund Curates Fund ❶	303	-	(303)	-	-
General Fund to Historic England – Places of Worship Officer Fund ❷	(25)	-	25	-	-
General Fund to Strategic Investment Fund ❸	(451)	451	-	-	-
Strategic Investment Fund to *Shaping the Future* Fund ❷	-	(143)	143	-	-
Pastoral Fund to Parsonage Houses Fund ❹	-	(215)	-	215	-
General Fund to Pension Fund ❺	(160)	160	-	-	-
CC Sustainability Fund to General Fund ❻	1,112	(1,112)	-	-	-
TOTAL	**779**	**(859)**	**(135)**	**215**	**-**

❶ *Transfer of curates' costs from unrestricted funds to restricted fund in respect of Strategic Ministry funding.*
❷ *This represents the transfer of unrestricted funds to cover restricted costs not covered by grant receivable.*
❸ *These represent the transfer of property disposal proceeds to the Strategic Investment Fund to fund intentional strategic mission investments.*
❹ *This represents the transfer of new parsonage built using Pastoral Fund monies.*
❺ *This represents the release of the pension fund deficit provision following Scheme Triennial valuations.*
❻ *This represents the use of the Sustainability Fund to cover shortfall in unrestricted funds.*

22 Commitments

At 31 December 2023 the BDBF had £nil of capital commitments which were contracted for but not provided in the financial statements (2022: £nil).

The BDBF has parish loan facilities amounting to £nil approved during the year which have not been drawn down by the parishes concerned as at 31 December 2023 (2022: £105,000).

23 Pension costs

Employees – Church Workers Pension Fund

The BDBF participates in the Church Workers Pension Fund (CWPF) for lay staff. The Fund is administered by the Church of England Pensions Board, which holds the assets of the fund separately from those of the employer.

The 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 section (DBS) of the CWPF provides benefits to lay employees based on final pensionable salaries.

For funding purposes, the 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 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 Pool, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. This 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 include contributions payable towards benefits and expenses accrued in that year (2023: £nil, 2022: £7,200), plus any impact of deficit contributions payable, giving a total charge of £nil for 2023 (2022: £48,632).

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 on the advice of the Actuary.

A valuation of the DBS is carried out once every three years, the most recently finalised valuation 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 Pool. This increased the Employer contributions that would otherwise have been payable. The overall deficit in the DBS was £11.3m. The next actuarial valuation is due at 31 December 2022. The calculations for this are under way.

Following the 2019 valuation, the BDBF has entered into an agreement with the CWPF to pay expenses of £7,200 per year. In addition, deficit payments of £41,432 per year were agreed for seven years from 1 April 2021 in respect of the shortfall in the Employer sub-pool.

Due to the improvements in the projected funding position of the Fund, 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 2022 and 2023. A liability has been recognised at earlier dates.

The movement in the provision is set out below:

	2023	2022
	£'000	£'000
Balance sheet liability at 1 January	-	245
Deficit contributions paid	-	(41)
Interest cost	-	3
Remaining change to the balance sheet liability*	-	(207)
BALANCE SHEET LIABILITY AS AT 31 DECEMBER	**-**	**-**

** Comprises change in agreed deficit recovery plan and change in discount rate 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:

Discount rate	31 December 2023	n/a
	31 December 2022	0.0% pa
	31 December 2021	1.50% pa

NOTES TO THE ACCOUNTS

23 Pension costs (continued)

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

With effect from April 2012, it was agreed to make all future non-clergy pension arrangements through the Pension Builder section (PBS) of the CWPF.

For eligible salaried employees who commenced employment after 1 January 2006 the BDBF participates in the PBS, the assets of which are held separately from those of the BDBF and the other participating employers.

Both sections of the PBS are classed as defined benefit schemes. The BDBF contributes to the Pension Builder Classic section. The 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. Pension contributions are recorded in an account for each member. Discretionary increases may also be added, depending on investment returns and other factors. There is no requirement for the Board to grant any bonuses. The account, plus any bonuses declared, is payable from members' Normal Pension Age.

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 Statement of Financial Activities in the year are the contributions payable (2023: £271,918 (2022: £246,163)).

A valuation of the scheme is carried out once every three years. The most recent scheme valuation completed was carried out as at 31 December 2019. This revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review as at 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. 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, the employer could become responsible for paying a share of that employer's pension liabilities.

The BDBF also contributes to a Group Personal Pension Plan organised by Friends Life for certain employees. This is a defined contribution, money purchase arrangement. The pension cost for the year shown in the financial statements is equal to the total contributions. The total contributions for the year were £324 (2022: £311).

Stipendiary Clergy

The BDBF participates in the Church of England Funded Pensions Scheme for stipendiary clergy, a defined benefit pension scheme. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes 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 FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to specific Responsible Bodies and this means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pension costs charged to the Statement of Financial Activities in the year are contributions payable towards benefits and expenses accrued in that year (2023: £1,017,000, 2022: £1,033,000), 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 2023, following the valuation results being agreed, the deficit contributions paid were £0 (2022: £143,000).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at 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% pa
- RPI inflation of 3.6% pa (and pension increases consistent with this)
- CPIH inflation in line with RPI less 0.8% pre 2030 moving to RPI with no adjustments from 2030 onwards
- Increase in pensionable stipends in line with CPIH, and
- Mortality in accordance with 90% of the S3NA tables, with allowance for improvements in mortality rates in line with the CIMI2020 extended model projections, 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 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.

The deficit recovery contributions under the recovery plan in force at each 31 December were as follows:

	% of pensionable stipends*
31 December 2023	nil
31 December 2022	7.1% (January–March) 3.2% (April–December)
31 December 2021	7.1%

** 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 FRS102 requires the 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 and 2023 is nil. The movement in the balance sheet liability over 2023 and 2022 is set out in the table below:

	2023 £'000	2022 £'000
Balance sheet liability at 1 January	-	235
Deficit contributions paid	-	(143)
Interest cost	-	-
Remaining change to the balance sheet liability (recognised in the SoFA)*	-	(92)
BALANCE SHEET LIABILITY AS AT 31 DECEMBER	-	-

** Comprises change in agreed deficit recovery plan and changes 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 or 2022 as there are no agreed deficit recovery payments going forward.

	Discount rate	Price inflation	Increase in pensionable payroll
31 December 2023	n/a	n/a	n/a
31 December 2022	n/a	n/a	n/a
31 December 2021	0.0% pa	n/a	-1.5% pa

No price inflation assumption was needed for December 2021, since pensionable stipends for the remainder of the recovery plan were already known.

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

24 Commitments under operating leases

At 31 December 2023 the charity was committed to making the following payments under non-cancellable operating leases:

	Land and buildings 2023	Land and buildings 2022
	£'000	£'000
OPERATING LEASES WHICH EXPIRE		
Within one year	226	226
Within one to two years	226	226
Within two to five years	678	678
More than five years	791	1,017
	1,921	2,147

25 Reconciliation of net expenditure to net cashflow from operating activities

	2023	2022
	£'000	£'000
NET (EXPENDITURE) / INCOME FOR THE YEAR ENDED 31 DECEMBER	(492)	(1,880)
Depreciation charges	(66)	51
Dividends, interest and rent from investments	(733)	(637)
Interest payable on loans	3	1
Interest on clergy pensions liability	-	3
(Profit) on sale of fixed assets	(376)	(390)
Loss on sale of investments	4	3
Decrease / (increase) in debtors	322	(405)
(Decrease) in creditors	(487)	(30)
Change in fair value of investments	(138)	1,560
NET CASH (USED IN) / PROVIDED BY OPERATING ACTIVITIES	(1,963)	(1,724)

26 Analysis of cash and cash equivalents

	At 1 January 2023	Cash flow	At 31 December 2023
	£'000	£'000	£'000
Cash in hand and at bank	1,960	(510)	1,450
Cash held on deposit	5,229	138	5,367
	7,189	(372)	6,817

Cash held on deposit requires notice of less than three months to access.

NOTES TO THE ACCOUNTS

27 Analysis of changes in net debt

	At 1 January 2023	Cash flow	Other non-cash changes	At 31 December 2023
	£'000	£'000	£'000	£'000
Cash in hand and at bank	1,960	(510)	-	1,450
Cash equivalents	5,229	138	-	5,367
Loans falling due within one year	(20)	(40)	-	(60)
Loans falling due after more than one year	(30)	20	-	(10)
	7,139	(392)	-	6,747

28 Related party transactions

No trustee received any remuneration for services as a director. The trustees in their role as trustees received travelling and out of pocket expenses totalling £nil (2022: £nil). Four trustees received travelling and out of pocket expenses (2022: 3) totalling £4,491 (2022: £4,958) in respect of duties as archdeacon or area/women's dean. These amounts are in line with the BDBF usual practice and are not in relation to their roles as trustees.

The BDBF is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the diocese, other than bishops and cathedral staff. The BDBF is also responsible for the provision of housing for stipendiary clergy in the diocese, including suffragan bishops but excluding diocesan bishop and cathedral staff. The following table gives details of the trustees who were in receipt of a stipend and housing provided by the BDBF during the year:

	Stipend	Housing
The Bishop of Aston	No	Yes
The Archdeacon of Birmingham	Yes	Yes
The Revd Toby Crowe	Yes	Yes
The Revd Sarah Hayes	Yes	Yes
The Revd Geoff Lanham	Yes	Yes
The Revd Canon Louise Shaw	Yes	Yes
The Revd Canon Bamidele Sotonwa	Yes	Yes
The Revd Canon Rebecca Stephens	Yes	Yes
The Revd Jeremy Allcock	Yes	Yes
The Revd Canon Catherine Grylls	Yes	Yes

The stipend of the Suffragan Bishop was funded by the Church Commissioners. The annual rate of stipend funded by the BDBF, paid to Archdeacons in 2023 was £40,924 (2022: £38,975) and for other clergy who were trustees the diocesan stipend rate was £29,615 (2022: £28,204).

The Cathedral shared office space with the BDBF in the year ended 31 December 2023 and an amount of £2,250 was payable for this space (2022: £2,408).

The Cathedral paid Common Fund of £49,735 to the BDBF for the year ended 31 December 2023 (2022: £49,735).

The Birmingham Diocesan Multi-Academy Trust ('the Trust') shared office space with the BDBF for the year ended 31 December 2022 for an amount of £9,630. During 2023, the Trust also purchased at cost the services of the Diocesan Board of Education School Improvement Officer, the Church School Distinctiveness Adviser and the Education Support Manager for clerking duties at a cost of £2,926 (2022: £3,900).

The BDBF contributed £3,000 (2022: £3,000) towards the office costs of *Thrive Together Birmingham*, the Church Urban Fund joint venture with the Bishop of Birmingham and BDBF.

Five clergy trustees received continuing ministerial development grants to support study and development needs and resettlement and removal grants totalling £6,152 (2022: £1,699 for four clergy trustees) during the year ended 31 December 2023. These grants were unconnected with their role as BDBF trustees.

For the purposes of this disclosure note transactions with parochial church councils where there may be a relationship between members of Bishop's Council as they are trustees of these bodies, have not been included.

29 Funds administered as agent

	2023	2022
	£'000	£'000
Government grants received in respect of school capital projects	801	796
Contributions from Church School governors for school capital projects	134	62
Total received in	935	858
Amounts paid out on school capital projects	(1,642)	(724)
NET POSITION FOR THE YEAR	(707)	134

The Board of Education (as incorporated within the Diocesan Board of Finance) receives contributions from governors of church schools in the Diocese in connection with major repair and capital projects to Church Schools and also government grants in connection with the same. The Board of Education administers these monies as managing agent and makes the appropriate payments to contractors for work carried out. The monies do not belong to the Board of Education and as such the receipts and payments are not treated as incoming resources or resources expended in the Statement of Financial Activities. Any monies held or due at the balance sheet date are recognised within the balance sheet and contained within the Church School Fund.

The BDBF held and managed parsonage decoration funds on behalf of its parishes during the year ended 31 December 2023. The monies do not belong to the BDBF and as such the receipts and payments into and out of the funds are not treated as incoming resources or resources expended in the Statement of Financial Activities. Any monies held at the balance sheet date are recognised within the balance sheet as a creditor. The funds as at 31 December 2022 stood at £108,156. The scheme was closed during the year and all monies held were returned the parishes involved.

30 Prior year comparative statement of financial activities

	Note	Restricted funds		Unrestricted funds		
		Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2022
		£'000	£'000	£'000	£'000	£'000
INCOME						
INCOME AND ENDOWMENTS FROM						
Donations:	2					
Parish contributions		-	25	-	4,807	4,832
Archbishops' Council		-	2,163	475	1,997	4,635
Other donations		-	587	-	722	1,309
Charitable activities	3	-	62	-	319	381
Other trading activities	4	-	2	-	522	524
Investments	5	18	196	11	409	634
Other income	6	-	-	-	392	392
TOTAL INCOME		18	3,035	486	9,168	12,707
EXPENDITURE ON						
Raising funds	7	28	-	-	98	126
Charitable activities	8	2	2,760	68	10,065	12,895
Other	9	-	-	3	3	6
TOTAL EXPENDITURE		30	2,760	71	10,166	13,027
Net (expenditure) / income before investment gains and losses		(12)	275	415	(998)	(320)
Net (losses) / gains on investments		(548)	(643)	(6)	(363)	(1,560)
NET (EXPENDITURE) / INCOME		(560)	(368)	409	(1,361)	(1,880)
Transfers between funds	21	215	(135)	(859)	779	-
Other recognised gains	23	-	-	299	-	299
NET MOVEMENT IN FUNDS		(345)	(503)	(151)	(582)	(1,581)
Total funds brought forward	21	29,548	7,779	4,263	6,151	47,741
TOTAL FUNDS CARRIED FORWARD	21	29,203	7,276	4,112	5,569	46,160

Transfers between funds

For analysis of transfers between funds, see note 21. All activities derived from continuing operations.

THE CHURCH OF ENGLAND BIRMINGHAM







THE CHURCH OF ENGLAND BIRMINGHAM

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The Birmingham Diocesan Board of Finance is a company limited by guarantee.
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THE BIRMINGHAM DIOCESAN BOARD OF FINANCE

England & Wales - Charity number 249403

Accounts

The Birmingham Diocesan Board of Finance

Annual Report

THE CHURCH OF ENGLAND BIRMINGHAM



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The trustees, who are also directors for the purposes of company law, present their trustees' report together with the financial statements and auditor's report of the charitable company – The Birmingham Diocesan Board of Finance (BDBF) for the year ended 31 December 2022. The financial statements comply with current statutory requirements, the Statement of Recommended Practice for Charities 2015 ('SORP2015') and the Companies Act 2006.



This report is set out as follows:

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Annual Report of the Trustees comprising:

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It should be noted that the Annual Report gives narrative on the activities of Birmingham Cathedral, Birmingham Diocesan Trust, Church Schools, Thrive Together Birmingham and individual parishes to give an overview of all CofE Birmingham activities. However, the financial information of these entities is not included in the BDBF financial statements. They have their own financial statements as separately constituted organisations. (See page 49 for details of the structure of The Church of England.)

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The members of the Bishop's Council set out below have held office during the period from 1 January 2022 to the date of this report, unless otherwise stated.

EX-OFFICIO

Bishop of Birmingham
The Rt Revd David Urquhart *(until 18 October 2022)*
Interim Bishop of Birmingham, Suffragan Bishop of Aston
The Rt Revd Anne Hollinghurst *(from 19 October 2022)*
Chair of the Diocesan Board of Finance
Mr Steven Skakel
Dean of Birmingham Cathedral
The Very Revd Matt Thompson
Archdeacon of Aston
The Ven Simon Heathfield *(until 30 September 2022)*
Archdeacon of Birmingham
The Ven Jenny Tomlinson
Chair of the Diocesan Synod House of Clergy
The Revd Canon Priscilla White *(died 28 September 2022)*
Chair of the Diocesan Synod House of Clergy
The Revd Toby Crowe *(from 12 November 2022)*
Chair of the Diocesan Synod House of Laity
Mr Trevor Lewis

CLERGY MEMBERS OF THE DIOCESAN SYNOD

The Revd Sarah Hayes *(from 1 January 2022)*
The Revd Geoff Lanham *(from 1 January 2022)*
The Revd Canon John Routh *(until 31 December 2022)*
The Revd Canon Louise Shaw *(from 1 January 2022)*
The Revd Canon Bamidele Sotonwa
The Revd Canon Becky Stephens

LAY MEMBERS OF THE DIOCESAN SYNOD

Miss Jennifer Clark *(until 2 March 2023)*

Mr Jonathan Goll
Mrs Deirdre Moll
Mr Anesu Muyambi *(from 1 January 2022)*
Mr Julian Phillips
Mrs Chrissie Price *(from 1 January 2022)*
Mrs Patricia Williams *(from 1 January 2022)*

NOMINEES

The Revd Jeremy Allcock *(from 1 January 2022)*
The Revd Canon Catherine Grylls
Mr Guy Hordern *(from 1 January 2022)*

GENERAL SYNOD REPRESENTATIVES

The Rt Revd David Urquhart *(until 18 October 2022)*
The Rt Revd Anne Hollinghurst *(from 19 October 2022)*
The Revd Tim Bateman
The Revd Canon Douglas Machiridza
The Revd Canon Priscilla White *(died 28 September 2022)*
The Revd Philip Calvert *(from 28 October 2022)*
Mrs Dawn Brathwaite
Mr Guy Hordern
Dr Rachel Jepson

DIOCESAN SECRETARY

Dr Jan Smart

COMPANY SECRETARY

Dr Jan Smart

DIOCESAN DIRECTOR OF FINANCE

Miss Karen Preece

DIOCESAN REGISTRAR

Ms Vicki Simpson

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BANKERS

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INVESTMENT ADVISERS

Evelyn Partners
14th Floor, 103 Colmore Row, Birmingham, B3 3AG

PROPERTY AGENTS

Bruton Knowles, Embassy House,
60 Church Street, Birmingham, B3 2DJ

Bishop's Foreword



Looking back over the last year I am acutely aware of the challenging climate in which we continue to serve, minister and live out our mission. Yet living out our mission is what we continue to do as the Church of England Birmingham. Though in the midst of many challenges, as reflected clearly by our Chairman's statement, we also find ourselves presented always with the challenge of the Gospel to have confidence in God and keep our eyes fixed on Jesus.

It is important to be clear that this call to have confidence is more than a call to optimism. It is a call to faith-filled action. We have a God who continues to have good purposes for us, and in the CofE Birmingham we have many good people filled with God's purpose. Clergy, lay leaders, diocesan staff, and committed ordinary Christians who are anything but ordinary. We are a people who continue to have confidence in the good news of Jesus Christ and work faithfully to see God's church and its ministry flourish. Despite the real limitations of our financial resources, there is so much that does flourish.

The Rt. Revd David Urquhart retired in Autumn 2022 surrounded by warm expressions of our thanks for 16 years of faithful service as the Bishop of Birmingham. Since then we have not stood still. Following our renewed commitment to, and re focused priorities flowing from, our shared Transforming Church vision, there has been much progress. In particular this has been in the shaping of our new oversight areas and I am grateful to our Area Deans and all those who have been part of these imaginative and generous conversations. We are now well placed to move forward together with our local mission planning which forms a base for greater long-term sustainability thinking and shared resourcing of mission and ministry. Our priority of "growing more disciples" is underpinned by our new discipleship resources, the new leadership and ministry pathways, and refreshed training and formation for established ministries. All of this is firmly rooted in our vision for "more ministry not less" and the equipping of God's saints for 21st century mission.

We are preparing boldly and inventively for tomorrow whilst serving our communities today. Serving through the worship, care and ministry offered in each local parish context, through places of Warm Welcome and the work of Thrive Birmingham Together, through our new worshipping communities and chaplaincies, through our environment programmes, our investment in schools and education, through furthering the cause of racial justice, equality and dignity for all, through the building of interfaith relations and much more.



We continue with all of this at the same time as working hard on our finances, assets, and giving, in order to be on a firm and sustainable footing, because part of our God-given calling is to be good stewards of the resources we are given. I echo what is said elsewhere in this report about the incredible generosity of so many individuals and parishes. The challenge of supporting ministry today means that we also need to look to new ways of creative income generation and funding partnerships.

I have great confidence in the gifts, ability and commitment of colleagues to further our mission and our ministry at both local and diocesan level, and in our managing of the resources which support it. Yes, it's been a challenging year, yes, there lie many challenges ahead, but together I believe we are ready to meet them, trusting in the God who takes small mustard seeds of kingdom faith, and from them brings growth and flourishing beyond all our expectations. (Matthew 13:31-32)

+ Anne Aston

The Rt. Revd Anne Hollinghurst
Suffragan Bishop of Aston, Acting Bishop of Birmingham

Chairman's Statement



When setting out in 2022, we all hoped to move on from the COVID-19 global pandemic anticipating a recovery in church attendance and all our activities. We had not envisaged the devastating global cost-of-living crisis resulting from the dreadful war in Ukraine and the consequent massive increase in energy prices and inflation. These global events will continue to impact the lives of those we serve and our financial performance during 2023 and beyond.

In 2022, total Income of £12,707,000 showed a significant increase of £1,020,000 compared to 2021, mainly due to the national church – through increased project grants and some welcome sustainability funding. Our single largest source of income, parochial contributions or 'Common Fund' from our parishes at £4,807,000, was below our budget and at a similar level to 2021. While this is challenging, given the context, it is not surprising. The generosity of committed giving is extraordinary.

Expenditure of £13,027,000 [£11,514,000 in 2021] reflects the timing of projects, a catch-up of deferred maintenance, and the necessary move of our offices to the Citadel. Stipendiary clergy numbers remain at around 89 after vacancies are deducted, which is significantly lower than the 98 we had planned for 2022. This is not ideal, and we are hugely grateful to the many non-stipendiary clergy and lay church volunteers that allow us to deliver a vast range of services and activities throughout the year.

During 2022, the Church of England Birmingham continued to receive significant support from the national church. The largest unrestricted contribution was Lowest Income Communities funding based on the Index of Multiple Deprivation, which amounted to £1,997,000 [£1,991,000 in 2021].

Strategic Development and Capacity funding from the national church of £1,589,000 in 2022 [£1,480,000 in 2021] is ongoing and incredibly important to deliver the strategic projects that aim to achieve our long-term vision of 'Growing churches at the heart of each community'. Sustainability Grant Funding from the national church contributed £475,000 in the year in addition to the £637,000 carried forward from 2021, which enabled us to balance our books this year. When taken together, these three sources of new support total £4,061,000 or 32% of all income.

Strategic Ministry Funding has continued to support an increase in the number of new curates in training, up from three to five, on top of our base of six starters in 2022. This is encouraging and important for the future ministry capacity in the Church of England Birmingham.

Looking forward, 2023 is expected to be another challenging year. Therefore, we will have to draw on our Strategic Investment Fund, created through the disposal of surplus properties, to meet our deficit in 2023.

My particular thanks to the national church team, our officers and directors who tirelessly and competently support the work of the Church of England Birmingham. I would also like to thank the many volunteers who equally give so much of their time in the parishes across the Diocese. In closing, I commend this report to you in the certain knowledge that we are in safe hands.

Steven Skakel

Steven Skakel
Chair of Birmingham Diocesan Board of Finance



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Introduction

Birmingham, 'cradle of the industrial revolution', has given rise to the identity of a 'city of a 1000 Trades'. However the Church of England Birmingham's rural parish communities make up 15% of our family. Along with the incredible wealth of languages found in the region's education establishments, the Church of England Birmingham is better represented as 'a region of a 1000 cultures and traditions'.

At the heart of our calling to serve each of these diverse communities of our region, in all their variety of contexts, is our renewed commitment and focus on our shared diocesan Transforming Church vision:

Growing churches at the heart of each community









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This vision was first discerned in 2009, and has continued to capture the essence of the Church of England Birmingham ministries, mission and our energy for innovation. This vision is expressed uniquely by our Parishes in their newly forming Oversight Areas, across refreshed Deaneries, and as a Church of England diocese of multiple charisms. A calling to be transformed ourselves and together to be an active Transforming Church. God is real, alive and active among us. Continuing to grow ourselves as disciples of Jesus Christ and in awareness of our walk with him, as well as inviting others to follow him, is the heart of our activities.

TRANSFORMING CHURCH

Our strategy for continuing to live out our Transforming Church vision in the fullness of the mission and ministry that God calls us to is expressed for this season through the Core Principles, illustrated overleaf and which are expanded on throughout this document.







TRANSF

Engage with children, youth, families and other missing generations to reflect the age profile of the wider population across the diocese



Grow in number of disciples (more)

Growing churches at the



Flourishing ordained and lay leadership that reflects the diversity of the wider population across the diocese

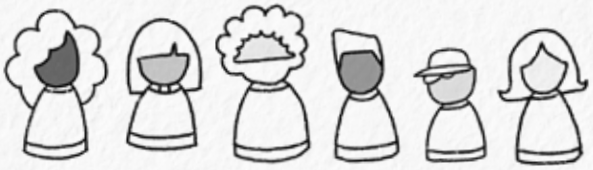
Achieve financial sustainability







ORMING
CHURCH



Worshipping communities are diverse (meaning representative of our communities) and accessible to all



Underpinned by a culture of prayer



Grow in partnerships and impact in the community

heart of each community

Grow in depth of discipleship (more confident)



Environmental sustainability











Growing churches at the







heart of each community





Grow in number of disciples (more)





Church Revitalisation at St Mary's, Bearwood



St Mary's, Bearwood, is a prominent Victorian red brick building situated amidst a bustling high-street in the south area of Smethwick. With a rich history of serving its community for more than 130 years, more recently the fellowship was faced with hard decisions about its future and took the brave step of welcoming a new journey of revitalisation. A partnership between St John's, Harborne, and St Mary's ensued, and a team formed under the leadership of the Revd Ben Baker joined with the existing congregation at St Mary's to seek new life and missional vitality in the church and local community.





Tea, Toast and Jesus at St. Paul's, Bordesley Green



Following two years without worship services at St. Paul's, Bordesley Green, it was exciting to launch a new expression of church with 'Tea. Toast. Jesus.'. Simple food, simple liturgy, and the encouragement to discuss with one another a question or thought related to the weeks' reading. It has resulted in a community growing in openness and honesty with one another. While numbers grow slowly, it has been encouraging to see that new people who come are having their unique needs met in ways that perhaps our more traditional services would fail to do. God is at work!





Church Planting Hope on Smith's Wood







The Hope on Smith's Wood project has more than exceeded expectations. This past year has seen the Smith's Wood community establish itself through Sunday services usually meeting fortnightly (depending on finances), community meals (four to five a year), a weekly stay and play group, elderly winter packs, emergency food parcels, fortnightly place of welcome, and an annual Christmas Toy drive and Easter egg drive linking with local schools. The much needed and valued men's group, targeting men's mental health and wellbeing, has excelled. Hope on Smith's Wood is being seen as vital, not only by people of faith but also among the wider community and their partners. Through this Church Plant a Christian influence has been established within the decision-making process of what happens, and will happen, to and in the Smith's Wood community, as well as working with key decision makers to also work with the most vulnerable residents. Hope on Smith's Wood is contributing significantly to the wider local area with it's large extended Church and community family.



Gas Street South

In May 2022, the Gas Street team launched a new location in Shirley, 'Gas Street South', with the aim to create an active Christian presence serving the local community in particular children, young adults and families. Since the launch, the growth of the church has been significant, with many new disciples coming forward. The church community is estimated at 200 strong at the end of December 2022, including 50 under 18s.

Next steps for Gas Street South will include an Alpha course in Spring 2023, as well as starting work with schools and community support projects.











Cock Hill Café Church, Fresh Expression at St Chad's, Rubery

The Cock Hill Café Church was launched in January 2022 by the team at St Chad's, Rubery. The church meets every Sunday afternoon at Deelands Hall on the Cock Hill Estate in Rubery to pray, reflect on a passage of scripture and to eat together. When asked why they come, people commented that this was where they feel welcome and this is where they pray. The church might be full of people who are new to faith but they are full of Godly wisdom – it is a joy to see people starting to understand themselves as loved and cherished by God.

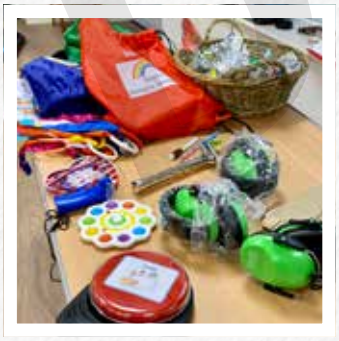


Sensory Church at Christ Church, Oldbury

Sensory Church takes place in Christ Church CofE Primary School (Shine Centre) which offers a focused provision for Autistic Children. Our church members are mainly children with autism and their families. At Sensory Church, children and families experience a gathering activity, a place to chill-out in a sensory den with a bubble tube, beanbags, a sensory bible story, crafts, sensory trays, Holy Communion, and ending the session with parachute time and bubbles.









Growing Good

Churches across CofE Birmingham have seen their connection with people outside their membership grow as they have responded to the challenges of COVID-19 and the Cost of Living Crisis. For some churches the impact has been significant and led to new approaches for being church in their neighbourhood, exploring new ways to adapt to people with no previous experience of church, and with people from backgrounds and cultures not previously present at the church. As a result of research into how community engagement can lead to church growth, Church Urban Fund (CUF) has developed a new training tool 'Growing Good' which is available to all churches.



Forest Church at the parish of the Whitacres, Lea Marston and Shustoke

The Forest Church gathering is an exciting new expression of church which started in 2022 offering a unique opportunity to connect with God in the great outdoors. This type of church encourages spiritual exploration in the natural environment outside the traditional confines of a church building, and can include activities such as tree planting, foraging, and creating natural bird feeders. By immersing ourselves in God's glorious creation, we can gain a deeper understanding of the divine and our place within it. Forest Church offers a fresh, dynamic approach to worship that is perfect for those an immersive spiritual experience. In 2023, the church looks forward to exploring new ways to deepen understanding of God through Forest Church, including bushcraft activities such as fire starting, shelter building and wild edible foraging. These activities can offer an opportunity for individuals to develop a deeper connection with the natural world and the divine through hands-on experiences.







Youth Zone, Ascension Church, Stirchley

At Ascension Church, Stirchley, 20 young people from the Youth Group have joined Youth Alpha. There is also an open Youth Zone session, run by their Youth Leader, Ellie. There is discussion, questions and pizza as the young people explore faith with their friends.

Ellie says: "Three young people who live locally are coming specifically for Youth Alpha. One young person wants to join our Youth Group, which is fantastic. Two boys are from other faiths. Their parents want them to come to Youth Alpha to learn more about Christianity, which reflects the inclusive atmosphere we have worked to foster."



Engage with children, youth, families and other missing generations to reflect the age profile of the wider population across the diocese

A new Youth Group in All Souls, North Warwickshire

After three years of planning and praying, Michelle started 'Youth 139' in September 2022 in the village of Austrey in the parish of All Souls, North Warwickshire. 37 young people are coming along to its meetings in the local school. They play games, enjoy craft activities and end the night by playing their favourite game – dodgeball!

This generation has missed making significant connections with their peers because of lockdown, so Youth 139 is a place where they can enjoy the company of their friends and a place where they can come to know they are "fearfully and wonderfully made". Psalm 139:14







Children's and Families Mission Enabler at St Giles, Sheldon

Our new Children's and Families Mission Enabler, Emma Cartwright, at St. Giles has seen five families regularly come to church since September. The children are welcomed and included in the full service, so they can worship as a family. Some parents have expressed an interest in becoming volunteers on the Messy Church team in 2023!



Deanery Confirmation at St Margaret's, Olton



In early 2022, St Margaret's Church began preparing candidates from across the Solihull & Yardley Deanery for Confirmation. They met together on six Sunday evenings to explore what it means to be a communicant member of the Church of Christ, through sharing the stories of faith journeys, digging into Scripture, praying together and, of course, eating lots of cake!

In March, Bishop Anne, and our area dean, Nick Parker, were welcomed, to the Sunday morning service as twelve wonderful children of God, ranging in age from 15 to 75, were confirmed.





Safe Spaces for Young people



Thrive Together Birmingham continues to collaborate with Christian youth workers across the diocese developing the Safe Spaces for Young People network. This network supports churches hosting activities for young people from their local communities. The Safe Spaces Development Group wants to support as many churches as possible to host an activity that connects them to young people outside the church family. Consequently, in partnership with CofE Birmingham, Thrive Birmingham Together has secured a grant from Church Commissioners (National Church Institutions) to work with churches with no young people attending currently. Over the next three years, this grant will enable a Safe Space and development of a discipleship pathway for these young people. We will be identifying and building the capacity of local clusters of churches keen to participate in this initiative.





Diocesan Board of Education

The Diocesan Board of Education (DBE) vision is that Church Schools are at the heart of the Church of England mission to the nation, serving families, communities and neighbourhoods by "educating for fullness of life for all". As the Gospel of Jesus changes lives and, therefore, the world, our educational vision needs to be transformative and enable the capacity of children and young people to be agents of change, for themselves and others. Within our schools, children and young people should receive, and be enabled to give, love. Our schools are wonderful places of learning and love, and we are committed to developing and strengthening their place in the parish and community; as places of excellent learning, uncompromising care and lights in the world to inspire, nurture and enable flourishing in all our children, staff, governors and families. We are committed to "Valuing All God's Children" so that every child is seen and known as a child of God.









Children's and Families Mission Enabler at Hawkesley Church Primary Academy

In October 2022, Tom Spicer began working as the Children's and Families Mission Enabler in the Kings Norton, Moseley & Shirley deanery. This is a part of the initiative for growing Church Culture: Schools as places of missional encounter via Sport and Wellbeing activities. Tom is based in Hawkesley Church Primary Academy and, over the next three years, will be developing and supporting deanery schools in missional discipleship, and exploring how schools are places where children and families already regularly encounter God. This will be explored via in-school and after school sports and creative activities that adopt an active Religious Education approach. The intention is to share what is developed and offered at Hawkesley Church Primary Academy with others in order to engage more children and families in the transforming work of God.



Flourishing ordained and lay leadership that reflects the diversity of the wider population across the diocese

Learning Pathways

The Pathways Learning Platform is CofE Birmingham's digital online learning platform, which continued to grow over 2022. There are new leadership modules in Flex (for leaders of children, youth and families), Reader ministry and Curates' pathways, Clergy Continuing Ministerial Development (CMD) and other leadership pathways. Training in Coaching and Mentoring has involved people from all over CofE Birmingham, to develop the support for clergy and laity in leadership.





New Pathways for **Licensed and Authorised Ministry**

Local Ministry Pathway

This year saw the culmination of the first Cohort of the Local Ministry Pathway as seven people from our urban parishes were ordained or licensed as Local Ministers. This has clearly demonstrated that, with appropriate encouragement, formation and support, there can be flourishing lay and ordained leadership that truly reflects the diversity of our population. We are now underway with our second Cohort.

Lay Leadership at St Bernard's, Hamstead, and St Paul's, Hamstead

During a year long interregnum, St Bernard's have successfully supported, championed, and encouraged the development of lay leadership within the church. Lay leadership has enabled the flourishing of key individuals' ministries and as a result the church has overseen the training and licensing of two key members as new Readers.

The last few months have also seen the two churches engaged in ground-breaking conversations under the umbrella of the People & Places framework, culminating in the coming together of the two churches under the pastoral care of Revd Siobhan Bridge. Siobhan was recently licensed as Priest-in Charge of St Bernard's, with members of both churches attending her Licensing to celebrate.

It has been life-giving to see how two communities of faith have come together, discerning God's will for them individually and collectively and agreeing to the sharing of ministry, mission and resource, generously and compassionately.







Way of Servant Leadership

Two cohorts completed the 'Way of Servant Leadership' during 2022. One attendee said, *"This has been one of the most useful courses I have attended for many, many years… It has led me to have conversations at work that I am convinced I would never have had if it hadn't been for this course."*



Licensed and Commisioned Ministry, Initial Ministerial Education (IME) and Continuing Ministerial Development (CMD)







The gifts and callings of Lay and Ordained Ministry is valued equally in the CofE Birmingham. Within the CofE Birmingham model of Oversight Areas, every local Christian community will have a trained and equipped leader (who may be a clergy person) as the focus for a ministry team. Teams are envisaged as drawing from people of all backgrounds and intentionally including those of Global Majority Heritage/UK Minority Ethnic (GMH/UKME). Our first cohort of Local Ministers, both lay and ordained, are exercising leadership in their parishes, and the discernment process for a second cohort is under way. The Oversight Minister (a priest) will be responsible for animating local mission and ministry, working with colleagues, who may be stipendiary, self-supporting or employed.

To support and nurture this flourishing leadership, CofE Birmingham provides a rich ecology of learning, focused round particular roles and responsibilities. Many of our learning programmes are delivered in collaboration with regional colleagues in other West Midlands' dioceses, with CofE Birmingham taking a distinctive lead in CME regional training. Clergy, Authorised and Licensed Lay Ministers are encouraged to be theologically reflective practitioners and life-long learners. We are also passionate about well-being and have formed a clergy well-being advisory group as well as making a commitment to promoting a good work-life balance for lay leaders and workers.



Readers

Our in-house Reader training is distinctive to CofE Birmingham as is our commissioned Pastoral Care teams, curacy formation, our developing of pioneer curacies and our new Local Ministry Lay and Ordained Pathways. We have over 200 Readers serving in our churches to provide valued ministry and mission.



Safeguarding



The CofE Birmingham is committed to promoting a safer church for everyone including those who are survivors of abuse. We are continuing to deliver Safeguarding best practice, ongoing training and modelling through strong and equipped leadership and robust, accessible, systems. For more information please visit the CofE Birmingham Safeguarding webpage.





Growing churches at the

Living Generously









heart of each community



Underpinned by a culture of prayer









Prayer and National Mourning at Birmingham Cathedral, The Cathedral Chruch of St Philip

Birmingham Cathedral is above all else a place of prayer. Open 365 days a year with at least three services a day, it offers space for private prayer and personal reflection for several hours each day for people of all faiths and none. During the ten days of National Mourning for Her Late Majesty Queen Elizabeth II in September 2022, more than 20,000 people attended the Cathedral to sign one of the Books of Condolence, to light a candle and to pray. It is a great honour to serve the city region in this way.





CofE Birmingham Praying Together

CofE Birmingham Praying Together is our monthly diocesan prayer cycle, available online and in a printable format to share in person. The Praying Together webpage receives on average 430 visits each month, as well as people downloading the printable version. Feedback shows that it is a valuable resource. Thank you to our regular contributors for sending in prayers, films and photos. We do encourage everyone to submit their expressions of prayer.





Achieve financial sustainability



Digital Giving Rollout

In May, we were delighted to be able to subsidise and issue 30 fully integrated contactless donation devices, following a grant from the National Giving Team, as part of a Digital Giving Rollout. Between May and the end of December, participating churches raised over £28k via contactless and online donations. The success of the project inspired and funded a "Try Before You Buy Scheme", through which churches can borrow and test a contactless device before committing to funding one of their own. These loaned devices raised an average of £400 over four weeks with 85% of churches going on to purchase a donation device.

Generosity Week at St Andrew's, Chelmsley Wood

In October 2022, St Andrew's, Chelmsley Wood, celebrated God's generosity with their own Generosity Week. The team worked with our Generous Giving Lead to produce a video celebrating their mission and ministry, as well as the incredible generosity of those who support the church as they serve the people of Chelmsley Wood. The stories of some of their volunteers were shared throughout the week on social media and during the services of thanksgiving and gratitude that book-ended the week. Revd Andi Thomas spoke about how the generosity of time, skills and financial gifts help bring forth God's Kingdom in communities.





The Archbishops' Commission on Housing, Church and Community



The Archbishops' Commission on Housing, Church and Community published its first report 'Coming Home' in February 2021. Out of this has grown the idea of developing a national Church Housing Association, both to better utilise the Church's significant land assets and also to develop new social housing on sites that the church does not currently own.

Led by Bishop Anne, the CofE Birmingham quickly sought to develop a response to the report and is one of three dioceses that has been selected to pilot a local 'Coming Home' response. Thanks to funding from the Diocese of Gloucester, an experienced housing professional has been appointed from within the diocese, to help identify potential sites for social housing. We are looking to develop social housing projects across the CofE Birmingham that crucially focus on realising the five core values of 'Coming Home' – that they are Sustainable, Safe, Stable, Sociable and Satisfying.

Funding partners

We are hugely thankful for the financial support we receive from a variety of sources, and in particular:

PCCs: for their giving of Common Fund which contributes to the cost of ministry.

Church Commissioners: for Lowest Income Communities (LinC) which supports ministry and social action in our lowest income parishes, and for Strategic Development Funding (SDF) which has funded our change programme (People & Places) and strategic activities to boost mission and ministry.

St Martin's Trust: for providing financial support to our most economically deprived parishes.

Benefact Trust (formerly Allchurches Trust): for grants which have helped us to deliver a range of activities that include working with children and young people, helping churches support the most vulnerable and tackle social issues.



Grow in depth of discipleship

Everyday Faith

An Everyday Faith Learning Community led three churches on a journey of culture change, meeting every six months and implementing key changes to help grow disciples Monday to Saturday.

Additionally, the Intentional Discipleship groups, which enable people to be attentive to God and respond to Him in daily life, continued to flourish. During the "What is your plan for discipleship?" workshop several churches spent time focussing on this crucial question and making plans together.



Way of Discipleship

The Way of Discipleship resource launched in May 2021 and has been viewed by over 1,500 people to date. It contains a question and answer resource, over 50 tools, four courses, and 24 videos. Courses have run throughout the year on Zoom and in local churches. One attendee said, *"Excellent resources to read and build up knowledge which has enabled me to develop confidence, and I have been able to witness in my workplace."*









Youth Group, St Francis, Bournville



A weekly, small group meets at St Francis, Bournville, comprised of seven adults and five young people, to explore confirmation together. One of their sessions took them on a Light Trail around the parish, an idea promoted across the diocese by the Parish Mission Support team. In a pilgrimage style, the group wondered together about the nature and nearness of God, as well their understanding of angels. Revd Richard Wharton, the vicar, encourages them to think about their experience during the week with questions coming from amongst the group about 'thin' spaces, where they might sense the nearness and 'otherness' of God?'.

AFT



Transforming Church Mission Planning, St Peter's, Harborne

In February 2022, St Peter's, Harborne, began their accompanied Transforming Church Action Planning (TCAP) journey with a facilitated vision day. Working with a Mission Enabler, and a lot of sticky notes, they prayerfully and collaboratively explored the context of their parish and who they are and aspire to be.

The sticky notes told a story. It was clear that one of their missional Areas of Focus would be 'Community Engagement and Outreach,' with a priority of care for the wider community. As a result, the church is exploring the development of a Commissioned Pastoral Team to make these aspirations a reality.







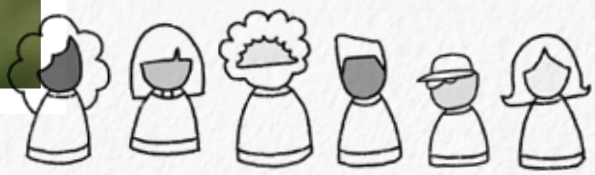


Growing churches at the

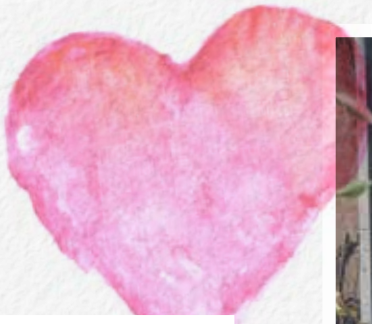






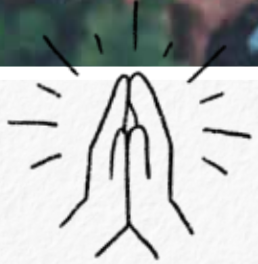


heart of each community









Worshipping communities are diverse (meaning representative of our communities) and accessible to all



Parish Mission Support and Wild Church at St Laurence's, Northfield

If you go down to St Laurence's churchyard on a Sunday afternoon at 4pm you will discover a wonderful Wild Church, exploring ways to connect with God through what is found in the churchyard, which changes with the passing seasons. Their creations can be found on their Facebook page, proudly proclaiming how a multi-generational congregation can work together to make sense of what God is revealing to them through our wonderful wild creation. They meet on the 1st and 3rd Sundays of the month.





Welcoming families from Hong Kong at Knowle Parish Church



Knowle Parish Church has been delighted to welcome many new families from Hong Kong into church and local community. The families have begun to get fully involved in church life – serving on the worship, tech, hospitality teams and more. The church hosted a 'share and prayer' for Hong Kong event for the whole community and recently a Lunar New Year party. Many families are from a Christian background, but there are also some coming to church who are not, and for whom church is completely new. The church community at Knowle is being enriched and the missional potential going forwards is significant and exciting.







Ukrainian Carol Service at St Margaret's, Olton

A carol service for the network of Ukrainians and their host families in Solihull was held on 22 December 2022. A mixture of Ukrainian and English carols were sung with St Margaret's choir who also sang 'Carol of the Bells' written by Ukrainian composer Mykola Leontovych. Beforehand, members of the congregation were overheard practising their Ukrainian greetings. A Ukrainian friend from Taizé, who lives with in the local area, translated from the front during the service and Bishop James Langstaff gave the blessing in Ukrainian at the end. It was a taste of heaven where one day every tongue and tribe and nation will worship together.



Urban Estates Network

The Urban Estates Network had a retreat with Jon Swales reflecting on ministry on the margins. A further retreat morning focussed on leadership lessons from the early church.

Racial Justice

The Racial Justice Board and accountability partners celebrate and promote equality, diversity and racial justice in Church of England Birmingham, utilising training platforms like the Unconscious Bias module, and through developing strategic resources such anti-racism and reverse mentoring modules to reflect God's glory and image in our diocese. The Racial Justice Board also works with area deans, deaneries and local church leaders as they look to reflect and celebrate diversity as the inherent culture in our parishes and worshipping communities (Galatians 3:26-28).







Grow in partnerships and impact in the community

Body, Mind and Spirit Partnership



Body, Mind and Spirit Partnership (BMSP), supported by Thrive Together Birmingham, is a partnership of ten churches and church-linked organisations, funded by Birmingham City Council, working to reduce and prevent the isolation of older adults. Supported by Thrive Birmingham Together, locally employed Development Workers connect with older people and support them by developing models of work that enable their full participation with a focus on giving dignity, hospitality and connection rather than provision of a service. During the pandemic, BMSP developed an innovative project around digital inclusion, recording the experiences of older people as they were introduced to the world of computers, smartphones and tablets and developed their skills. A film was launched in 2022 as a presentation of learning from the project.





Warm Welcome and Places of Welcome

In Autumn 2022, Birmingham City Council declared a Cost of Living Crisis emergency, and Thrive Together Birmingham has taken a lead working with the Council and other community sector colleagues delivering Birmingham's response particularly to the challenge of energy costs. Warm Welcome has developed as a partnership of local places offering places of hospitality and welcome to residents looking for somewhere to spend time and get access to advice and support. Over 70 churches have registered a Warm Welcome space alongside around 120 other community groups. Significantly, with the emphasis of the movement on preserving dignity and opportunities to participate, the Warm Welcome network is well placed to continue activity for the longer term providing a community safety net of connection and deeper relationship for residents across Birmingham. While the emphasis has been on Birmingham, Thrive Birmingham Together have also been supporting similar activity in Solihull and Sandwell.



Warm Welcome at Gas Street St Luke's

Gas Street St Luke's is currently hosting a thriving and well-attended 'Warm Welcome' initiative for those most vulnerable during the recent cost of living crisis and in need of warm shelter within the city-centre area.

Opening church doors for the wider community with compassion, and providing great hospitality, the church has also been featured on BBC West Midlands recently highlighting their pastoral and charitable work as something pioneering and notable within the area.

Revd Tim Hughes says: "Gas Street St Luke's is a Warm Welcome hub for our local community. We open every weekday, 8:30-4:30pm, with our Coffee Shop and Soft Play, and our Love Your Neighbour initiative, to anyone who wants a warm welcome. We've seen relationships develop and flourish with people of all backgrounds and we are excited to see people integrating into the church community at different levels."







Faithful Friends and Women's First groups in Smethwick



The Faithful Friends and Women's First groups in Smethwick have been growing in their partnerships with churches and people from different faiths. These partnerships are based on friendships formed by leaders from each faith who meet regularly and discuss different topics, however challenging. A joint trip to Israel / Palestine has led to a deeper understanding of the religious complexity there and led to ongoing visits to and from the region. Standing in solidarity against a local, religiously motivated, protest significantly calmed the situation in Smethwick. The partnerships continue to grow and deepen to the benefit of the whole community.

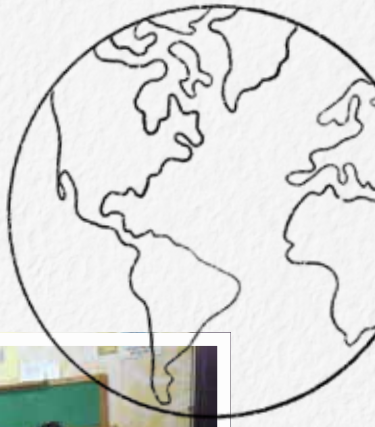


Interfaith Iftar at St. Paul's, Bordesley Green

A highlight of the last year was the Interfaith Iftar that was organised at St. Paul's, Bordesley Green. At a community meeting, a Muslim friend suggested that a community iftar, the meal which breaks the Ramadan fast, would be a good idea. Around 60 people attended, ate together, spoke to new people, and discussed ways in which people of all faiths could work together to improve our community. There is a hope to run it again in Ramadan 2023.

Bolivia / Malawi / World Mission

Many CofE Birmingham churches are linked across continents through the friends and families of church members, mission partners, campaigns and social action projects. The CofE Birmingham collegiately enjoys links with Dioceses of Malawi and the Anglican Church in Bolivia with various visits affirming our mutual commitment to support one another in mission across continents. We believe that being part of a world wide church helps us to understand more fully the work of God through Jesus Christ in the world today. It reminds us of our responsibility to care for all of God's creation and challenges us to live lives that contribute to a fairer and more just world economy.















Environmental sustainability

CofE Birmingham Environment Programme

The CofE Birmingham Environment Programme exists to help all parts of the CofE Birmingham to take action to care for and renew creation. It is led by the CofE Birmingham Environment Board, which is Chaired by the Bishop of Birmingham, and works to lead, inspire and oversee various projects and initiatives. The current environment projects are Net Zero Carbon, Eco Church, and the establishment of Deanery Environment Champions. Each project will help in improving environmental sustainability for the CofE Birmingham.

Net Zero Carbon

The Net Zero Environment Group is continuing to plan towards achieving the target for all parts of the Church of England Birmingham to become net zero carbon by 2030, including church buildings, schools, clergy housing and offices. The main focus of the project at the moment is gathering information for planning how to achieve the target. A detailed Net Zero Carbon Action Plan is under development and will be completed in 2023. The top 20% highest energy emitting churches in the diocesan area have also been identified and will be supported in developing their own plans to work towards net zero carbon.

Eco Church

The Eco Church Project Group focusses on encouraging churches to register with the national Eco Church scheme, which equips individual churches to care for God's creation through their worship, buildings, land, community engagement, and individual lifestyles. By the end of 2022, almost half of churches in the CofE Birmingham had registered with Eco Church, while almost a quarter have already achieved at least a bronze award. In summer 2022, St Peter's, Maney, was the first church in the CofE Birmingham to achieve a Gold Eco Church Award.

Deanery Environment Champions

Over the last year the role of Deanery Environment Champion has started to become established in the CofE Birmingham. At least one Deanery Environment Champion has now been appointed for five of the six deaneries in the CofE Birmingham, where they act as the key point of contact for environment-related matters in their deanery. All parishes are now encouraged to appoint a Parish Environment Contact who can receive the latest news and updates from the Environment Programme, with the aim that local networks of volunteers with an interest in environmental matters can develop.



Silver Eco Church Award at St George's, Edgbaston

The church communities of Warley and Edgbaston Deanery seek to protect God's creation and minimise impact on global warming and its devastating impact on the world's poorest.

St George's, Edgbaston, are the first church to achieve the silver eco-church award in the deanery. 70% of Warley & Edgbaston Deanery Churches have registered for eco-church and nearly 40% of these already have an award.

St Germain's, Edgbaston, is fundraising for an air source heat pump and St Peter's, Harborne, is installing double glazing in their Church Hall. Also multiple churches have installed LED lighting.



Net Zero Carbon Church, St Michael's, Baddesley Clinton

St Michael's, Baddesley Clinton, was featured in the Church of England website last year for its commitment and achievement in becoming a net-zero carbon church. The church runs entirely on electricity, as opposed to previously being run on gas. They also have a number of projects to improve the lighting and heating which has seen a huge reduction in the amount of energy consumed day-to-day. The PCC switched energy companies and buy all electricity from a renewable supplier which helped achieve their net-zero carbon status.







STRATEGIC AND OPERATING REVIEW

Supporting the mission

The Church of England Birmingham through the Birmingham Diocesan Board of Finance (BDBF) aims to promote, facilitate and assist with the work and purposes of the Church of England for the advancement of the Christian faith in the Birmingham Diocese and elsewhere. This includes the provision of facilities for public worship, pastoral care and spiritual, moral and intellectual development, together with the promotion of Christian values and services by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

In this, the BDBF acts as the financial executive for the Diocesan Synod in the administration of The Church of England Birmingham's interests.

The BDBF helps to facilitate the pursuit of our Diocesan Goals by its ongoing objective to maintain a sound financial structure that resources the needs determined by Diocesan Synod and informed by local and national church institutions. This financial structure includes supporting clergy through the payment of stipends, managing parsonages and other ministerial houses, and also by providing other facilities and resources in the support of the ministry of both clergy and lay people in parishes across the Diocese.

Constitution

The BDBF is established under the Diocesan Boards of Finance Measure 1925. It is a company limited by guarantee and subject to its own Memorandum and Articles of Association. The BDBF is also a registered charity.

The BDBF is constituted as the financial executive of the Diocesan Synod, each member of which is also a member of the BDBF. Trustees are appointed by the members on a triennial basis. The BDBF acts as the Parsonages Board and the Diocesan Mission and Pastoral Committee for the purposes of ecclesiastical legislation.

The BDBF, which meets four times each year, is the principal policy making body. It takes advice from its Board of Trustee Directors, constituted as the Bishop's Council, which examines issues in detail and makes recommendations. The Council also takes executive action in certain matters and deals with day-to-day issues. The membership of the Bishop's Council is contained on page 3 of this report.

Delegation of day-to-day delivery The Trustees and the sub-committees which assist them in the fulfilment of their responsibilities, rely upon the Diocesan Secretary and colleagues for the delivery of the day-to-day activities of the company. The Diocesan Secretary is given specific and general delegated authority to deliver the business of the BDBF in accordance with the policies framed by the Trustees. The Diocesan Secretary and key staff during 2022 were:

Dr Jan Smart . . . . . Diocesan Secretary
Miss Karen Preece . . . . . Director of Finance
Mrs Sarah Smith . . . . . Director of Education
Mr Daniel Mayes . . . . . Property Director
Mr Ben Franks . . . . . Human Resources Director

Recruitment and training of trustees

Trustees are recruited through a mixture of ex-officio positions, elections and nominations. Elections take place every three years at the first meeting of the new Diocesan Synod (itself elected every three years). The trustees have the power to co-opt members according to their assessment of the needs of the BDBF in terms of required skills and experience.

Induction for trustees includes a one-day event to ensure familiarisation with the organisation and its vision and strategy and also an overview of trustees' responsibilities. 2022 saw the first year of a three-year Trustee Development Programme to provide trustees with deeper knowledge and skills to further equip them for their role – sessions in the year covered the legal framework of the BDBF, trustees' legal responsibilities and Risk Management.

They are also given relevant literature which explains the role and obligations associated with their role as a director and trustee of the BDBF. Trustees then receive ongoing training as appropriate. They will also receive an introduction to any special areas with which they will be working such as the Board of Education. Trustees are encouraged to visit Diocesan operations.

All trustees are required to maintain their entry in the register of declarations of interests.

Some senior staff have job titles incorporating the title 'Director' but they are not directors of the company (for the purposes of company law) and therefore are not 'charity trustees'.

Charity Governance Code

The BDBF welcomes the 'Charity Governance Code' and is working on its application. The three-year Trustee Development Programme which commenced in 2022 is part of our planned 'self-audit' review. The programme will continue throughout 2023 and 2024.

Management structure

The BDBF is assisted in its work during the year by a number of committees:

The Diocesan Board of Education is a statutory body whose financial responsibilities are reported as part of the BDBF. The Board is also responsible for the Diocesan Church Schools' Fund (restricted fund).

Finance, Investment and Property Subcommittee (FIPS) acts in all finance matters, including audit, remuneration of BDBF staff, the management of BDBF investment property and fiscal investments and parsonage maintenance issues, and makes recommendations to Bishop's Council.

Executive Change Board was established by Bishops Council in 2022 to ensure that all strategic change activity is aligned with the *Transforming Church* vision and strategy of CofE Birmingham. A process has been established by which strategic changes, and new initiatives can be encouraged, incorporated, monitored and held accountable.

The Diocesan Advisory Committee (DAC) for the Care of Churches provides advice on the effective stewardship and development of church buildings whether listed or not; church architecture, archaeology, art and history; conserving historic fabric and furnishings; and liturgy and worship. The DAC works with parishes at all stages of a 'building' project. One of its key responsibilities is oversight of the Faculty process, which is the Church of England equivalent of the civil planning process. As well as representation from with the CofE Birmingham and the wider church, membership includes experienced specialists, who provide consultancy advice on a voluntary basis.

Other organisations with which the BDBF co-operates in achieving its objectives

Within the ministry of The Church of England Birmingham, the BDBF plays an important role in co-operation with other persons and charities which form part of the Church. Under the oversight of the Bishop of Birmingham, who shares the cure of souls with clergy and lay workers across the Diocese, the day-to-day responsibility for the funding of clergy stipend costs, providing clergy housing, training clergy and other Diocesan costs falls to the BDBF. Some of these clergy are trustees of the BDBF and they are listed on page 3.

The BDBF has important relationships with the national institutions of the Church of England, specifically:

The Archbishops' Council to which it pays grants based on an apportionment system for funding national training of ordinands and the activities of the various national boards and councils, as well as General Synod.

The Church Commissioners from which the BDBF receives grants and which acts on behalf of clergy with HM Revenue and Customs. The BDBF pays clergy stipends through the Church Commissioners.

The Church of England Pensions Board which provides pensions for clergy and the BDBF's lay staff. It also offers schemes to provide housing for clergy in retirement.

At local level key relationships include:

Parochial Church Councils (PCCs) which are the main income source for the BDBF through the Common Fund system. PCCs are independent charities and operate under the Parochial Church Councils (Powers) Measure 1956. They are able to influence decision making within the BDBF and at Diocesan Synod level through representation to those bodies and through the input of their Deanery Synods.

Church Urban Fund (CUF) Joint Venture – the Bishop of Birmingham, the BDBF and CUF are the founding members and equal partners of *Thrive Together Birmingham* (Thrive). This is a company limited by guarantee with charitable status. The BDBF Director of Community Regeneration, an employee of BDBF, is also the Chief Executive of Thrive, and has oversight over development workers who are employed by that entity.

The Diocese of Birmingham Educational Trust which is a charity set up in response to the challenge of a large number of Church of England Schools converting or otherwise becoming Church of England Academies under the Academies Act 2010. The charity operates as a sponsor or co-sponsor of Church of England Academies in the Diocese as required and supports Academy Trusts to both fulfil their responsibilities and provide a challenge to governors in this regard.

Birmingham Diocesan Multi-Academy Trust which is the Diocesan multi-academy trust that was established during 2017. The six sponsored academies which were under the umbrella of The Diocese of Birmingham Educational Trust transferred to this multi academy trust on 1 September 2017. The trust now has nineteen schools.

Birmingham Cathedral with whom there is now an established pattern of close collaborative working.

St Martin's Trust and other local trusts which generously provide financial support to some of the Diocese's most economically deprived parishes.

Other Christian Denominations with and through whom the BDBF resources matters of workplace chaplaincy and ecumenical relations, notably through Churches and Industry Group Birmingham, Birmingham Churches Together and Local Ecumenical Partnerships.

Interfaith bodies, such as *The Feast*, as part of our cross-community work to promote good interfaith relations.

Birmingham Diocesan Trust (BDT) which is the custodian trustee for properties and permanent endowments on behalf of parishes and schools. BDT is a separately registered charity.

Volunteers

The Church of England Birmingham is dependent on the huge number of people involved in church activities both locally and at Diocesan level. We believe that the number of active volunteers (or volunteer hours) given to the mission and ministry of the church is a key indicator of the health of a church. The service provided to a community through church volunteering also has a significant impact on people's relationship to the church, particularly at times of crisis.

Within this, the BDBF greatly appreciates the considerable time given by all the committee members across the Diocese in pursuit of the mission of The Church of England Birmingham.

Estimating the 'in-kind' value of volunteer time to the operations of the BDBF is particularly difficult to measure in a meaningful way. It is for this reason that no estimate of the value of this time has been included in the financial statements.

Public benefit

The Church of England Birmingham through the BDBF reviews its work each year and considers outcomes and plans for the future. It takes account of the Charity Commission's general guidance on public benefit when reviewing its purpose and in considering how planned activities will meet that aim.

How our activities deliver public benefit

Our main activities aim to deliver public benefit in the following ways:

Clergy Providing parish and other clergy to offer Christian services and spiritual oversight

Parochial Church Councils Assisting PCCs to provide churches, sacred spaces and worship services

Parish Mission Assisting parishes particularly through the *Transforming Church* vision and associated core activity and strategic programmes

Education Contributing to the spiritual and moral education of children and young people in over 50 church schools

Social action Contributing to and assisting in social action in parishes and elsewhere, such as food banks and night shelters

Training Providing training and assistance in order that parishes have clergy and volunteers who are competent, for example, to assist clergy in providing Christian services, visiting the sick, and comforting the bereaved

Grants Making grants to enable the national church institutions to function and have a positive wider influence

World Mission In part through links with the Anglican Dioceses in Malawi and Bolivia.

Who benefits from our services?

We aim to make our services open to as wide a section of the public as possible. For example:

- Everywhere in the Church of England Birmingham is part of a Church of England parish that has a member of clergy who has concern for the spiritual welfare of the individuals who reside in it
- Parishes in wealthier areas generally contribute somewhat more than the cost of their clergy in order that clergy can also be provided in less wealthy areas
- Training courses are offered at reduced or no cost where appropriate, in order that ability to pay is not a barrier to participation.

Fundraising

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. The legislation defines fundraising as "soliciting or otherwise procuring money or other property for charitable purposes". The BDBF does not undertake fundraising from the general public but from time to time does apply for grant funding from grant-awarding charities. Any such amounts receivable are presented in the financial statements as 'voluntary income' and include legacies and grants.

In relation to the above we confirm that all solicitations are managed internally, without involvement of commercial participators or professional fundraisers, or third parties. The day-to-day management of all income generation is delegated to the executive team, who are accountable to the trustees. The BDBF is not bound by any undertaking to be bound by any regulatory scheme. The BDBF has received no complaints in relation to fundraising activities. Its terms of employment require staff to behave reasonably at all times; as the BDBF does not approach individuals for funds, contracts of employment do not particularise this requirement for fundraising activities nor does the BDBF consider it necessary to design specific procedures to monitor such activities.

STRATEGIC AND OPERATING REVIEW

Financial overview of the year

This annual report looks to give a flavour of how The Church of England Birmingham family has continued to respond to the ongoing challenges of COVID-19 as well as the cost-of-living and energy crises. In the widest sense, each of these continues to have a significant financial impact on our own available resources. Closed church buildings and church hall doors at the height of the pandemic, and continuing crises since then, has substantially damaged the underlying financial health of many of our parishes (all independent charities), and therefore, their ability to pay Common Fund to the diocese at pre-pandemic levels.

As a diocese our single largest source of income is parochial contributions – otherwise known as Common Fund. These funds are remitted to us by our parishes out of their income, which substantially comes from two key sources: voluntary giving and the rental of their church halls and other property. Both income streams have been badly hit over the last three years and this had a substantial and direct impact on our collection of Common Fund over 2022. The generosity of our parishes and congregations continued to be severely tested again over the last year; parishes are still experiencing significant falls in cash giving and income through church hall and other lettings. This had a direct impact on their ability to meet their commitments and many more have dipped into their reserves this year to try to meet these commitments.

We have continued to hold costs down wherever possible in order to make financial savings. The National Church has continued to provide cash flow support through early payment of agreed grants and we have been awarded an additional £475,000 of Sustainability funding during 2022.

We have continued to work closely with our parishes to support them where we can in order to maintain our Common Fund income as far as possible. However, our current experience continues to show that it will be a long road to recovery for our parishes and for the BDBF.

Our 2023 budgets reflect a continuing financial operating shortfall of £815,000 – this is worse than our 2021 budget and reflects our experience over 2022 around the financial capacity of our parishes. As a backstop, the Board has again made provision for the utilisation of currently unallocated Strategic Investment Fund monies to cover this deficit. Work will continue to minimise this re-allocation of funds and the ongoing programme of property disposals will continue to further increase this fund (and replace any funds utilised over the next few years) to ensure that our transformation programmes continue to deliver on our vision.

Financial review

The 2022 headline income figure of £12,707,000 shows an overall significant increase in income of £1,020,000 compared to £11,687,000 in the prior year. Even after excluding gains on the disposal of redundant assets, this still gives us a real increase in income of £960,000. As is always the case, we need to dig deeper to understand the core underlying trends beneath the headlines.

Underpinning our day-to-day diocesan finances is our single largest source of income – parochial contributions or Common Fund from our parishes. To complement the work we are carrying out under the *People & Places* deployment framework, we implemented a new common fund methodology in 2019 that draws inspiration from St Paul's writing of two communities that need to share – Common Fund is a powerful, practical application of God's generosity.

After the difficulties of 2020, it became clear that the methodology that we had implemented in 2019 was not sufficiently robust to withstand the wide swings in income that our parishes were experiencing, and we therefore implemented an interim methodology for 2021 and 2022, now extended into 2023. This used the commitments made by each parish for 2020 as a base for giving. We then allowed parishes to take a more flexible approach to their offering – in general we accepted amounts between 75% and 100% of this original commitment, with conversations with those parishes that identified that this lower threshold would still be a problem. Our overall budget for 2022 was then set at 85% of the 2020 Commitment total (£5,184,000).

The total commitments made for 2022 were £5,262,000 including pledged gifts of £271,000 – this compares with a total of £6,021,000 in 2020. In 2022, our parishes actually contributed £4,807,000. This was £455,000 less than our original budget and only 91% of the commitments that had been made at the start of the year. On a positive note, gifts that were pledged were broadly delivered. Against the continuing uncertainties of the last year, we recognise that this outturn demonstrated the real commitment of our parishes and again we are immensely grateful for their continued support. However, this fall in our key income stream must be set against a backdrop of a 2% increase in the diocesan stipend rate (in line with the rise in the national minimum stipend) and rising inflation.

Remitted statutory fees from occasional offices (such as weddings and funerals) experienced a further fall of 20% on the prior year. This was a decrease for the seventh year running. Although we have seen more weddings this year, we are still at around 50% of pre-pandemic levels.

We continue to proactively let empty parsonages during parish vacancies. Our housing rental income has increased by 10% (£42,000) year on year although pressures in the private rental market has seen some difficulties in recovering properties at the end of the lets. Elsewhere, our investment income has remained steady although our investment property rental income has been challenged again this year.

The BDBF continues to receive significant support from the Church Commissioners in the form of Lowest Income Communities funding based on the Index of Multiple Deprivation for each parish. We received £1,997,000 of this funding in 2022 – we were again the recipients of an additional grant of £50,000 from the Oxford Diocese Mutuality Fund in addition to our expected grant of £1,947,000. The Strategic Ministry Fund (via Church Commissioners) has continued to support an increase in the number of new curates that start their three-year training each year – we received another new three-year grant for five starters in 2022 (in addition to our base of six) meeting 90/95% of the cost of each of them, in addition to ongoing funding for the three funded starters in 2021 and two in 2020.

We have continued to reap the financial benefits of Strategic Development and Capacity funding through a full twelve months of activity for the *Shaping the Future* programme, the *People & Places* framework and resourcing and planting church initiatives, contributing income of £1,589,000 (2021: £1,480,000). However, these income sources are restricted in nature and can only be utilised for specific activities. In addition, we received £507,000 in the form of grants from Church Commissioners in response to the energy cost crisis to be paid over to parishes and clergy during the year.

We remain immensely grateful to Church Commissioners, Benefact Trust, Historic England and the many individual donors who share our mission vision and support our activities more widely.

The 2022 headline expenditure figure of £13,027,000 when compared to the prior year figure of £11,514,000 shows an increase in expenditure of £1,513,000. The increase excluding the hardship grants paid out to parishes and clergy is £1,032,000. As noted within our income commentary, we need to again dig deeper to understand the core underlying trends beneath the headlines.

As noted in our key financial indicators below, we have experienced again this year a high (though managed) parish clergy vacancy rate, as well as the impact of a 2% increase in stipends and lay salaries, which had implications for our ministry costs. As we reached the end of the property quinquennium, we took a positive decision to complete the programme, which had been delayed in 2020 to ensure that the new quinquennium began without a backlog still to clear. This resulted in additional un-budgeted clergy housing works of around £120,000 in the year. In addition there were one-off costs in relation to the move to our new offices of £196,000 including a substantial provision for

dilapidations at our old offices. Although only minimal in impact, we did manage to deliver non-salary/stipend savings across most areas for a wide range of reasons.

Outside of clergy costs, our main areas of expenditure have again been within our restricted grant income resourced *People & Places* framework and missional initiative programmes such as *Shaping the Future*, Church Planting and Children and Families Ministry together with restructuring and historical places of worship support.

KEY PERFORMANCE INDICATOR	2022 ACTUAL	2022 BUDGET
Common Fund collection rate on Sum Requested amount %	91.7%	91%
Common Fund collection rate on Pledged Gifts amount %	100%	100%
Common Fund overall collection rate on Budgeted amount %	92.5%	100%
Common Fund overall % rise year-on-year in cash terms	0.3%	12.8%
Parish clergy establishment posts	89	98
Dividend yield on Evelyn Partners investment portfolio %	-7.2%	-8.1%
Dividend yield on CCLA investment portfolio %	3.9%	3.6%
Reserves policy met	Yes	Yes

On an overall funds basis, there is a deficit for the year of £320,000 (2021: £173,000 surplus) before considering the year end non-cash adjustments in relation to pensions and investment valuations.

The significant fall of £1,560,000 (2021: £1,500,000 increase) in the valuation of our investment portfolio year on year clearly reflects the turbulence in worldwide stock markets since 2020 – as predicted the large gains in 2021 have been wiped out in 2022. Triennial valuations have been completed in respect of the clergy and lay defined benefit pension schemes during the year. Both schemes are now in surplus. This means that there is no longer a provision for deficit contributions (reflected as other recognised gains of £299,000) and we have been able to release the remaining balance on the designated pension fund of £160,000 back to the Unrestricted General Fund. Although significant, both of these items are year-end financial statement adjustments which have no impact on the day-to-day running of and cash flows of the BDBF.

Work continues projecting further into the future to ensure that BDBF remains sustainable financially. This was already difficult as we started to emerge from the pandemic, but the cost-of-living and energy cost crises have made this even harder to forecast. However, it continues to be informed by a broad review of the key factors impacting on the BDBF financial outcomes:

- Ministry deployment - Ordained and lay, paid and unpaid, parochial and pioneer
- Parish finances, including Common Fund contributions and parochial fees
- Centrally organised parish support services
- Long-term buildings strategy
- Continuing funding bids to Church Commissioners and others.

Balance Sheet position

The BDBF Trustees consider that the balance sheet, together with details in note 20 to the financial statements show broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets, given the purposes for which the funds are held. While the net assets at the balance sheet date totalled £46,160,000 (2021: £47,741,000) it must be remembered that included in this total are properties, mostly in use for ministry whose value amounted to £23,425,000 (2021: £23,230,000). Much of the remainder of the assets shown in the balance sheet are held in restricted funds and cannot necessarily be used for the general purposes of the BDBF.

Significant Property Transactions

During the year, we have completed the sale of one surplus vicarage owned by the BDBF together with one small land disposal. Bishop's Council has continued its policy to place the proceeds from significant unrestricted property disposals into the Strategic Investment Fund. This fund was designated by the BDBF for intentional strategic mission investment and in the long-term, it is still intended that this is the case. However, this remains subject to the need for funds to maintain the operations of the BDBF. In the absence of any sustainability funding from Church Commissioners, funds will be drawn down from this fund to cover operating deficits for 2023 and probably 2024.

We continue to progress on our long-term property estate development plan – over 2022, we have:

- Continued to replace or upgrade unsuitable properties (aiming to be more carbon neutral where possible)
- Continued to accommodate the changing geographical deployment of clergy within the Church of England Birmingham
- Established a base-line energy usage report across our portfolio and created a Road Map to achieve our net-zero carbon objective by 2030 – although the substantial funding necessary to deliver this has yet to be identified
- Realised development potential in some properties to use our resources more effectively for mission and ministry and have a number of development projects in progress
- Begun working collaboratively with Gloucester Diocese as part of the National Church response to the *Coming Home Report* to improve access to affordable housing.

Factors that may impact on future financial performance

There are a number of factors which can impact on the BDBF's ability to meet its objectives, but which are outside its control. Most important is the collection of the Common Fund from the parishes. Any significant shortfall in the amount collected could have implications for our mission objectives and deployment, as has been evidenced over the course of the last three years. In response to this, actions to manage the numbers of stipendiary clergy effectively will continue alongside general cost savings to manage the BDBF financial position over this difficult period.

As is the case for all charities with historic endowment, the BDBF is vulnerable to changes in the value and returns upon its properties and stock market based (fiscal) investments. This is mitigated by employing specialist fund managers and advisors to help develop an appropriate investment policy.

As noted above, the BDBF receives significant support from the Church Commissioners, and we still expect to do so under the new nine-year funding approach for dioceses announced during 2022. However, this is all restricted funding for limited time periods and so this brings into focus our business planning activities as we 'reimagine' the shape of mission and ministry for the next generation.

Reserves Policy

Free reserves are maintained for the following purposes:

- To avoid bank borrowing if there is a temporary shortfall in income and/or surge in expenditure
- To provide for emergencies

The reserves policy of the BDBF is currently formulated in line with recommendations of the Charity Commission of England and Wales as follows:

"The BDBF aims to maintain the equivalent of at least three months operating expenditure in cash and readily liquid assets in the general unrestricted fund. This excludes all designated funds and loans. The policy is to be reviewed on an annual basis".

As at 31 December 2022, the reserves policy target is £2,705,000 representing three months unrestricted operating expenditure as budgeted for the forthcoming year.

The trustees have considered the composition of the assets underpinning the total unrestricted reserves of £9,681,000 – this includes £5,569,000 of undesignated unrestricted reserves. The

undesignated unrestricted reserve includes £5,265,000 of non-readily realisable property assets, leaving only £304,000 of free undesignated unrestricted reserves. Our designated unrestricted reserves also include £2,754,000 in the Strategic Investment Fund (held in cash and liquid assets). Bishop's Council has formally approved that these funds can be un-designated to support our operating deficits as required for the time being and our 2023 budget already assumes that transfers of £815,000 will be required.

In light of this and the most recent Charity Commission guidance, the Board will carry out a formal review of its reserves policy during the forthcoming year, as well as any re-allocation of the underlying assets to reflect the revised policy.

Designated funds

The BDBF may, with the approval of the board, designate additional unrestricted reserves to be retained for an agreed purpose where this is considered prudent. Such designated reserves are reviewed on an annual basis and returned to the general fund in the event that the purpose of their designation is no longer considered adequate for their retention. A description of each reserve with the intended use of the reserve is set out in note 21. During 2022, there were three significant designated funds, the first being the full provision for the payment of deficit contributions to the clergy and church workers pension schemes. Following the most recent Triennial valuation for both funds, all of these funds have been released as both funds are in surplus. The second is the Sustainability Grant Fund - the brought forward balance of £637,000 remaining from the 2020 grant together with the additional grant of £475,000 received in this year has all been used to cover the unrestricted operating deficit for 2022. The third is the Strategic Investment fund totalling £2,754,000 as at 31 December 2022, which has been created using the proceeds for unrestricted property disposals since 2019. The fund is intended to be used for intentional strategic mission investments including match funding for our Church Commissioner grant funded *Shaping the Future* and *People & Places* strategic programmes. However, as noted above, in setting the 2023 budget Bishop's Council once again agreed to un-designate such funds as are deemed necessary in order to deliver a balanced unrestricted outturn. To date, no use has been made of the provision to do this due to the availability of Sustainability funding.

Restricted and endowment funds

As set out in note 21, the BDBF holds and administers a number of restricted and endowment funds. As at 31 December 2022 restricted funds totalled £7,276,000 (2021: £7,779,000) and endowment funds totalled £29,203,000 (2021: £29,548,000). Neither are available for the general purposes of the BDBF.

Investment policy

The BDBF maintains an overview of its investments through its FIPS sub-committee, which also monitors performance against market benchmarks and considers the adequacy of its investment mix.

Throughout 2022 our overarching investment principles as embedded in our Statement of Investment Principles were as follows:

- Implement a balanced asset allocation approach to the portfolio with a medium risk profile
- Portfolio to be well diversified to provide an appropriate base for both long term capital and income growth
- Performance to be in excess of the APCIMS Balanced Index benchmark with specific income targets as agreed with the trustees
- Performance at least 2% better than the Retail Price Index
- The Church of England Ethical Investment Forum guidelines will be complied with.

The portfolio is managed in the following manner:

- Direct property investments managed by Bruton Knowles
- Marketable investments actively managed by Smith & Williamson
- Remaining funds within CCLA/CBF funds on a self-managed basis
- Investment funds within certain restricted funds (Malawi / Church Schools / Bishop Brown) are held within CCLA funds selected on the basis of the income/capital needs of the respective fund as appropriate.

Once again, it has been hard to predict performance across our investment portfolio with any real certainty as world events have evolved around us. Brexit and other uncertain political scenarios exacerbated by the growing energy cost and cost-of-living crisis has meant that investment performance through 2022 has again been mixed. Investment income at £491,000 was 8% better than last year, however, as expected the £1.5m investment valuation gain in 2021 was more than reversed in 2022 – with us suffering a £1.56m loss. Unsurprisingly, investment performance on a total return basis over the last twelve months was poor at -7.2% compared with +13.6% in 2021, although this was 0.9% better than the performance of our benchmark portfolio. Against this, the UK equities market was actually 7.1% up against 2021.

Over 2022, we have continued to take steps to make our own contribution to reduce the impact of climate change through changes in our choices around our investment portfolio. During the year, we have divested from most of our shareholdings in entities directly engaged in fossil fuel activities. The holdings that we had were consistently high performing stocks for us and we have sought to replace these holdings with similarly high-performing stocks. We are however aware that there will be companies operating in these markets represented within the more significant funds and unit trusts ('collectives') that the BDBF is invested in, and our investment review has made recommendations for change in this area.

The review of our published Statement of Investment Principles started in 2022 and completed in the first quarter of 2023. Although this has not recommended any changes to our fund managers, we have agreed changes in the way that the funds are managed and reported. We expect to see changes in asset allocation and especially changes in the way our managers identify and monitor 'collectives' (including unit trusts) to ensure that they reflect our move towards a 'greener' portfolio. Changes in investments will of course be carefully managed to ensure that there is no significant financial loss to the BDBF.

Investment management advisor performance for both direct property and marketable investments will continue to be robustly monitored in the forthcoming year in line with our updated Investment Policy and recommendations arising from the review.

Grant making policy

The BDBF has established its grant making policy to achieve its objectives for public benefit (as detailed on page 43). We deliver our public benefit to the wider population in the Diocese by the work of our parishes. We support this work by grant programmes that help parishes to further engage and service their local communities. This may be mission activities, community regeneration, church maintenance, schools and world mission. All grant applications must be made in writing. Parish mission and delivery plans and available resources are taken into account in the distribution of available grants.

Remuneration of key management personnel

Emoluments of higher paid employees are determined by the Chair of the BDBF with reference to regular appraisals, remuneration and salary benchmarking and consequent recommendation of changes.

Principal risks and uncertainties

The trustees of the BDBF have overall responsibility for ensuring that the charitable company has an appropriate system of controls, financial and otherwise. The systems of internal control are designed to provide reasonable, but not absolute assurance against material misstatement or loss.

They include:

- An annual budget and five-year financial plan approved by the trustees.
- Regular consideration of both financial results and other performance indicators.
- Delegation of authority and segregation of duties.

As part of this responsibility, the trustees are also required to ensure that effective and adequate risk management is in place to manage the major risks to which the BDBF is exposed. They have a clear mechanism for obtaining assurance on the management of risks. The trustees agree the approach to risk including overseeing the process to identify and assess key risks and understanding how those risks are managed and mitigated.

During 2022, the BDBF used a risk assessment model which considered risks to the achievement of our strategic diocesan goals through the *Transforming Church* strategy alongside day-to-day operational activities. Risks were considered and presented as either Strategic or Operational risks within an active risk register. Strategic risks were identified as significant when they influenced the achievement of the BDBF's strategic aims. These may include major internal risks, such as financial sustainability or compliance risks. Or they may be external events with high impact which the BDBF cannot control and for which the BDBF needs to develop response mechanisms. During 2022, this has particularly included the ongoing assessment of the financial impacts of COVID-19 (as well as the cost of living and energy cost crises) on the long-term sustainability of the BDBF. Operational risks are day-to-day risks and more likely to be internal, within the BDBF's control and with a higher level of probability of the risk event happening. The BDBF's focus of attention on these risks relates to how it can control, manage or transfer the risk to a third party.

Individual risks are then assessed using a scoring mechanism, with respect to the inherent likelihood of occurrence, severity of impact on the BDBF, the steps in place to mitigate the risk and the resulting impact on residual risk. Residual risks are ranked using a 'traffic light' scheme (red / amber / green). Each risk is allocated to a board committee who will oversee the management of that risk and the risk register notes the source of assurance that they will receive in respect of that risk management.

During 2022, risk has been overseen by the FIPS sub-committee and through them by Bishop's Council. During the year, a review of our approach to risk management has taken place, with external consultancy support. A new Risk Management Framework has since been agreed by Bishop's Council for use in 2023 and beyond. This new framework means that risk will now be reported directly to Bishop's Council as many identified risks are outside the remit of FIPS. New processes and guidelines will also aim to better embed risk management as an active and continuous process throughout the BDBF,

The strategic risks which are currently assessed as scoring highest, and the outline mitigating strategies to address them, are shown in the table below.

RISK	MITIGATION STRATEGY
The COVID-19 pandemic and the subsequent energy and cost-of-living crises result in significant and longer-term financial loss for the BDBF that it is unable to sustain	• *Cashflow (and outturn) forecasts based on latest information to identify pinch points* • *Engagement with parishes to establish sustainability of Common Fund contributions* • *Additional grant funding from National Church* • *Longer term plans including re-evaluation of designated reserves and a programme of property disposals to provide bridge funding to cover forecast deficit on unrestricted fund activity in 2023 and 2024*
Failure to effectively embed our Common Fund methodology leading to non-payment of Common Fund for reasons other than affordability	• *Clear biblical foundation to methodology with a clear and effective communication, generosity and discipleship plans* • *Discount incentives for regular monthly payments* • *Monthly review of contribution profile assisted by proactive discussions with parishes* • *Review of effectiveness of methodology in a post-COVID-19 world ongoing – new approach to be consulted on in 2023 and implemented from 2024*
The People & Places *framework for mission and ministry does not deliver the required culture change in a timely manner*	• *Full time Area Deans in place to facilitate culture change supported by Project teams comprising local laity and clergy* • *Increased focus and support on* Transforming Church *Action Planning* • *New approach to clergy and lay learning and development* • *Review of programme in 2022/23 together with ongoing monitoring and evaluation processes*
Failure to grow the Church in its mission, especially at the speed required by Church Commissioners funding streams	• *Governance structures in place for effective monitoring and evaluation of mission goals and financial impact consequences* • *Development of* New Christian Communities Strategy *to drive increased growth in numbers of disciples* • *2021/22 Strategic Review outcomes to be rolled out in 2023 – with a clearly defined focus on mission growth (supported through the Church Commissioners new 2022-2031 Triennium Funding announcements)*
Dependency on Church Commissioners funding for missional growth support activities	• *Effective management and delivery mechanisms on existing Church Commissioners funded programmes to ensure trust and confidence in delivery capacity to support further funding bids* • *Sustainability plans being developed for existing activities identified as key in Strategic Review* • *Identify other income streams*
Reputational and financial risks associated with safeguarding of young people and vulnerable adults	• *Comprehensive training programme throughout CofE Birmingham, Independent scrutiny group - with independent Chair* • *Diocesan Safeguarding Advisory Panel (DSAP) monitors CofE Birmingham Diocesan compliance with national safeguarding requirements*
CofE Birmingham is unable to meet its commitment to Diocesan Synod for net zero emissions by 2030	• *Environmental Group (steered by Bishop) to drive this work – Routemap in place to set milestones to ensure delivery* • *Net Zero Carbon group developing costed plan for works required to the property portfolio* • *Investment strategy review should identify and enable managed divestment of investments that do not meet zero carbon criteria*

Plans for future periods

Our vision of *"Transforming Church – growing churches at the heart of each community"* continues to be central to our plans for future periods, with the core principles of:

- Grow in number of disciples
- Engage with children, youth, families and other missing generations
- Worshipping communities are diverse (representative of our communities) and accessible to all
- Grow in partnerships and impact on the community
- Flourishing ordained and lay leadership that reflects the diversity of the wider population of the diocese
- Grow in depth of discipleship
- Achieve financial sustainability
- Environmental sustainability
- All underpinned by a culture of prayer

STRATEGIC AND OPERATING REVIEW

We recognise that our pattern of ministry and mission needs to be relevant to each local context and will vary across locations. Key activities in the coming year will include:

- Continue the *People & Places* structural and culture changes; supporting Oversight Areas and Oversight Ministers to emerge and flourish
- Continue church growth strategies through local parish growth, church planting and revitalisation
- Action planning to support churches to engage with their local communities and play their part in the transformation of their neighbourhoods
- Focus on the creation of learning pathways for new leaders
- Continued reimagining of ministry and discipleship
- Collaboration with the DBE to further deepen and promote the Christian Distinctiveness of our schools
- Continue work on the route map to net zero carbon emissions by 2030
- Further embedding an ethos of diversity, inclusivity and generosity
- Identifying opportunities to improve financial sustainability

Directors' report

Going concern

2022 has been another turbulent year for us all – the impact of COVID-19 on parish finances (and hence the BDBF) continues to be significant. At the start of the year, our parishes were still struggling to rebuild their finances to pre-pandemic levels. The burgeoning cost-of-living and energy cost crisis in 2022 coupled with spiralling inflation has then placed even more challenges on their finances. Taking all of this together, BDBF Common Fund collection has continued to struggle during 2022 as we had anticipated. Collection in 2022 was lower than 2021 and lower than the commitments made by parishes at the start of the year and our expectations for 2023 are no better.

Since Common Fund remains the key unrestricted income stream for the BDBF, this has again required the Directors to consider the question of going concern in significantly more detail than it would have done before the pandemic. The 2023 budget has been prepared on the basis that common fund income will be lower than the 2022 budget (in fact much closer to the 2022 actual level achieved) – at 80% of our base commitments for 2020. The cost budget reflects some small savings however it also reflects a 5% increase in clergy stipends and lay salaries. This level of increase was considered very carefully – however it was felt that a smaller increase would mean that clergy and lay staff would fall further behind at the time that they were facing the cost of living crisis, rising energy costs and high inflation. Bishop's Council has agreed to un-designate £815,000 (from the designated Strategic Investment Funds) to balance the 2023 outturn. Our forecasts assume that there will be no further Sustainability funding available from National Church. The planned property disposal programme to replace any designated funds used to fund unrestricted core activities is continuing to progress. As at the end of 2022, it has not so far been necessary to use any designated funds in order to balance the outturn. Restricted activities are expected to continue as per their agreed programmes, although some delivery timescales have been stretched as a result of the pandemic. An outline 2024 budget and cash flow forecast has been prepared as part of an updated 5-year financial plan to reflect latest expectations in relation to unrestricted income (particularly Common Fund) and overhead costs.

Based on the above, the trustees are satisfied that the BDBF has adequate resources to continue to operate as a going concern for the foreseeable future and have prepared the financial statements on that basis.

Charitable and political donations

No political contributions were made during the year. Charitable contributions have been made as part of the BDBF's objectives, mainly to projects sponsored under parish initiatives.

Taxation status

The BDBF is a charity having been established under the Diocesan Boards of Finance Measure 1925 and, as such, is not liable to income tax or corporation tax. The BDBF is also registered as a charity (reg. No. 249403).

Responsibilities of the trustees

The trustees are responsible for preparing the trustees' strategic report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees 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 affairs of the company and of the incoming resources and application of resources, including the income and expenditure of the charitable company for that period.

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

- Select suitable accounting policies and then apply them consistently
- Make judgments and accounting estimates that are reasonable and prudent
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees 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.

Statements as to disclosure of information to auditors

The trustees have taken all the necessary steps to make sure that they are aware of any relevant audit information and to establish that the auditors are aware of that information.

As far as the trustees are aware, there is no relevant audit information of which the charitable company's auditors are unaware.

Appointment of auditors

A resolution to re-appoint Haysmacintyre LLP will be proposed at the forthcoming annual general meeting.

The Board of Trustees approve their Annual Report and, in their capacity as company directors, also approve the Strategic Report incorporated therein on 29 June 2023 and signed on its behalf.

Steven Skakel

Mr Steven Skakel
Chair and Director of Birmingham Diocesan Board of Finance

APPENDIX SUMMARY INFORMATION

The Structure of the Church of England

The Church of England is organised as two provinces, each led by an archbishop. The Archbishop of Canterbury leads the Southern Province and the Archbishop of York leads the Northern Province. Each province is comprised of dioceses of which there are 41 in England (42 including the Diocese of Europe).

Dioceses, each under the spiritual leadership of a Diocesan Bishop, are the principal pastoral, financial and administrative resource of the Church of England. Each diocese is divided into parishes. Each parish is overseen by a parish priest, who is an Incumbent (Vicar or Rector) or Priest-in-Charge. From ancient times through to today, incumbents and their bishop are responsible for the 'cure of souls' in their parish.

His Majesty The King, who is the Supreme Governor of the Church of England, appoints archbishops, bishops and some deans of cathedrals on the advice of the Prime Minister. The two archbishops and 24 senior bishops sit in the House of Lords.

The Church of England is episcopally-led, with 108 bishops including Diocesan bishops and assistant and suffragan bishops. It is governed by General Synod as its legislative and deliberative body at national level, making decisions on matters of doctrine, the holding of church services and relations with other churches. General Synod passes measures which, if accepted by Parliament, have the effect of Acts of Parliament. It is made up of three groups or 'houses' of members: the Houses of Bishops, of Clergy and of Laity. General Synod meets in London or York at least twice annually to consider legislation for the broader good of the Church.

The three National Church Institutions

The Archbishops' Council, the Church Commissioners and the Church of England Pensions Board are sometimes referred to as the three National Church Institutions.

The Archbishops' Council was established in 1999 to co-ordinate, promote, aid and further the mission of the Church of England. Its task is to give a clear sense of direction to the Church nationally and support the Church locally by acting as a policy discussion forum.

The Church Commissioners manage the historic assets of the Church of England, spending most of their income on pensions for the clergy. The costs of episcopal administration through the Diocesan and suffragan bishops are met by the Church Commissioners.

The Church of England Pensions Board was established by the Church Assembly in 1926 as the Church of England's pensions authority and to administer the pension scheme for the clergy. Subsequently it has been given wider powers, in respect of discretionary benefits and accommodation both for those retired from stipendiary ministry and for surviving partners of those who have served in that ministry, and to administer pension schemes for lay employees of Church organisations.

The Board, which reports to the General Synod, is trustee of a number of pension funds and charitable funds. Whilst the Church has drawn together under the Board its central responsibilities for retirement welfare, the Board works in close co-operation both with the Archbishops' Council and with the Church Commissioners.

The Diocese

The Cathedral Birmingham Cathedral is the Mother Church of the Diocese and legally is constituted as a separate charity currently exempt from Charity Commission registration and supervision. Copies of its trustees' report and financial statements may be obtained from Birmingham Cathedral (St Philips), Colmore Row, Birmingham, B3 2QB.

Diocesan Synod The statutory governing body of the diocese is Diocesan Synod which is made up of broadly equal numbers of clergy and lay representatives elected from across the diocese together with the bishops and archdeacons. Its role is to:

- Consider matters affecting the Church of England in the diocese
- Act as a forum for debate of Christian opinion on matters of religious or public interest
- Advise the bishop where requested
- Deal with matters referred by General Synod
- Provide for the financing of the diocese.

Deanery Synod There is a Deanery Synod in each of the diocese's six deaneries. Each Deanery Synod has two houses, laity and clergy, and Deanery Synod's role is to:

- Respond to requests from General Synod
- Give effect to the decisions made by Diocesan Synod
- Consider matters affecting the Church of England by drawing together the views of the parishes within the deanery
- Act as a channel of communication to express the views of parishes to Diocesan Synod and therefore to General Synod
- Raise with Diocesan Synod such matters as it considers appropriate
- Elect members of the deanery to Diocesan Synod and of the diocese to General Synod

The Bishop's Council

Under the constitution of Diocesan Synod, Bishop's Council has the following functions:

- To plan the business of the Diocesan Synod, to prepare the agenda for its sessions and to circulate to members information about matters for discussion
- To initiate proposals for action by the synod and to advise it on matters of policy
- To advise the President (the Diocesan Bishop) on any matter
- Subject to the directions of the synod, to transact the business of the synod when the synod is not in session
- Subject to the directions of the synod, to appoint members of committees or nominate individuals for election to committees
- To carry out such functions as the synod may delegate to it

Parochial Church Council (PCC) A PCC is the elected governing body of an individual parish which in general is the smallest pastoral area in the Church of England. Typically each parish has one parish church. A PCC is made up of the incumbent as chair, the churchwardens, and a number of elected and ex-officio members. Each PCC is a charity. All PCCs with gross income over £100,000 are required by law to register with the Charity Commission (as soon as practical after their gross income exceeds £100,000) unless the Charity Commission issues a written determination to the contrary. This may be possible in exceptional circumstances such as when gross income includes a substantial grant for a purpose that will not be repeated for the foreseeable future. If not required to register, PCCs are 'excepted' charities.

Other than where shown, the transactions of PCCs do not form part of the attached financial statements. Financial statements of an individual PCC can be obtained from the relevant PCC treasurer.

Parishes, Benefices, Deaneries and Archdeaconries A benefice is an ecclesiastical office in a parish or group of parishes normally served by an incumbent. Team ministries may have several clergy of incumbent status serving in one benefice. A deanery is a group of parishes over which an area dean has oversight and an archdeaconry is a group of deaneries for which an archdeacon is responsible.

The information in this appendix about General Synod, the Church Commissioners, the Archbishops' Council, Birmingham Cathedral and PCCs is included as background only. The financial transactions of these bodies do not form part of these financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BIRMINGHAM DIOCESAN BOARD OF FINANCE

Opinion

We have audited the financial statements of the Birmingham Diocesan Board of Finance Limited for the year ended 31 December 2022 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 the charitable company's net movement in funds, including the 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 charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained, in the audit or otherwise, appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions 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 Annual Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Annual Report have 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 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
- the charitable company 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 for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 48, 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. 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.

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to safeguarding vulnerable beneficiaries, health and safety, and employment (including taxation), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011 and Church of England Measures.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fund accounting, including transfers between funds, and revenue recognition. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud
- Evaluating management's controls designed to prevent and detect irregularities
- Identifying and testing journals, in particular journal postings by unusual users or with unusual descriptions
- Challenging assumptions and judgements made by management in their critical accounting estimates
- Testing transfers between funds, and
- Cut-off testing in respect of revenue.

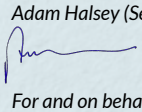
Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed 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**. 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 the charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Adam Halsey (Senior Statutory Auditor)



For and on behalf of Haysmacintyre LLP, Statutory Auditor

Date: 12 July 2023

10 Queen Street Place, London EC4R 1AG

FINANCIAL STATEMENTS

Statement of financial activities

FOR YEAR ENDED 31 DECEMBER 2022
COMPANY NUMBER: 440966

	Note	Restricted funds		Unrestricted funds		Total funds 2022	Total funds 2021
		Endowment funds	Other funds	Designated funds	Undesignated funds		
		£'000	£'000	£'000	£'000	£'000	£'000
INCOME							
INCOME AND ENDOWMENTS FROM							
Donations:	2						
Parish contributions		-	25	-	4,807	**4,832**	4,804
Archbishops' Council		-	2,163	475	1,997	**4,635**	3,892
Other donations		-	587	-	722	**1,309**	1,147
Charitable activities	3	-	62	-	319	**381**	451
Other trading activities	4	-	2	-	522	**524**	436
Investments	5	18	196	11	409	**634**	625
Other income	6	-	-	-	392	**392**	332
TOTAL INCOME		**18**	**3,035**	**486**	**9,168**	**12,707**	**11,687**
EXPENDITURE ON							
Raising funds	7	28	-	-	98	**126**	119
Charitable activities	8	2	2,760	68	10,065	**12,895**	11,392
Other	9	-	-	3	3	**6**	3
TOTAL EXPENDITURE		**30**	**2,760**	**71**	**10,166**	**13,027**	**11,514**
Net (expenditure) / income before investment gains and losses		(12)	275	415	(998)	**(320)**	173
Net (losses) / gains on investments		(548)	(643)	(6)	(363)	**(1,560)**	1,500
Net gains on investment property		-	-	-	-	**-**	18
NET (EXPENDITURE) / INCOME		**(560)**	**(368)**	**409**	**(1,361)**	**(1,880)**	**1,691**
Transfers between funds	21	215	(135)	(859)	779	**-**	-
Other recognised gains / (losses)	23	-	-	299	-	**299**	**(24)**
NET MOVEMENT IN FUNDS		**(345)**	**(503)**	**(151)**	**(582)**	**(1,581)**	**1,667**
Total funds brought forward	21	29,548	7,779	4,263	6,151	**47,741**	46,074
TOTAL FUNDS CARRIED FORWARD	21	**29,203**	**7,276**	**4,112**	**5,569**	**46,160**	**47,741**

Transfers between funds

For analysis of transfers between funds, see note 21. All activities derive from continuing operations.

FINANCIAL STATEMENTS

Balance sheet

FOR YEAR ENDED 31 DECEMBER 2022
COMPANY NUMBER: 440966

	Note	2022 £'000	2022 £'000	2021 £'000	2021 £'000
FIXED ASSETS					
Tangible assets	15	23,561		23,295	
			23,561		23,295
INVESTMENTS:	16				
Investment properties		2,570		2,570	
Other investments		12,518		14,115	
			15,088		16,685
TOTAL FIXED ASSETS			38,649		39,980
CURRENT ASSETS					
Debtors	17	2,076		1,858	
Cash at bank		7,189		8,003	
		9,265		9,861	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	18	1,724		(1,846)	
NET CURRENT ASSETS			7,541		8,015
TOTAL ASSETS LESS CURRENT LIABILITIES			46,190		47,995
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	19		(30)		(254)
NET ASSETS	21		46,160		47,741
FUNDS					
Restricted income funds			7,276		7,779
Endowment funds			29,203		29,548
Unrestricted income funds:					
Designated			4,112		4,263
Undesignated			5,569		6,151
	21		46,160		47,741

The Statement of Financial Activities, Income and Expenditure Account, Cash Flow Statement and the Notes form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 29 June 2023 and signed on behalf of the Board by:

Steven Skakel

Mr Steven Skakel **Chair**

Income and expenditure account

FOR YEAR ENDED 31 DECEMBER 2022

	2022 £'000	2021 £'000
Total incoming resources	12,689	11,674
Resources expended	(12,997)	(11,486)
Net (expenditure) / income before gains for the year	(308)	188
Net gains / (losses) on investments	(1,012)	1,051
Net gain / (loss) on investment property	-	-
NET (EXPENDITURE) / INCOME FOR THE YEAR	(1,320)	1,239
Other comprehensive income:		
Net assets transferred to endowments	(215)	-
TOTAL COMPREHENSIVE (EXPENDITURE) / INCOME	(1,535)	1,239

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.

Cash flow statement

FOR YEAR ENDED 31 DECEMBER 2022

	Note	2022 £'000	2021 £'000
NET CASH (USED IN) / PROVIDED BY OPERATING ACTIVITIES	25	(1,724)	(1,015)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends, interest and rent from investments		622	630
Interest paid		(1)	(1)
Proceeds from sale of:			
Tangible fixed assets / current assets for the use of the BDBF		470	964
Fixed asset investments		-	54
Other investments		605	653
Purchase of:			
Tangible fixed assets for the use of the BDBF		(182)	(175)
Other investments		(571)	(581)
NET CASH PROVIDED BY INVESTING ACTIVITIES		943	1,544
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans repaid by BDBF		(20)	(108)
Loans repaid to BDBF		20	29
New loans made by BDBF		(33)	-
NET CASH (USED IN) / PROVIDED BY FINANCING ACTIVITIES		(33)	(79)
CHANGE IN CASH AND CASH EQUIVALENTS IN THE REPORTING PERIOD		(814)	450
CASH AND CASH EQUIVALENTS AT 1 JANUARY		8,003	7,553
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	26	7,189	8,003

NOTES TO THE ACCOUNTS

1 Principal accounting policies

Basis of accounting

The financial statements have been prepared in accordance with the Companies Act 2006, Charities Act 2011, applicable accounting standards (FRS102), Charities SORP (FRS102), The Church of England Diocesan Annual Reports and Financial Statements Guide, and under the historical cost accounting rules except that fixed asset investments, current asset investments and investment properties are included at fair valuation.

The financial statements are presented in Sterling (being the functional currency for all of its activities) rounded to the nearest £'000.

The BDBF meets the definition of a public benefit entity under FRS102.

Company status

The company is limited by guarantee, incorporated and registered in England and Wales (No. 440966). The members of the company are the Trustees named on page 3. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company. The company's registered office is Citadel, 190 Corporation Street, Birmingham, B4 6QD.

Going concern

The trustees assess whether the use of the going concern principle is appropriate i.e. whether there are any principal uncertainties, related events or conditions that may cast significant doubt on the ability of the BDBF to continue as a going concern. The worldwide COVID-19 pandemic had a significant impact on the work and the finances of the BDBF during the financial year and this is expected to continue into 2023. The Directors' Report on page 48 sets out the response of the BDBF to this unexpected and unprecedented change to the activities of the charity, and in particular the unrestricted income of the charity. The report briefly sets out the mitigating actions that have been taken and will continue to be taken to ensure that the BDBF can continue as a going concern. The trustees make this assessment in respect of the period of at least one year from the date of the authorisation for issue of the financial statements, and have concluded that the BDBF has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the BDBF's ability to continue as a going concern. Therefore, they continue to adopt the going concern basis of accounting in preparing the financial statements.

The principal accounting policies and estimation techniques are as follows:

Income

All income is included in the Statement of Financial Activities when the BDBF is legally entitled to them as income or capital respectively, ultimate receipt is probable and the amount to be recognised can be quantified with reasonable accuracy.

Common Fund and income from parochial fees The principal source of income comes from voluntary giving in the form of parish contributions (Common Fund), which includes amounts received up to the 31 January following the year end. Common Fund income also includes any arrears received from previous years.

Grant income Income from the Archbishops' Council is accounted for on a receivable basis and represents the annual grant for CofE Birmingham and parish mission, the funds for which originate in a block grant by the Church Commissioners to the Archbishops' Council. The annual grants from the Archbishops' Council may be used for either mission and ministry support for lower income communities (Lowest Income Communities Fund) or a range of strategic development activities including the key *People & Places* and *Shaping the Future* mission programmes (Strategic Development Funding).

Other grant income is recognised when receivable. This includes Sustainability Grants from the Archbishops' Council, which have been made available to bridge the gap between the expected unrestricted outturn and the actual unrestricted outturn, arising from the impact of the COVID-19 pandemic on the DBF financial position. The total funds allocated and received have been held within a designated fund and any amounts not required for 2022 will be returned to the Archbishops' Council in 2023.

Rent and investment income Rent and investment income are recognised as income when receivable.

Gains on disposal of fixed assets for the BDBF's own use Gains on disposal of fixed assets for the BDBF's own use (i.e. non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.

Birmingham Diocesan Endowment Fund income The income from this fund is restricted for purpose of 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 Statement of Financial Activities for the sake of greater clarity and simplicity in financial reporting.

Glebe Fund income All clear income derived from its investments is transferred to the General Fund as contribution towards the cost of clergy stipends. It is on this basis that the income and the (normally much larger) related expenditure are both included in the unrestricted column of the Statement of Financial Activities for the sake of greater clarity and simplicity in financial reporting.

Expenditure

Liabilities are recognised as soon as there is a legal or constructive obligation committing the BDBF to pay out resources. Expenditure is included on the accruals basis under the following headings; all costs are allocated to a specific category.

Costs of raising funds These are the costs of managing the Endowment, Glebe and Unrestricted fund investments, plus the costs associated with letting the vacant parsonages and investment properties.

Charitable expenditure Charitable expenditure is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry and expenditure on education and Church of England schools in the diocese.

Resourcing ministry and mission includes the direct costs for the clergy and parishes, plus the costs of supporting the work of the parishes within the CofE Birmingham. This principally includes the cost of clergy stipends, costs related to maintaining clergy housing in the parishes, the payment of grants to assist parish work plus the related staff costs and overheads.

Grants payable Grants payable are accounted for when authorised, when the award of the grant has been specifically communicated to the recipient and when the trustees have agreed to pay the grant without condition, or any condition attaching to the grant is outside the control of the BDBF. Grants offered subject to certain conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.

Support costs Support costs consist of central management, administration and governance costs. They are allocated to categories of expenditure (resourcing ministry and mission, raising funds and education) on the basis of the proportion of staff time spent on each area of activity.

Pension costs and other post-retirement benefits The BDBF contributes to the Church of England Funded Pension Scheme for clergy and the Church Workers Pension Fund for other staff. Both these schemes are multi-employer pension schemes. The pension costs charged as resources expended represent the BDBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding liabilities for the pension schemes in which the BDBF participates is recognised at the present value of contributions payable that arise from the deficit funding agreement. The liability is recognised in creditors distinguishing between contributions falling due within one year and after more than one year. Details of the schemes are given in note 23 to the financial statements.

Redundancy and termination benefits Redundancy and termination benefits are recognised as soon as there is a legal or constructive obligation committing the BDBF to pay out resources.

Tangible fixed assets and depreciation

Freehold properties and parsonages Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material, due to the very long expected remaining useful life in each case, and because their expected residual values are not materially less than their carrying value.

The BDBF 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.

Parsonage houses recognition The BDBF has followed the requirements of FRS102 in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The BDBF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if declared redundant. The Trustees therefore consider the most suitable accounting policy to be to capitalise such properties as expendable endowment assets and to carry them at cost where known, otherwise at the deemed cost valuation of the midpoint of the relevant 1994 council tax band value.

Other non-investment properties The BDBF includes all other non-investment properties at cost where known, otherwise at the deemed cost valuation of the midpoint of the relevant 1994 council tax band value.

For properties that are jointly owned with a third party such as a parochial church council, only the proportion of the BDBF's investment in the property is accounted for within the financial statements of the BDBF.

Redundant churches are included at nil value.

Investment properties In accordance with FRS102, investment properties are carried at their fair value - this is considered by the Trustees annually and the aggregate surplus or deficit is recognised in the Endowment Fund and Glebe Fund. Investment properties were last professionally valued as at 31 December 2020, the results of which are included in these financial statements. If an asset changes category in the period under review then a professional valuation of the property is undertaken as the property changes category. The next professional valuation of properties is due as at 31 December 2025. No depreciation is provided on investment properties.

Non-Property fixed assets Tangible fixed assets costing more than £1,000 are capitalised and included at cost.

Depreciation Depreciation of non-property assets is charged by equal annual instalments at rates estimated to write off their cost less any residual value over the expected useful lives that are as follows:

Computer equipment	3 years
Office furniture and fittings	10 years or the end of the property lease if relating to tenant's improvements

Financial investments

Financial investments are stated at fair value. Realised gains or losses are recognised in the Statement of Financial Activities when financial investments are sold. Unrealised gains and losses are accounted for on revaluation of financial investments at the year end.

Critical accounting estimates and areas of judgement

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year.

Accounting estimates

The BDBF makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Valuation of investment properties The BDBF carries its investment properties at fair value, with changes in fair value being recognised in the Statement of Financial Activities. The BDBF engaged independent valuation specialists to determine fair value at 31 December 2020. Some of the key assumptions used to determine the fair value of these assets are based on the valuer's knowledge and experience of the market and values of similar properties, which could be deemed subjective.

Assumptions surrounding the clergy and church workers pension schemes The BDBF contributes to the Church of England Funded Pension Scheme for clergy and the Church Workers Pension Fund for other staff. Both these schemes are determined to be multi-employer pension schemes and as required under FRS102, the BDBF recognises its agreed deficit funding liabilities on its balance sheet. The key actuarial assumptions that underpin the required deficit funding contributions liability are based on the actuary's knowledge and experience. Any changes in these assumptions as given in note 23 could have a significant impact on the required deficit funding contributions and resulting balance sheet liability.

Areas of judgement

Current assets held for resale The BDBF carries any current assets held for resale at fair value, which includes the estimated realisable proceeds net of costs associated with selling the asset. The estimated net proceeds are based on the 'for sale' price and associated costs determined by an independent valuation specialist or an offer made by a buyer post year end.

Concessionary loans Concessionary loans (both made and received) are initially recognised at the amount received or paid, with the carrying amount adjusted in subsequent years to reflect repayments and any accrued interest and adjusted, if necessary, for any impairment. They are assessed for objective evidence of impairment at the end of each reporting period.

Non-depreciation of freehold properties and parsonages Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material, due to the very long expected remaining useful life in each case, and because their expected residual values are not materially less than their carrying value.

All estimates and judgements 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.

Funds

Funds over which the BDBF's control is limited by statute or the terms of a trust deed, or which are restricted in their use, have been defined as 'restricted funds'. Funds which are controlled by the BDBF and over which there are essentially no restrictions as to their use (either by statute or trust) have been defined as 'unrestricted'. Designated funds are unrestricted funds that have been set aside by the BDBF for purposes designated by BDBF policy. Such designations may be set aside from time to time according to policy decisions.

NOTES TO THE ACCOUNTS

Endowments

The Endowment Funds are those whose capital represent permanent endowment and are therefore not available for revenue expenditure. For two of the funds, the income derived from the properties and other investments is available for meeting the costs of clergy stipends:

Diocesan Glebe This represents those historic lands and buildings which were held by incumbents and formed part of the benefice prior to the Endowment and Glebe Measure 1976. Glebe investments are subject to regulations under this Measure and previous Acts of Parliament, the main provisions being that Glebe should be held only as land or property.

The Endowment Fund This is a local fund originally set up under a Charity Commissioners Scheme of 1906 (amended in 1930) and is available for investment at the discretion of the Board of Finance subject to general charities legislation.

Details of the other two endowment funds are given in Note 21 to the financial statements, along with details of the other major funds held by the BDBF.

Operating leases

Rentals payable under operating leases are charged in the Statement of Financial Activities on a straight-line basis over the lease term. Where rent free periods are given as part of an operating lease, the impact of this rent-free period is reflected in the Statement of Financial Activities over the overall lease term.

Schools major repair and capital projects

The Board of Education (as incorporated within the BDBF) receives contributions from governors of church schools in the diocese in connection with major repair and capital projects to Church Schools and also government grants in connection with the same. The Board of Education administers these monies as managing agent and makes the appropriate payments to contractors for work carried out. The monies do not belong to the Board of Education and as such the receipts and payments are not treated as incoming resources or resources expended in the Statement of Financial Activities. Any monies held at the balance sheet date are treated as creditors on the balance sheet.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and short term deposits with any qualifying institution repayable within a three month notice period.

Financial instruments

The BDBF has elected to apply the provisions of Section 11 *"Basic Financial Instruments"* and Section 12 *"Other Financial Instruments"* of FRS102 in full to all of its financial instruments.

Trade debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost being the transaction price less any amounts settled and any impairment losses.

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less amounts settled.

Concessionary loans (both made and received) are initially recognised at the amount received or paid, with the carrying amount adjusted in subsequent years to reflect repayments and any accrued interest and adjusted, if necessary, for any impairment. They are assessed for objective evidence of impairment at the end of each reporting period.

2 Donations

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2022	Total funds 2021
	£'000	£'000	£'000	£'000	£'000	£'000
PARISH CONTRIBUTIONS						
Common Fund – current	-	-	-	4,766	**4,766**	4,732
Common Fund – prior	-	-	-	41	**41**	49
TOTAL COMMON FUND	**-**	**-**	**-**	4,807	**4,807**	**4,781**
Contributions to Malawi Fund	-	25	-	-	**25**	23
TOTAL PARISH CONTRIBUTIONS	-	25	-	4,807	**4,832**	**4,804**
ARCHBISHOPS' COUNCIL						
Strategic Development	-	1,518	-	-	**1,518**	1,385
Strategic Capacity	-	71	-	-	**71**	95
Strategic Ministry	-	303	-	-	**303**	139
Lowest Income Communities Funding	-	-	-	1,997	**1,997**	1,991
Sustainability Grant	-	-	475	-	**475**	-
Resourcing Ministerial Education Block Grant	-	271	-	-	**271**	282
TOTAL ARCHBISHOPS' COUNCIL	-	2,163	475	1,997	**4,635**	**3,892**
OTHER DONATIONS						
Stipend sources	-	-	-	478	**478**	662
Benefact Trust	-	-	-	192	**192**	178
Other donations to Malawi Fund	-	14	-	-	**14**	16
Historic England – Places of Worship Officer	-	25	-	-	**25**	16
Resourcing Church – fabric	-	-	-	-	**-**	68
Legacies	-	-	-	-	**-**	100
Other donations	-	41	-	37	**78**	53
Other grants	-	507	-	15	**522**	54
TOTAL OTHER DONATIONS	-	587	-	722	**1,309**	**1,147**

2 Donations (continued)

The annual grants from Archbishop's Council may be used for either specific parish mission and development projects or for clergy stipends. The Strategic Development Funding is restricted to the *Shaping the Future*, *People & Places* and various Church Planting programmes or mission activities. The Strategic Capacity funding is restricted to the *People & Places* programme. Strategic Ministry Funding is restricted to supporting curates in training with the objective of increasing the number of curacies that the diocese is able to offer in any one year.

The Resourcing Ministerial Education Block Grant is to be used for approved clergy training pathways. The Sustainability Grant is a grant to bridge the gap between the expected and actual unrestricted outturn as a result of COVID-19.

3 Income from charitable activities

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2022	Total funds 2021
	£'000	£'000	£'000	£'000	£'000	£'000
Statutory fees	-	-	-	239	**239**	299
Parish training events	-	-	-	30	**30**	4
Insurance proceeds	-	-	-	2	**2**	52
Schools training events and services	-	59	-	-	**59**	55
Payroll Bureau service	-	-	-	14	**14**	13
Interest receivable on parish loans	-	3	-	34	**37**	28
TOTAL	-	62	-	319	**381**	**451**

Total income from charitable activities for the year ended 31 December 2021 of £451,000 was split between funds as follows: £57,000 in other restricted funds and £394,000 in undesignated funds.

4 Other trading activities

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2022	Total funds 2021
	£'000	£'000	£'000	£'000	£'000	£'000
Housing income	-	-	-	453	**453**	411
Recharges to other Christian organisations	-	2	-	64	**66**	28
Recharges to other charitable organisations	-	-	-	5	**5**	(3)
TOTAL	-	2	-	522	**524**	**436**

Total income from other trading activities for the year ended 31 December 2021 of £436,000 was split between funds as follows: £6,000 in other restricted funds and £430,000 in undesignated funds.

5 Investment income

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2022	Total funds 2021
	£'000	£'000	£'000	£'000	£'000	£'000
Dividends and interest	18	186	11	277	**492**	453
(Loss) / profit on sales of investments	-	-	-	(3)	**(3)**	7
Rents	-	10	-	135	**145**	165
TOTAL	18	196	11	409	**634**	**625**

Total investment income for the year ended 31 December 2021 of £625,000 was split between funds as follows: £13,000 in endowment funds, £186,000 in other restricted funds, £8,000 in designated funds and £418,000 in undesignated funds.

6 Other income

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2022	Total funds 2021
	£'000	£'000	£'000	£'000	£'000	£'000
Gain on sale of fixed assets	-	-	-	392	**392**	332
TOTAL	-	-	-	392	**392**	**332**

Total other income for the year ended 31 December 2021 of £332,000 was split between funds as follows: £332,000 in undesignated funds, and £nil in undesignated funds.

NOTES TO THE ACCOUNTS

7 Fundraising costs

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2022	Total funds 2021
	£'000	£'000	£'000	£'000	£'000	£'000
Investment management costs	25	-	-	7	**32**	32
Property rental costs	3	-	-	91	**94**	87
TOTAL	28	-	-	98	**126**	**119**

Total fundraising costs for the year ended 31 December 2021 of £119,000 was split between funds as follows: £27,000 in endowment funds and £92,000 in undesignated funds.

8 Expenditure on charitable activities

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2022	Total funds 2021
	£'000	£'000	£'000	£'000	£'000	£'000
CONTRIBUTION TO ARCHBISHOPS' COUNCIL						
Training for ministry	-	-	-	189	**189**	189
National Church responsibilities	-	-	-	132	**132**	148
Mission agency pension costs	-	-	-	8	**8**	8
Retired clergy housing costs	-	-	-	71	**71**	70
Pooling of ordinands maintenance grants	-	-	-	9	**9**	32
TOTAL	-	-	-	409	**409**	**447**
RESOURCING MINISTRY AND MISSION						
Parish Ministry:						
Stipends and National Insurance	-	491	-	3,613	**4,104**	3,917
Pension contributions	-	114	(143)	1,105	**1,076**	1,008
Housing costs	-	-	-	1,656	**1,656**	1,258
Removal, resettlement and grants	-	109	-	291	**400**	423
Training for ministry tuition fees	-	221	-	-	**221**	202
Archdeacons, vocations, chaplaincy and other expenses	-	104	-	413	**517**	477
TOTAL	-	1,039	(143)	7,078	**7,974**	**7,285**
Mission grants	-	265	-	38	**303**	185
Grants to support parishes	-	425	-	-	**425**	-
Support for parish ministry	2	895	211	2,303	**3,411**	3,093
TOTAL	2	1,585	211	2,341	**4,139**	**3,278**
EXPENDITURE ON EDUCATION						
Support for Church Schools	-	136	-	237	**373**	382
TOTAL	2	2,760	68	10,065	**12,895**	**11,392**

Total expenditure on charitable activities for the year ended 31 December 2021 of £11,392,000 was split between funds as follows: £1,000,000 in endowment funds, £2,270,000 in other restricted funds, £(35,000) in designated funds and £9,156,000 in undesignated funds.

9 Other expenditure

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2022	Total funds 2021
	£'000	£'000	£'000	£'000	£'000	£'000
Loss on sale of property	-	-	-	2	**2**	-
Interest payable on other loans	-	-	-	1	**1**	1
Interest charge on pension liabilities	-	-	3	-	**3**	2
TOTAL	-	-	3	3	**6**	**3**

Total other expenditure for the year ended 31 December 2021 of £3,000 was split between funds as follows: £2,000 in designated funds and £1,000 in undesignated funds.

10 Analysis of expenditure including allocation of support costs

	Activities directly undertaken	Grant funding of activities	Support costs	Total 2022
	£'000	£'000	£'000	£'000
Raising funds	126	-	-	**126**
Charitable activities:				
Contributions to Archbishops' Council	-	409	-	**409**
Resourcing parish ministry	9,625	1,128	1,360	**12,113**
Education	295	-	78	**373**
Other	6	-	-	**6**
	10,052	**1,537**	**1,438**	**13,027**

	Activities directly undertaken	Grant funding of activities	Support costs	Total 2021
	£'000	£'000	£'000	£'000
Raising funds	119	-	-	**119**
Charitable activities:				
Contributions to Archbishops' Council	-	447	-	**447**
Resourcing parish ministry	8,977	576	1,010	**10,563**
Education	192	20	170	**382**
Other	3	-	-	**3**
	9,291	**1,043**	**1,180**	**11,514**

11 Analysis of support costs

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2022	Total funds 2021
	£'000	£'000	£'000	£'000	£'000	£'000
Support for Schools	-	78	-	-	**78**	170
Administration and premises	-	-	-	1,233	**1,233**	897
Synod and Diocesan Advisory Committee Support	-	-	-	10	**10**	10
Governance:						
Auditors – external audit	-	-	-	22	**22**	21
Auditors – other services	-	-	-	1	**1**	1
Registrar and Chancellor	-	-	-	94	**94**	81
TOTAL	-	78	-	1,360	**1,438**	**1,180**

NOTES TO THE ACCOUNTS

12 Analysis of grants made

	Number	Individuals	Institutions	Total 2022	Total 2021
		£'000	£'000	£'000	£'000
FROM UNRESTRICTED FUNDS FOR NATIONAL CHURCH RESPONSIBILITIES					
Archbishops' Council	5	-	409	409	447
FROM UNRESTRICTED / DESIGNATED FUNDS					
PCCs for mission	2	-	9	9	54
Ordinands in training	18	136	-	136	151
Resettlement and first appointment grants	53	122	-	122	150
Church schools	-	-	-	-	20
Sundry clergy grants	58	24	38	62	64
TOTAL	131	282	47	329	439
FROM RESTRICTED FUNDS					
Malawi Partnership dioceses and projects	4	-	44	44	34
Hardship and Energy grants	281	56	425	481	-
PCCs for project workers *(Action in the City)*	1	-	5	5	16
PCCs for mission initiatives	34	-	147	147	1
Other Christian organisations for mission initiatives	1	-	64	64	66
Sundry grants	6	1	4	5	-
Ordinands in training	28	53	-	53	40
TOTAL	355	110	689	799	157
TOTAL GRANTS PAYABLE	491	392	1,145	1,537	1,043

13 Staff costs

	2022	2021
	£'000	£'000
EMPLOYEE COSTS DURING THE YEAR (EXCLUDING CLERGY PAY)		
Wages and salaries	2,240	2,285
Social security costs	226	216
Pension costs	253	253
Pension costs – Church Workers Pension Scheme deficit contributions*	41	41
TOTAL	2,760	2,795

AVERAGE NUMBER OF PEOPLE EMPLOYED DURING THE YEAR	No.	No.
Parish mission support	36	40
Discipleship and Ministry support	8	8
Administration and financial management	11	11
Property	3	2
Education	4	5
TOTAL	62	66

**The deficit contributions paid in 2022 and 2021 have been charged against the provision in note 23.*

The numbers of staff whose emoluments (including benefits in kind but excluding pension contributions) amounted to more than £60,000 were as follows:

	2022	2021
	No.	No.
In the band £60,000 – £70,000	-	3
In the band £70,000 – £80,000	3	-
In the band £80,000 – £90,000	-	1
In the band £90,000 – £100,000	1	-

The total amount of employer defined contribution pension contributions paid on behalf of these employees were £34,786 (2021: £33,807).

13 Staff costs (continued)

Key management (employee) 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	Jan Smart
Company Secretary	Jan Smart
Director of Finance	Karen Preece
Property Director	Daniel Mayes
Human Resources Director	Ben Franks
Director of Education	Sarah Smith

Renumeration and pensions for these five FTE employees amounted to £417,171 (2021: £349,878 for four FTE employees)

None of the directors received any remuneration as directors. The BDBF in both 2022 and 2021 has an overarching insurance policy that includes trustees' indemnity insurance however the premium attributable to the trustees' indemnity insurance element is not separately identifiable.

The clergy and clergy stipends are not included within the BDBF's staff costs, as they are not employees of the BDBF. The BDBF is merely responsible for the central administration and payment of the stipends on behalf of the parishes. However, the BDBF paid an average of 129 (2021: 125) stipendiary clergy as office holders holding parish or diocesan appointments in the diocese, and the costs were as follows:

	2022 £'000	2021 £'000
Stipends	**3,676**	3,523
National Insurance contributions	**311**	283
Apprenticeship Levy	**17**	16
Restructuring costs	**71**	48
Pension costs – current year	**982**	1,056
Pension costs – deficit funding provided	**143**	231
TOTAL	**5,200**	**5,157**

14 Net expenditure before transfers and other recognised gains / (losses)

	2022 £'000	2021 £'000
NET EXPENDITURE IS STATED AFTER CHARGING:		
Depreciation – owned assets	**51**	76
Net gain on disposal of fixed assets	**390**	332
Auditor's remuneration – audit of financial statements	**22**	21
Auditor's remuneration – other services	**1**	1

15 Tangible fixed assets

	Freehold Properties (see analysis below) £'000	Computer equipment £'000	Office equipment £'000	TOTAL £'000
COST / DEEMED COST OR VALUATION				
At 1 January 2022	23,230	229	232	**23,691**
Additions	273	5	119	**397**
Disposals	(78)	-	(184)	**(262)**
AT 31 DECEMBER 2022	**23,425**	**234**	**167**	**23,826**
ACCUMULATED DEPRECIATION				
At 1 January 2022	-	195	201	**396**
Charge for the year	-	23	28	**51**
Disposals	-	-	(182)	**(182)**
AT 31 DECEMBER 2022	**-**	**218**	**47**	**265**
NET BOOK VALUE				
AT 31 DECEMBER 2022	**23,425**	**16**	**120**	**23,561**
AT 31 DECEMBER 2021	23,230	34	31	**23,295**

All the above assets are used for charitable purposes.

NOTES TO THE ACCOUNTS

15 Tangible fixed assets (continued)

	2022 cost or deemed cost £'000	2021 cost or deemed cost £'000
FREEHOLD PROPERTIES		
ENDOWMENT FUNDS		
Benefice houses fund:		
Parsonage houses	17,831	17,604
Glebe funds:		
Housing of team vicars, curates and others	660	660
UNRESTRICTED FUNDS		
Corporate property:		
Housing of senior clergy, curates and others	1,031	1,109
Other corporate property	3,903	3,857
TOTAL FREEHOLD PROPERTIES	**23,425**	**23,230**

16 Investments held as fixed assets

	Glebe £'000	Endowment fund £'000	Unrestricted fund £'000	TOTAL £'000
A) INVESTMENT PROPERTIES				
At 1 January 2022	1,490	890	190	**2,570**
Additions	-	-	-	**-**
Disposals	-	-	-	**-**
Revaluations	-	-	-	**-**
AT 31 DECEMBER 2022	**1,490**	**890**	**190**	**2,570**

Properties were valued by Bruton Knowles (Chartered Surveyors) on an open market existing use basis as at 31 December 2020. The BDBF's policy is to seek formal professional valuations of its investment properties every 5 years with trustee review in the intervening period. The next professional review will be carried out as at 31 December 2025.

	1 January 2022 £'000	Sales £'000	Purchases £'000	Change in market value £'000	31 December 2022 £'000
B) OTHER FINANCIAL INVESTMENTS					
ENDOWMENT FUNDS					
Listed investments	4,656	(464)	448	(472)	**4,168**
Unlisted investments	612	-	-	(76)	**536**
	5,268	**(464)**	**448**	**(548)**	**4,704**
OTHER RESTRICTED FUNDS					
Listed investments	280	-	-	(14)	**266**
Unlisted investments	5,278	-	-	(629)	**4,649**
	5,558	**-**	**-**	**(643)**	**4,915**
UNRESTRICTED FUNDS					
Designated funds:					
Unlisted investments	50	(11)	-	(6)	**33**
Undesignated funds:					
Listed investments	1,282	(133)	123	(134)	**1,138**
Unlisted investments	1,957	-	-	(229)	**1,728**
	3,289	**(144)**	**123**	**(369)**	**2,899**
TOTAL	**14,115**	**(608)**	**571**	**(1,560)**	**12,518**

Unlisted investments consist of freely marketable shares in The Central Board of Finance Investment Fund and COIF administered by the CCLA Fund Managers. The historic cost of listed investments as at 31 December 2022 was £4,610,000 (2021: £4,582,000) and £5,358,000 (2021: £5,388,000) for unlisted investments.

17 Debtors

	2022 £'000	2021 £'000
RECEIVABLE WITHIN ONE YEAR		
Parish loans (concessionary loans)	16	11
Other loans (concessionary loans)	2	1
Prepayments and other debtors	1,352	799
Accrued income	41	107
Other debtors	-	215
	1,411	1,133
RECEIVABLE AFTER ONE YEAR		
Parish loans (concessionary loans)	65	58
Other loans (concessionary loans)	3	3
Other debtors	597	664
	665	725
TOTAL DEBTORS	2,076	1,858

18 Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Other loans – Church Commissioners (concessionary loan)	20	20
Trade creditors	212	240
Other creditors	1,048	801
Pension fund deficit – church workers pension scheme	-	41
Pension fund deficit – clergy pension scheme	-	235
Accruals and deferred income	444	509
	1,724	1,846

Other loans (Church Commissioners) relate to advances from the Church Commissioners for house purchases and parish 'back to back loans' from the Central Board of Finance. The loans are variable interest loans at the rate of the Central Board of Finance (Church of England) Deposit Fund rate plus 0.55%.

19 Creditors: amounts falling due after more than one year

	2022 £'000	2021 £'000
Pension fund deficit – clergy pension scheme	-	-
Pension fund deficit – church workers pension fund	-	204
Other loans – Church Commissioners (concessionary loan)	30	50
	30	254

The maturity of the above loans may be analysed as follows:

	2022 £'000	2021 £'000
Between one to two years	20	20
Between two to five years	10	30
	30	50

Other loans (Church Commissioners) relate to advances from the Church Commissioners for parish 'back to back loans' from the Central Board of Finance. The loans are variable interest loans at the rate of the Central Board of Finance (Church of England) Deposit Fund rate plus 0.55%.

NOTES TO THE ACCOUNTS

20 Analysis of assets and liabilities between funds

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2022	Total funds 2021
	£'000	£'000	£'000	£'000	£'000	£'000
TANGIBLE ASSETS						
Other fixed assets	18,473	13	-	5,075	**23,561**	23,295
INVESTMENTS – FIXED						
Investment properties	2,380	-	-	190	**2,570**	2,570
Other	4,704	4,915	33	2,866	**12,518**	14,115
DEBTORS						
Due within one year	-	558	(897)	1,750	**1,411**	1,133
Due after one year	-	65	-	600	**665**	725
Cash at bank	3,648	2.790	4,987	(4,236)	**7,189**	8,003
CREDITORS						
Due within one year	(2)	(1,065)	(11)	(646)	**(1,724)**	(1,846)
Due after one year	--	-	-	(30)	**(30)**	(254)
NET ASSETS	29,203	7,276	4,112	5,569	**46,160**	**47,741**

	Restricted funds		Unrestricted funds		
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2021
	£'000	£'000	£'000	£'000	£'000
TANGIBLE ASSETS					
Other fixed assets	18,260	20	-	5,015	**23,295**
INVESTMENTS – FIXED					
Investment properties	2,380	-	-	190	**2,570**
Other	5,268	5,558	50	3,239	**14,115**
DEBTORS					
Due within one year	-	193	203	737	**1,133**
Due after one year	-	58	-	667	**725**
Cash at bank	3,642	2,684	4,498	(2,821)	**8,003**
CREDITORS					
Due within one year	(2)	(734)	(284)	(826)	**(1,846)**
Due after one year	-	-	(204)	(50)	**(254)**
NET ASSETS	29,548	7,779	4,263	6,151	**47,741**

21 Movements in funds

	1 January 2022	Income	Expenditure	Transfers	Capital movements	31 December 2022
	£'000	£'000	£'000	£'000	£'000	£'000
ENDOWMENT FUNDS						
Glebe Fund*	6,183	-	(11)	-	(210)	5,962
Birmingham Diocesan Endowment Fund*	5,420	9	(17)	-	(300)	5,112
Parsonage Houses Fund	17,598	-	-	215	-	17,813
Bishop Brown Legacy Endowment Fund	347	9	(2)	-	(38)	316
	29,548	18	(30)	215	(548)	29,203
OTHER RESTRICTED FUNDS						
Sites and Buildings Fund	973	3	-	-	-	976
Church Schools Fund	6,265	240	(131)	-	(599)	5,775
Action in the City Fund	30	2	(5)	-	(3)	24
Malawi Partnership Fund	407	52	(57)	-	(41)	361
Gas Street St Luke's – Fabric Fund	29	-	-	-	-	29
Training for Ministry Fund	58	271	(274)	-	-	55
Strategic Ministry Fund - Curates training	-	303	-	(303)	-	-
Shaping the Future (1)	-	213	(356)	143	-	-
Shaping the Future match (2)	1	1	(2)	-	-	-
Empowering Disciples Fund	6	-	(2)	-	-	4
Historic England – Places of Worship Officer	-	25	(50)	25	-	-
People & Places Capacity Fund	(2)	71	(72)	-	-	(3)
People & Places Development Fund	1	931	(946)	-	-	(14)
Programme Management Fund	-	48	(48)	-	-	-
Church Planting (Shirley and Pype Hayes) Fund	-	162	(162)	-	-	-
Context Ministry and Church Planting Development Fund	-	131	(130)	-	-	1
St Martin's Youth Grants	4	-	(2)	-	-	2
Giving Advisor Fund	7	34	(41)	-	-	-
Readers Fund	-	41	(3)	-	-	38
Hardship Fund	-	507	(479)	-	-	28
	7,779	3,035	(2,760)	(135)	(643)	7,276
UNRESTRICTED FUNDS						
DESIGNATED FUNDS						
Pastoral Fund*	1,359	11	(40)	(215)	(6)	1,109
Pensions Reserve	(599)	--	140	160	299	-
Growing Younger Fund (2)	229	-	-	-	-	229
Strategic Investment Fund	2,617	-	(171)	308	-	2,754
Communications Hub	20	-	-	-	-	20
Sustainability Grant (Church Commissioners)	637	475	-	(1,112)	-	-
UNDESIGNATED FUNDS						
General Fund*	6,151	9,168	(10,166)	779	(363)	5,569
	10,414	9,654	(10,237)	(80)	(70)	9,681
TOTAL	47,741	12,707	(13,027)	-	(1,261)	46,160

*See page 66 for funds denoted with **

NOTES TO THE ACCOUNTS

21 Movements in funds (continued)

	1 January 2021	Income	Expenditure	Transfers	Capital movements	31 December 2021
	£'000	£'000	£'000	£'000	£'000	£'000
ENDOWMENT FUNDS						
Glebe Fund*	6,055	-	(11)	-	139	6,183
Birmingham Diocesan Endowment Fund*	5,145	4	(16)	+	287	5,420
Parsonage Houses Fund	17,598	-	-	-	-	17,598
Bishop Brown Legacy Endowment Fund	298	9	(1)	-	41	347
	29,096	13	(28)	-	467	29,548
OTHER RESTRICTED FUNDS						
Sites and Buildings Fund	971	2	-	-	-	973
Church Schools Fund	5,640	228	(230)	-	627	6,265
Action in the City Fund	42	1	(16)	-	3	30
Malawi Partnership Fund	356	52	(45)	-	44	407
Gas Street St Luke's – Fabric Fund	111	68	-	(150)	-	29
Training for Ministry Fund	17	282	(241)	-	-	58
Strategic Ministry Fund - Curates training	-	139	-	(139)	-	-
Shaping the Future (1)	-	286	(484)	198	-	-
Shaping the Future match (2)	7	-	(6)	-	-	1
Empowering Disciples Fund	6	-	-	-	-	6
Historic England – Places of Worship Officer	-	16	(47)	31	-	-
Allchurches Trust NECN	-	6	(6)	-	-	-
People & Places Capacity Fund	(1)	95	(96)	-	-	(2)
People & Places Development Fund	8	911	(918)	-	-	1
Church Planting (Shirley and Pype Hayes) Fund	-	72	(72)	-	-	-
Context Ministry and Church Planting Development Fund	-	76	(76)	-	-	-
St Martin's Youth Grants	-	4	-	-	-	4
Giving Advisor	-	40	(33)	-	-	7
	7,157	2,278	(2,270)	(60)	674	7,779
UNRESTRICTED FUNDS						
DESIGNATED FUNDS						
Pastoral Fund	1,374	11	(22)	-	(4)	1,359
Pensions Reserve	(804)	-	229	-	(24)	(599)
Growing Younger Fund (2)	229	-	-	-	-	229
Strategic Investment Fund	2,012	-	(174)	779	-	2,617
Communications Hub	-	-	-	20	-	20
Sustainability Grant (Church Commissioners)	837	-	-	(200)	-	637
UNDESIGNATED FUNDS						
General Fund*	6,173	9,385	(9,249)	(539)	381	6,151
	9,821	9,396	(9,216)	60	353	10,414
TOTAL	46,074	11,687	(11,514)	-	1,494	47,741

The funds denoted with * include the following revaluation reserves:

	2022	2021
	£'000	£'000
WITHIN ENDOWMENT FUNDS		
Glebe Fund	1,045	1,045
Birmingham Diocesan Endowment Fund	99	99
	1,144	1,144
UNDESIGNATED FUNDS		
General Fund	1,062	1,140
TOTAL	2,206	2,284

21 Movements in funds (continued)

Details of the major funds are as follows:

Endowment Funds

Glebe Fund Under the terms of the Endowment and Glebe Measure 1976, all historic parish Glebe land holdings were transferred to the respective Diocesan Boards of Finance, which were required, in return, to ensure that all clergy within their Diocese received at least the agreed minimum stipend for the year. It represents glebe assets and the accumulated sale proceeds of glebe property. Capital funds may be used for the purchase, improvement and maintenance of glebe property and benefice property. Besides glebe property, the funds may be invested in investments or cash held on deposit. All clear income derived from these investments is transferred to the General Fund as a contribution towards the cost of clergy stipends.

Birmingham Diocesan Endowment Fund This fund was also established under a scheme of the Charity Commissioners (dated September 1906), promoted by the Worcester Diocese, with the object of providing a permanent capital endowment, the income derived from which was to be available to the diocesan trustees for the purpose of augmenting the incomes of clergy serving in the "poorer areas" of Birmingham. In 1963, the Charity Commissioners approved a variation to the scheme appointing the BDBF as joint trustees of the charity, together with the Birmingham Diocesan Trustees Registered. The objects were varied slightly by a Birmingham Commissioners Order dated August 1981, following the implementation of the Endowment and Glebe Measure, confirming that any clear income of the charity is to be applied in augmenting stipends of the clergy in the CofE Birmingham. Subsequent to the *Fresh Start* re-organisation of 1993, the BDBF transferred certain property and fiscal investments previously held in the General Fund into the Endowment Fund.

Bishop Brown Legacy Endowment Fund This fund was established from the estate of the late Bishop Brown (Bishop of Birmingham 1969-1977). His will gave a legacy to the BDBF to establish an endowment fund for the benefit of ordinands in training in the CofE Birmingham. The income derived from the capital endowment may be used to contribute to the maintenance grants of those in training.

Parsonages House Fund This fund represents the carrying value of all the benefice houses (parsonages) in the CofE Birmingham.

Restricted Funds

Sites and Buildings This fund was originally created under a scheme of the Charity Commissioners by the Worcester Diocese in November 1906, when Birmingham was first being established as an independent diocese (Birmingham being formed mostly from parishes previously part of either the Diocese of Worcester or Lichfield). The objectives of that fund were to assist the proposed new diocese in providing sites for and building new churches and mission rooms. The fund was absorbed into the Annual Reports of the CofE Birmingham during the years following the First World War and in 1951 the Charity Commissioners' consent was obtained to replacing individual trustees by the Birmingham Diocesan Board of Finance. This fund continues to be used to provide income for making grants to PCCs for the maintenance or extension of churches, and loans at reduced interest rates for new churches or (more usually) major repair projects.

Church Schools Fund This fund comprises the accumulated capital proceeds arising from the sale of closed Church Schools. Under section 86 of the 1944 Education Act (now section 554 of the 1996 Act), part or all of the proceeds arising on the sale of closed schools will have been directed to this fund under a Determination Order by the Secretary of State for Education. These proceeds in Birmingham are held under the terms of a Uniform Statutory Trust. The income deriving from the deposits and investments (mainly Common Investment Funds) is applied for the benefit of existing voluntary aided schools by way of grants and or loans for building projects and repairs.

Action in the City Fund This fund is the surplus funds raised by churches in the CofE Birmingham against the target set to create the endowment fund that set up the Church Urban Fund (CUF). CUF was set up in response to the *Faith in the City* report in the wake of the social unrest that manifested itself in the England's inner cities in the early 1980s. Its residual capital and income continue to be used to support parishes engaged in community regeneration activities.

The Malawi Partnership Fund This relates to monies raised by individuals and parishes across the Birmingham diocese to provide support to link dioceses and their parishes in Malawi.

Growing Younger Fund (1) This fund relates to our *Growing Younger* strategic programme which is being part funded by a Strategic Development Funding grant from Church Commissioners with match funding from our own resources. This fund relates to the restricted monies from Church Commissioners and other external funding sources.

St Luke's at Gas Street – Fabric Fund This fund is the specific donations raised to fund the building works at the Mission Resourcing Church at Retort House, Gas Street, Birmingham.

Strategic Restructuring Fund This fund relates to transitional monies received from Church Commissioners in respect of restructuring activities necessitated by changes in Church Commissioners allocation methodology for the funding of dioceses.

Shaping the Future Fund (1) This fund relates to our *Shaping the Future* strategic programme which is being part funded by a Strategic Development Funding grant from Church Commissioners with match funding from our own resources. This fund relates to the restricted monies from Church Commissioners.

Shaping the Future Fund (2) This fund relates to our *Shaping the Future* strategic programme which is being part funded by a Strategic Development Funding grant from Church Commissioners with match funding from our own resources. This fund relates to the restricted monies from other external funding sources.

Training for Ministry Fund This fund relates to the Resourcing Ministerial Education Block Grant that the BDBF receives from Archbishop's Council to fund training costs of ordinands.

Strategic Ministry Fund – Curates Training This fund relates to funding received from Archbishop's Council to support the training of additional curates.

Empowering Disciples Fund This fund relates to donations collected at the annual ordination service which is then available to make small grants to further vocations and discipleship.

Historic England – Places of Worship Officer Fund This fund relates to match funding provided by Historic England towards our Places of Worship Support Officer.

Benefact Trust NECN This relates to the National Estates Church Network (NECN) programme that we are partners in and which was funded by Benefact Trust.

People & Places Capacity Fund This relates to our *People & Places* Strategic framework which is part funded by a Strategic Capacity Funding grant from the Church Commissioners, with match funding from a Church Commissioners Strategic Development Funding grant and our own resources. This fund relates to the restricted Strategic Capacity Funding monies from Church Commissioners.

People & Places Development Fund This relates to our *People & Places* Strategic framework which is part funded by a Strategic Development Funding grant from the Church Commissioners, with match funding from a Church Commissioners Strategic Capacity Funding grant and our own resources. This fund relates to the restricted Strategic Development Funding monies from Church Commissioners.

Programme Management Fund This relates to a grant from the Church Commissioners to support the project management team who support the delivery of our active projects.

Church Planting (Shirley and Pype Hayes) Fund This relates to a Strategic Development Funding grant from the Church Commissioners to support the establishment of new church plants (and related infrastructure) within the CofE Birmingham in the specific areas of Shirley and Pype Hayes.

Context Ministry and Church Planting Fund This relates to a Strategic Development Funding grant from the Church Commissioners to support the development of our strategic approach to context ministry and church planting within the diocese as part of our wider transformational vision for the CofE Birmingham.

St Martin's Youth Grant Fund This relates to funding received from St Martin's Trust to enable us to make small grants to support youth projects across the diocese.

NOTES TO THE ACCOUNTS

21 Movements in funds (continued)

Giving Advisor Fund This relates to a grant from the Church Commissioners to support the roll-out of the National Giving Strategy over five years starting in 2021. This programme funds a Giving advisor who works with individual parishes to develop parish-focussed approaches to giving including the facilitation of contactless giving.

Readers Fund This relates to the funds previously held independently by the Birmingham Readers Council. This has been transferred to the BDBF for administrative simplification. The fund provides additional support to Readers in their ministry.

Hardship Fund This relates to funding received from the Church Commissioners for distribution to parishes and clergy across the diocese as a response to the energy cost crisis. All funds are expected to be expended by 31 March 2023.

Unrestricted funds

Pastoral Fund The diocesan pastoral fund represents the proceeds of redundant churches. The funds may be used for the acquisition and development of parsonages and other clergy houses and the provision, restoration, improvement and repair of churches once the legal obligations for redundant church buildings vested in the BDBF for disposal are met. When these funds have been used to purchase or improve property this has been charged to the Pastoral Fund in the year of expenditure. Proceeds of sale have been credited as income in the year of receipt. Where the BDBF has used the funds to purchase or improve properties in its corporate capacity, these have been included as fixed assets in these financial statements.

Pension Reserve This represents a designated or 'earmarked' fund in respect of possible BDBF obligations in respect of pension scheme arrangements.

Growing Younger *Fund (2)* This fund relates to our *Growing Younger* strategic programme which is being part funded by a Strategic Development Funding grant from Church Commissioners with match funding from our own resources. This fund relates to our own resources that we have designated towards the programme.

Strategic Investment Fund This is a designated fund that has been created using proceeds from property disposals. The fund will be used for intentional strategic mission investments such as further implementation of context ministry and match funding for our Church Commissioners grant funded *Shaping the Future* and *People & Places* strategic programmes.

During 2020 as part of our response to the COVID-19 pandemic, Bishop's Council agreed a proposal to release back to general unrestricted funds from the Strategic Investment Fund such monies as were necessary to deliver a balanced budget on unrestricted activities. The receipt of Sustainability Grant funding from Archbishops' Council in 2020 and 2022 has meant that such a transfer was not necessary in either 2020, 2021 or 2022, although the proposal has been ratified again in respect of the 2023 unrestricted activities budget.

Communications Hub This is a designated fund to create a communications hub within the BDBF offices to enable us to bring the production of new film and sound media in house to support our communications strategy. The funds were identified from an unrestricted legacy received during 2021.

Sustainability Grant Fund This fund relates to Sustainability Grants received from Archbishops' Council in 2020 and 2022 to enable the BDBF to bridge the gap in their unrestricted budget as a result of the COVID-19 pandemic. There are no specific restrictions attached to this funding other than the general stated purpose of bridging any unrestricted financial gap arising as a result of the COVID-19 pandemic. Archbishops' Council have permitted the diocese to hold over any funds granted in 2020 but not used in 2020 or 2021 for the same purpose in 2022. New Sustainability Grants awarded in 2022 must be utilised in 2022. Archbishop's Council may seek repayment of any unused funds if it deems that they are no longer required.

General Fund The general fund is the BDBF's unrestricted, undesignated fund available for any of the Board's purposes without restriction.

Details of inter fund transfers in 2022 are as follows:

	Unrestricted general	Unrestricted designated	Restricted	Endowment	Total
	£'000	£'000	£'000	£'000	£'000
General Fund to Strategic Ministry Fund Curates Fund ❶	303	-	(303)	-	-
General Fund to Historic England – Places of Worship Officer Fund ❷	(25)	-	25	-	-
General Fund to Strategic Investment Fund ❸	(451)	451	-	-	-
Strategic Investment Fund to *Shaping the Future* Fund ❷	-	(143)	143	-	-
Pastoral Fund to Parsonage Houses Fund ❹	-	(215)	-	215	-
General Fund to Pension Fund ❺	(160)	160	-	-	-
CC Sustainability Fund to General Fund ❻	1,112	(1,112)	-	-	-
TOTAL	**779**	**(859)**	**(135)**	**215**	**-**

❶ *Transfer of curates' costs from unrestricted funds to restricted fund in respect of Strategic Ministry funding.*
❷ *This represents the transfer of unrestricted funds to cover restricted costs not covered by grant receivable.*
❸ *These represent the transfer of property disposal proceeds to the Strategic Investment Fund to fund intentional strategic mission investments.*
❹ *This represents the transfer of new parsonage built using Pastoral Fund monies.*
❺ *This represents the release of the pension fund deficit provision following Scheme Triennial valuations.*
❻ *This represents the use of the Sustainability Fund to cover shortfall in unrestricted funds.*

Details of inter fund transfers in 2021 were as follows:

	Unrestricted general	Unrestricted designated	Restricted	Endowment	Total
	£'000	£'000	£'000	£'000	£'000
General Fund to Communications Hub Fund ❶	(20)	20	-	-	-
General Fund to Historic England – Places of Worship Officer Fund ❷	(31)	-	31	-	-
General Fund to Strategic Ministry Fund Curates Fund ❸	139	-	(139)	-	-
General Fund to Strategic Investment Fund ❹	(977)	977	-	-	-
Strategic Investment Fund to *Shaping the Future* Fund ❺	-	198	(198)	-	-
CC Sustainability Fund to General Fund ❻	201	(201)	-	-	-
Gas Street Fabric Fund to General Fund ❼	150	-	(150)	-	-
TOTAL	**(539)**	**599**	**(60)**	**-**	**-**

❶ *This represents the designation of unrestricted funds for the Communications Hub.*
❷ *These represent the transfer of unrestricted funds to cover deficit in restricted funds.*
❸ *Transfer of curates' costs from unrestricted funds to restricted fund to help fund 2021 curacies.*
❹ *These represent the transfer of property disposal proceeds to the Strategic Investment Fund to fund intentional strategic mission investments.*
❺ *This represents the transfer of designated funds to cover restricted costs not covered by grant receivable.*
❻ *This represents the use of the Sustainability Fund to cover shortfall in unrestricted funds.*
❼ *This represents the transfer of restricted funds to cover costs met by unrestricted funds in prior years.*

22 Commitments

At 31 December 2022 the BDBF had £nil of capital commitments which were contracted for but not provided in the financial statements (2021: £160,000).

The BDBF has parish loan facilities amounting to £105,000 approved during the year which have not been drawn down by the parishes concerned as at 31 December 2022 (2021: £nil).

23 Pension costs

Employees – Church Workers Pension Fund

The BDBF participates in the Church Workers Pension Fund (CWPF) for lay staff. The Fund is administered by the Church of England Pensions Board, which holds the assets of the fund separately from those of the employer.

The 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 section (DBS) of the CWPF provides benefits to lay employees based on final pensionable salaries.

For funding purposes, the 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 Pool, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. This 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 include contributions payable towards benefits and expenses accrued in that year (2022: £7,200 2021: £6,967), plus any impact of deficit contributions payable, giving a total charge of £48,632 for 2022 (2021: £47,576).

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 on the advice of the Actuary.

A valuation of the DBS is carried out once every three years, the most recent having been carried out and finalised 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 Pool. This increased the Employer contributions that would otherwise have been payable. The overall deficit in the DBS was £11.3m. The next actuarial valuation is due at 31 December 2022.

Following the 2019 valuation, the BDBF has entered into an agreement with the CWPF to pay expenses of £7,200 per year. In addition, deficit payments of £41,432 per year were agreed for 7 years from 1 April 2021 in respect of the shortfall in the employer sub-pool.

Due to the improvements in the projected funding position of the Fund, the Church of England Pensions Board agreed that deficit contributions would 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 2022. A liability has been recognised at earlier dates.

The movement in the provision is set out below:

	2022	2021
	£'000	£'000
Balance sheet liability at 1 January	245	277
Deficit contributions paid	(41)	(41)
Interest cost	3	1
Remaining change to the balance sheet liability*	(207)	8
BALANCE SHEET LIABILITY AS AT 31 DECEMBER	-	245

** Comprises change in agreed deficit recovery plan and change in discount rate 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:

Discount rate	31 December 2022	0.0% pa
	31 December 2021	1.50% pa
	31 December 2020	0.50% 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

With effect from April 2012, it was agreed to make all future non-clergy pension arrangements through the Pension Builder Section (PBS) of the CWPF.

For eligible salaried employees who commenced employment after 1 January 2006 the BDBF participates in the PBS, the assets of which are held separately from those of the BDBF and the other participating employers.

The PBS is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefit schemes. The BDBF contributes to the Pension Builder Classic section. The 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. Pension contributions are recorded in an account for each member. Discretionary increases may also be added, depending on investment returns and other factors. There is no requirement for the Board to grant any bonuses. The account, plus any bonuses declared, is payable from members' Normal Pension Age.

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

NOTES TO THE ACCOUNTS

23 Pension costs (continued)

charged to the Statement of Financial Activities in the year are the contributions payable (2022: £246,163 (2021: £245,795)).

A valuation of the scheme is carried out once every three years. The most recent scheme valuation completed was carried out as at 31 December 2019. This 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 10.1% following improvements in the funding position over 2022. There is no requirement for deficit payments at the current time. The next valuation is due as at 31 December 2022.

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 BDBF also contributes to a Group Personal Pension Plan organised by Friends Life for certain employees. This is a defined contribution, money purchase arrangement. The pension cost for the year shown in the financial statements is equal to the total contributions. The total contributions for the year were £311 (2021: £718).

Stipendiary Clergy

The BDBF participates in the Church of England Funded Pensions Scheme for stipendiary clergy, a defined benefit pension scheme. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes 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 FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to specific Responsible Bodies and this means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pension costs charged to the Statement of Financial Activities in the year are contributions payable towards benefits and expenses accrued in that year (2022: £1,033,000, 2021: £1,056,000), plus the figures highlighted in the table below as being recognised in the Statement of Financial Activities, giving a total debit of £1,125,000 for 2022 (2021: £1,073,000 charge) plus any impact of deficit contributions.

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at 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:

- RPI inflation of 3.6% pa (and pension increases consistent with this)
- CPIH inflation in line with RPI less 0.8% pre-2030 moving to RPI with no adjustments from 2030 onwards
- Increase in pensionable stipends in line with CPIH, and
- Mortality in accordance with 90% of the S3NA tables, with allowance for improvements in mortality rates in line with the CIMI2020 extended model projections, 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 and an allowance for 2020 data of 1% (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 payable (as a percentage of pensionable stipends) are as set out in the table below. 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.

As at 31 December 2020 and 31 December 2021 the deficit recovery contributions under the recovery plan in force were as set out in the above table. For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme rules.

% of pensionable stipends	January 2018 to December 2020	January 2021 to December 2022
Deficit recovery contributions	11.9%	7.1%

Section 28.11A of FRS102 requires the 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 2022 is set out in the table below:

	2022	2021
	£'000	£'000
Balance sheet liability at 1 January	235	449
Deficit contributions paid	(143)	(231)
Interest cost	-	1
Remaining change to the balance sheet liability (recognised in the SoFA)*	(92)	16
BALANCE SHEET LIABILITY AS AT 31 DECEMBER	-	235

** Comprises change in agreed deficit recovery plan and changes 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.

	Discount rate	Price inflation	Increase in pensionable payroll
31 December 2020	0.2% pa	3.1% pa	1.6% pa
31 December 2021	0.0% pa	n/a	-1.5% pa
31 December 2022	n/a	n/a	n/a

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

24 Commitments under operating leases

At 31 December 2021 the charity was committed to making the following payments under non-cancellable operating leases:

	Land and buildings 2022	Land and buildings 2021
	£'000	£'000
OPERATING LEASES WHICH EXPIRE		
Within one year	226	127
Within one to two years	226	-
Within two to five years	678	-
More than five years	1,017	-
	2,147	127

25 Reconciliation of net expenditure to net cashflow from operating activities

	2022	2021
	£'000	£'000
NET (EXPENDITURE) / INCOME FOR THE YEAR ENDED 31 DECEMBER	(1,880)	1,691
Depreciation charges	51	76
Dividends, interest and rent from investments	(637)	(618)
Interest payable on loans	1	1
Interest on clergy pensions liability	3	2
(Profit) on sale of fixed assets	(390)	(332)
(Profit) on sale of investment properties and current assets held for sale	-	(18)
Loss / (profit) on sale of investments	3	(7)
(Decrease) in debtors	(405)	(140)
(Decrease) in creditors	(30)	(170)
Change in fair value of investments	1,560	(1,500)
NET CASH (USED IN) / PROVIDED BY OPERATING ACTIVITIES	(1,724)	(1,015)

26 Analysis of cash and cash equivalents

	At 1 January 2022	Cash flow	At 31 December 2022
	£'000	£'000	£'000
Cash in hand and at bank	2,076	(116)	1,960
Cash held on deposit	5,927	(698)	5,229
	8,003	(814)	7,189

Cash held on deposit is that with notice of less than three months to access.

27 Analysis of changes in net debt

	At 1 January 2022	Cash flow	Other non-cash changes	At 31 December 2022
	£'000	£'000	£'000	£'000
Cash in hand and at bank	2,076	(116)	-	1,960
Cash equivalents	5,927	(698)	-	5,229
Loans falling due within one year	(20)	-	-	(20)
Loans falling due after more than one year	(50)	20	-	(30)
	7,933	(794)	-	7,139

NOTES TO THE ACCOUNTS

28 Related party transactions

No trustee received any remuneration for services as a director. The trustees in their role as trustees received travelling and out of pocket expenses totalling £nil (2021: £nil). Three trustees received travelling and out of pocket expenses (2021: 3) totalling £4,958 (2021: £2,609) in respect of duties as archdeacon or area/women's dean. These amounts are in line with the BDBF usual practice and are not in relation to their roles as trustees.

The BDBF is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the diocese, other than bishops and cathedral staff. The BDBF is also responsible for the provision of housing for stipendiary clergy in the diocese, including suffragan bishops but excluding diocesan bishop and cathedral staff. The following table gives details of the trustees who were in receipt of a stipend and housing provided by the BDBF during the year:

	Stipend	Housing
The Bishop of Aston	No	Yes
The Archdeacon of Birmingham	Yes	Yes
The Archdeacon of Aston	Yes	Yes
The Revd Canon Priscilla White	Yes	Yes
The Revd Toby Crowe	Yes	Yes
The Revd Sarah Hayes	Yes	Yes
The Revd Geoff Lanham	Yes	Yes
The Revd Canon John Routh	Yes	Yes
The Revd Canon Louise Shaw	Yes	Yes
The Revd Canon Bamidele Sotonwa	Yes	Yes
The Revd Canon Rebecca Stephens	Yes	Yes
The Revd Jeremy Allcock	Yes	Yes
The Revd Canon Catherine Grylls	Yes	Yes

The stipend of the Suffragan Bishop was funded by the Church Commissioners. The annual rate of stipend funded by the BDBF, paid to Archdeacons in 2022 was £37,382 (2021: £37,567) and for other clergy who were trustees the diocesan stipend rate was £27,052 (2021: £26,653).

The Cathedral shared office space with the BDBF and an amount of £2,408 (2021: £10,960) was payable for this space for the year ended 31 December 2022.

The Cathedral paid Common Fund of £49,735 to the BDBF for the year ended 31 December 2022 (2021: £49,735).

The Birmingham Diocesan Multi-Academy Trust ("the Trust") shared office space with the BDBF and an amount of £9,630 (2021: £19,260) was payable for this space for the year ended 31 December 2022. During 2022, the Trust also purchased at cost the services of the Diocesan Board of Education School Improvement Officer, the Church School Distinctiveness Adviser and the Education Support Manager for clerking duties at a cost of £3,900 (2021: £nil). The Diocesan Board of Education (as incorporated within the Diocesan Board of Finance) made a grant of £15,000 to the Trust during the year ended 31 December 2021 to fund the creation of a chapel at the new secondary academy established by the Trust.

The BDBF contributed £3,000 (2021: £3,000) towards the office costs of Thrive Together Birmingham, the Church Urban Fund joint venture with the Bishop of Birmingham and BDBF.

Four clergy trustees received continuing ministerial development grants to support study and development needs and resettlement and removal grants totalling £1,699 (2021: £3,826 for three clergy trustees) during the year ended 31 December 2022. These grants were unconnected with their role as BDBF trustees.

For the purposes of this disclosure note transactions with parochial church councils where there may be a relationship between members of Bishop's Council as they are trustees of these bodies, have not been included.

29 Funds administered as agent

	2022	2021
	£'000	£'000
Government grants received in respect of school capital projects	796	809
Contributions from Church School governors for school capital projects	62	95
Total received in	858	904
Amounts paid out on school capital projects	(724)	(1,028)
NET POSITION FOR THE YEAR	134	(124)

The Board of Education (as incorporated within the Diocesan Board of Finance) receives contributions from governors of church schools in the Diocese in connection with major repair and capital projects to Church Schools and also government grants in connection with the same. The Board of Education administers these monies as managing agent and makes the appropriate payments to contractors for work carried out. The monies do not belong to the Board of Education and as such the receipts and payments are not treated as incoming resources or resources expended in the Statement of Financial Activities. Any monies held or due at the balance sheet date are recognised within the balance sheet and contained within the Church School Fund.

The BDBF holds and manages parsonage decoration funds on behalf of its parishes. The monies do not belong to the BDBF and as such the receipts and payments into and out of the funds are not treated as incoming resources or resources expended in the Statement of Financial Activities. Any monies held at the balance sheet date are recognised within the balance sheet as a creditor. The funds as at 31 December 2022 stood at £108,156 (2021: £107,787).

30 Prior year comparative statement of financial activities

	Note	Restricted funds: Endowment funds £'000	Restricted funds: Other funds £'000	Unrestricted funds: Designated funds £'000	Unrestricted funds: Undesignated funds £'000	Total funds 2021 £'000
INCOME						
INCOME AND ENDOWMENTS FROM						
Donations:	2					
Parish contributions		-	23	-	4,781	**4,804**
Archbishops' Council		-	1,901	-	1,991	**3,892**
Other donations		-	105	3	1,039	**1,147**
Charitable activities	3	-	57	-	394	**451**
Other trading activities	4	-	6	-	430	**436**
Investments	5	13	186	8	418	**625**
Other income	6	-	-	-	332	**332**
TOTAL INCOME		**13**	**2,278**	**11**	**9,385**	**11,687**
EXPENDITURE ON						
Raising funds	7	27	-	-	92	**119**
Charitable activities	8	1	2,270	(35)	9,156	**11,392**
Other	9	-	-	2	1	**3**
TOTAL EXPENDITURE		**28**	**2,270**	**(33)**	**9,249**	**11,514**
Net (expenditure) / income before investment gains and losses		(15)	8	44	136	**173**
Net gains / (losses) on investments		449	674	(4)	381	**1,500**
Net gains on investment property		18	-	-	-	**18**
NET INCOME		**452**	**682**	**40**	**517**	**1,691**
Transfers between funds	21	-	(60)	599	(539)	**-**
Other recognised (losses) / gains	23	-	-	(24)	-	**(24)**
NET MOVEMENT IN FUNDS		**452**	**622**	**615**	**(22)**	**1,667**
Total funds brought forward	21	29,096	7,157	3,648	6,173	**46,074**
TOTAL FUNDS CARRIED FORWARD	21	**29,548**	**7,779**	**4,263**	**6,151**	**47,741**

Growing churches at the











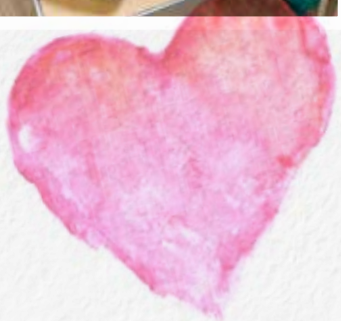












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THE CHURCH OF ENGLAND BIRMINGHAM





DRAFT



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The Birmingham Diocesan Board of Finance is a company limited by guarantee.
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THE BIRMINGHAM DIOCESAN BOARD OF FINANCE

England & Wales - Charity number 249403

Accounts

Birmingham Diocesan Board of Finance Limited

Annual Report

THE CHURCH OF ENGLAND BIRMINGHAM





The trustees, who are also directors for the purposes of company law, present their trustees report together with the financial statements and auditor's report of the charitable company – the Birmingham Diocesan Board of Finance Limited (BDBF) for the year ended 31 December 2021. The financial statements comply with current statutory requirements, the Statement of Recommended Practice for Charities 2015 ('SORP2015') and the Companies Act 2006.

This report is set out as follows:

Page number

Bishop's Foreword 4

Chairman's Statement 5

Annual Report of the Trustees comprising:

Strategic Report 6

Strategic and Operating Review 34

Summary information about the structure of the Church of England 41

Independent Auditor's Report 42

Financial Statements 43

It should be noted that the Annual Report gives narrative on the activities of Birmingham Cathedral, Birmingham Diocesan Trustees Registered, Church Schools, Thrive Together Birmingham and individual parishes to give an overview of all CofE Birmingham activities. However, the financial information of these entities is not included in the BDBF financial statements. They have their own financial statements as separately constituted organisations. (See page 41 for details of the structure of The Church of England.)



The members of the Bishop's Council set out below have held office during the period from 1 January 2021 to the date of this report, unless otherwise stated.

EX-OFFICIO

Bishop of Birmingham
The Rt Revd David Urquhart
Chair of the Diocesan Board of Finance
Mr Steven Skakel
Suffragan Bishop of Aston
The Rt Revd Anne Hollinghurst
Dean of Birmingham Cathedral
The Very Revd Matt Thompson
Archdeacon of Aston
The Ven Simon Heathfield
Archdeacon of Birmingham
The Ven Jennifer Tomlinson
Chair of the Diocesan Synod House of Clergy
The Revd Canon Priscilla White
Chair of the Diocesan Synod House of Laity
Mr Trevor Lewis

CLERGY MEMBERS OF THE DIOCESAN SYNOD

The Revd Sarah Hayes *(from 1 January 2022)*
The Revd Geoff Lanham *(from 1 January 2022)*
The Revd Canon Douglas Machiridza *(until 31 December 2021)*
The Revd John Routh
The Revd Canon Louise Shaw *(from 1 January 2022)*
The Revd Bamidele Sotonwa
The Revd Becky Stephens
The Revd Claire Turner *(until 31 December 2021)*

LAY MEMBERS OF THE DIOCESAN SYNOD

Miss Jennifer Clark
Mr Jonathan Goll
Mrs Gill Gould *(until 31 December 2021)*
Mr Michael Hastilow *(until 31 December 2021)*
Mrs Deirdre Moll
Mr Anesu Muyambi *(from 1 January 2022)*
Mr Julian Phillips
Mrs Chrissie Price *(from 1 January 2022)*
Mrs Patricia Williams *(from 1 January 2022)*

NOMINEES

The Revd Jeremy Allcock *(from 1 January 2022)*
The Revd Alison Cozens *(until 31 December 2021)*
The Revd Canon Catherine Grylls
The Revd Chris Hobbs *(until 31 December 2021)*
Mr Guy Horden *(from 1 January 2022)*
Mr Geoff Shuttleworth *(until 31 December 2021)*

GENERAL SYNOD REPRESENTATIVES

The Rt Revd David Urquhart
The Revd Tim Bateman *(from 12 October 2021)*
The Revd Canon Catherine Grylls *(until 11 October 2021)*
The Ven Simon Heathfield *(until 11 October 2021)*
The Revd Canon Douglas Machiridza *(from 12 October 2021)*
The Revd Canon Priscilla White
Mrs Dawn Brathwaite *(from 12 October 2021)*
Mr Benjamin Hodson-Franks *(until 11 October 2021)*
Mr Guy Hordern *(from 12 October 2021)*
Dr Rachel Jepson
Mr Geoff Shuttleworth *(until 11 October 2021)*

DIOCESAN SECRETARY

Dr Jan Smart

COMPANY SECRETARY

Dr Jan Smart

DIOCESAN DIRECTOR OF FINANCE

Miss Karen Preece

DIOCESAN REGISTRAR

Ms Vicki Simpson

REGISTERED OFFICE

1 Colmore Row, Birmingham. B3 2BJ

AUDITOR

Haysmacintyre LLP,
10 Queen Street Place, London. EC4R 1AG

BANKERS

Bank of Scotland,
125 Colmore Row, Birmingham, B3 3SF

INVESTMENT ADVISERS

Smith and Williamson
Investment Management Limited,
9 Colmore Row, Birmingham. B3 2BJ

PROPERTY AGENTS

Bruton Knowles, Embassy House,
60 Church Street, Birmingham. B3 2DJ

Bishop's Foreword - *Clay Jars*



This year has demonstrated more than ever that 'we have this treasure in clay jars to show that the transcendent power is not of ourselves but of God'.

'But we have this treasure in clay jars, so that it may be made clear that this extraordinary power belongs to God and does not come from us.' - 2 Corinthians 4:7

The jars speak of vulnerability and fragility of which there has much evidence in a church and society ravaged by coronavirus, overshadowed by the dark clouds of war and threatened by escalating costs of living.

Overleaf you can read of the treasure of ministry and money that has been provided generously and stewarded carefully. Most valuable of all is the treasure poured out continuously in Jesus Christ, given because 'God so loved the world.' - John 3:16

Following the encouraging words of the Chair of the Diocesan Board of Finance and the Bishop of Aston, this Report draws attention to many of the Church of England Birmingham's activities amongst the one and a half million people in the diocese and beyond.

Our commitment to Interfaith Presence and Engagement has spread wider and deeper. Racial Equity continues to be a keen priority. Climate change is being met with a robust programme of carbon reduction and further scrutiny. Partnership working with local authorities and other charities extends the reach of the Church's mission. This includes, as Bishop, my membership of Birmingham City Board and Convening the Lords Spiritual in Parliament. Schools play a vital part in the Church's impact. I am delighted that the first Bishop's Awards have been presented to three of our 52 schools in the past year. Our international reach will be strengthened in 2022 through the Commonwealth Games to be held in the Midlands and the Lambeth Conference to which we will welcome our link bishops from Bolivia and Malawi.

I am deeply grateful for the commitment and generosity of all who lead and participate both in the life of our communities and in God's mission through the Church.

+David Birmingham

The Rt Revd David Urquhart
Bishop of Birmingham



Chairman's Statement



It is not surprising that 2021 proved to be another challenging year, with the Covid-19 global pandemic still dominating our lives. Services in our church buildings resumed in fits and starts from mid-year, but unsurprisingly, the attendance picture was mixed. A consistent theme remains the generosity of committed giving, which has been remarkable throughout the pandemic.

Total Income of £11,687,000 shows a significant decrease of £569,000 compared to 2020. As in prior years, the headline numbers are significantly impacted by the disposal of redundant assets. Our single largest source of income, parochial contributions or 'Common Fund' from our parishes at £4,781,000, was ahead of our budget expectations but still 2.9% lower than 2020 and 14.8% lower than 2019. Against the continuing uncertainties of the pandemic, this outcome was reassuring.

Early indications for 2022 suggest that common fund contributions have started to stabilise; however, with much higher inflation than we have seen for thirty years and real incomes falling, there could still be further shocks to come. The officers manage the situation with the board's full support to keep expenses aligned with the reduced income level. This means that stipendiary clergy numbers are likely to remain at or around current levels until we see a sustained positive impact from our strategy of growing churches at the heart of each community. A review of our Transforming Church strategy commenced in April 2021 to look at our priorities and progress towards fulfilling our plans whilst achieving financial and environmental sustainability. This work continues in 2022.

Church of England Birmingham receives significant support from the national church. In 2021, the largest contributions were Lowest Income Communities funding based on the Index of Multiple Deprivation and Strategic Development and Capacity funding. Together, these represent £3,471,000 or 29.7% of our income. The Lowest Income Communities funding is reducing in real terms, and Strategic Development and Capacity funding reflect project-related activities. These funding streams are evolving, and expected changes in future contributions are factored into our long-range planning.

The pandemic has brought about its own stress to our operational model, and we are very grateful for the one-off sustainability funding grant of £1,000,000 that we were awarded in 2020 for use in 2020, 2021 and 2022. In summary, we are working in incredibly difficult circumstances; however, in God's grace, we remain optimistic, focused on Jesus and moving forward on our mission.

There is a tremendous amount of detail in our annual report, and I would draw your attention to the Strategic and Operating Review for a deep dive into the governance and financial information behind this short overview. My particular thanks to the officers and Directors who tirelessly and competently support the work of the Church of England Birmingham.

I would also like to thank the many volunteers throughout the Church of England Birmingham who equally give so much of their time both in the parishes and across the diocese.

Steven Skadel

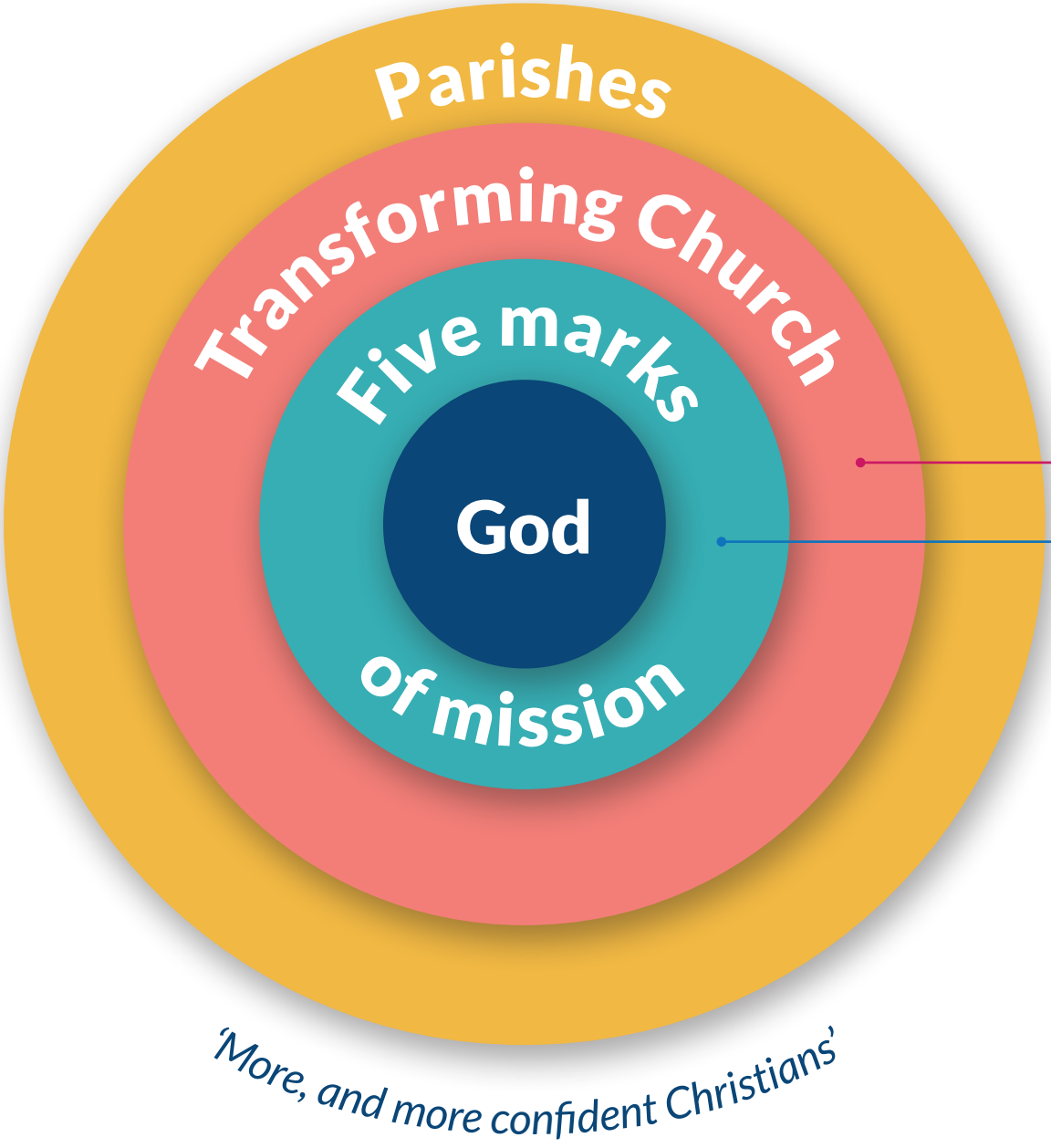
Steven Skakel
Chair of Birmingham Diocesan Board of Finance



PROCLAIM AFRESH THE FA

VISION

Growing churches at the heart of each community



'More, and more confident Christians'



I T H I N E A C H G E N E R A T I O N

TRANSFORMING CHURCH



Church of England Birmingham

Transforming Church: Core Principles

- Engage with children, youth, families and other missing generations to reflect the age profile of the wider population across the CofE Birmingham
- Grow in number of disciples (more)
- Grow in depth of discipleship (more confident)
- Grow in partnerships and impact in the community
- See diverse worshipping communities (meaning representative of our communities) and accessible to all
- See flourishing ordained and lay leadership that reflects the diversity of the wider population across the CofE Birmingham
- Achieve financial sustainability
- Achieve environmental sustainability
- Underpin everything with a culture of prayer

National

5 Marks of Mission

- To proclaim the Good News of the Kingdom
- To teach, baptise and nurture new believers
- To respond to human need by loving service
- To seek to transform unjust structures of society, to challenge violence of every kind and to pursue peace and reconciliation
- To strive to safeguard the integrity of creation and sustain and renew the life of the earth



The Rt Revd Anne Hollinghurst
Suffragan Bishop of Aston

A View from the Aston Expressway

Living as I do in the northern reaches of the geographical area covered by Church of England Birmingham, I spend much of my life in non-pandemic times travelling to the city centre or south of it on the misnamed Aston expressway, which in my experience is anything but express at the best of times. During the worst of times and as we slowly emerged from Covid-19 restrictions but traffic flow remained low, it offered for a brief period a highway in the sky from which the city and region of Birmingham could be more clearly surveyed. As I drove over the complexity of interconnecting roadways that together form Spaghetti Junction, it became for me a metaphor for what 2021 was about in terms of mission and ministry across the CofE Birmingham over which I am privileged to have an overview.



Emerging from testing times with some new perspectives and these further shaped through our strategic review begun in 2021, we were able to take a fresh look at our core priorities and some of those multiple intersecting strands of work came into clearer focus. God has been faithful and despite another challenging year spent partly in restrictions, mission and ministry across the CofE Birmingham saw remarkable encouragement and much change was admirably navigated...









- *through the superb support offered by our Parish Mission Support team as parishes sought next steps in recovery and outward-focused mission,*
- *through the first cohorts entering the formation journeys of Way of Discipleship, Way of Servant Leadership or other learning journeys through our growing Pathways platform,*
- *through the first licensings and ordinations of our local ministers (lay and ordained) furthering our People & Places vision of 'more ministry not less',*
- *through the new Reader cohorts and tutors engaging along with our Warden of Readers and Head of Ministry Formation with a renewed vision for Reader ministry in the CofE,*
- *through those involved with vocations work and Bishop's Advisory panels undergoing training for the new national discernment framework to come into play in 2022,*
- *through the quiet but faith-filled preparations that were set in train for new church plants and pioneering ministry – some being taken up in 2022,*
- *through new ventures embarked upon involving community partnerships - including the opening up of conversations with some of our Further Education Colleges to explore the possibilities of church / college collaboration and chaplaincy, as well as initial thinking about the urgent question of affordable / social housing and the part the CofE Birmingham might play / the partners we might seek as we respond to our call to engage with the full five marks of mission.*

All that gives only a flavour! You can read more in the reports by various directors / diocesan staff but my thanks to each and every one who worked so hard in 2021 to lay with clarity of vision the next sections of the highway that in 2022 we look forward to embarking upon.









Intercultural



We are grateful for Revd Canon Dr Sharon Prentis, Intercultural Mission Enabler and Dean of Black, Asian and Minority Ethnic Affairs's ministry, and for the work of our interns - Jody-Ann Frazer and Noluthando Sileya.

Between them, they developed online platforms, increased social media engagement and delivered Zoom-based Unconscious Bias and Intercultural Awareness training on Pathways. They created the Intercultural Church Criteria and Intercultural Health Check Questionnaire to help parishes identify where they are on their journey towards being intercultural. They also provided a resource for parishes for Racial Justice Sunday and to help mark George Floyd's anniversary.

The Uncut group of 15 young people and five leaders met regularly. Their aim is to build the leadership qualities and skills of young people of global majority heritage and they focused on the question, "Who is not being heard or invited to the table?"

Parish Mission Support



Parish Mission Support have continued to serve parishes in Transforming Church Action Planning and all aspects of intergenerational mission in a year that saw more Covid-19 challenges.

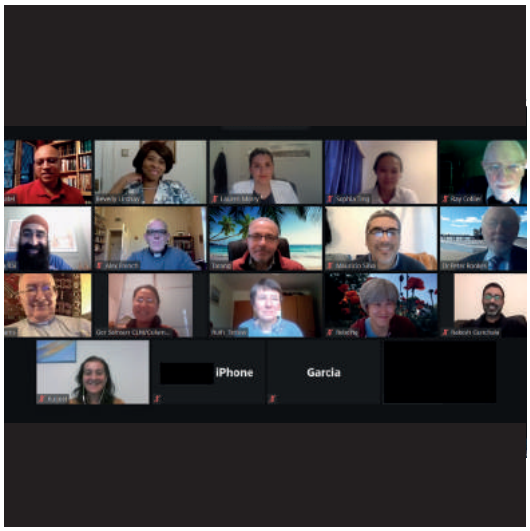
Supported by SDF funding, the youth and schools' projects have supported new expressions of youthwork across the CofE Birmingham, and developed innovative online support for parishes, hosting events such as the Epiphany Explorers online escape room and Easter Holiday Club.

The TCAP team have continued to support around 80 parishes in mission planning; working creatively with parishes in both online and face-to-face settings.

More learners have joined Flex, the intergenerational learning pathway, and recruitment has begun for the second cohort of Children and Families Missioners which will see a missioner for every deanery to support parish volunteer teams to connect with and encourage faith with children and their families.



Interfaith



During 2021, there were two online series of the Birmingham Conversations with speakers from six different religions which were attended by people of all faiths from across the region. This led to academic research into online interfaith dialogue which Andrew Smith, the Director of Interfaith Relations, is heading up with staff from Coventry University and the Dialogue Society.

Supporting parishes continued through the 'Presence and Engagement' mailing and discussion groups and the production of a video of children from different countries who live in Birmingham saying the Lord's Prayer. This will be made available to churches and schools in 2022. Andrew and Fr. Julian Sampson, the Catholic Lead on Interfaith Relations, continue to be active in civic engagement through the West Midlands Combined Authority and the West Midlands Police.



Community Regeneration



In a time of mounting financial pressure, the Community Regeneration and Thrive Together Birmingham team continues to 'encourage and support those who are inspired by faith to tackle poverty and build community'.

We believe that everyone has something to offer and can play a part in enabling change to happen.

With people, churches, community groups and organisations, we aim to:

- Enable: to inspire, encourage, support and equip to tackle poverty, build community and participate in helping their neighbourhood thrive
- Grow: to expand the number tackling poverty and strengthening their local communities
- Sustain: to strengthen and support the longevity of their activities
- Amplify: to enable the voices of people experiencing poverty, as well as those providing support, to be better heard by those in power so that there might be changes in systems, policy and resourcing.

Ministry Overview

'Agile, Adaptable and Missional' sum up the approach to supporting licensed and commissioned ministries in 2021 as we emerged from pandemic to meet the missional challenges and opportunities of a new landscape.

Vocations Development and Discernment

Vocations continue to flow from a wide range of contexts and traditions in parishes and chaplaincies, supported by Director of Ordinands ('DDO'), the Revd Calvert Prentis, and a team of Vocation Advisers, expanded by the addition of Reader, Maggie Forknell, and Assistant DDOs, the Revd Denise Jones and the Revd Gary Birchall.

A key aspect of work in 2021 was preparing for the new CofE Shared Discernment Framework. Ten people were recommended for training by the Sponsoring Bishop after attending a national Bishop's Advisory Panel. There are currently 27 ordinands in Initial Ministerial Education Phase 1 training on a variety of residential and context-based pathways. In 2021, the Bishop ordained nine deacons and ten priests.

Initial Ministerial Education Phase 2 for Ordained Ministry



26 Curates have been placed with experienced training Incumbents in parishes in a range of contexts around the diocese for up to 42 months; their formation programme is overseen by the Revd Paul Hinton. Six Curates completed initial formation, moving to new posts of responsibility in Birmingham and other dioceses. Regular monthly training events for Curates included new sessions on *The Sacrament of Reconciliation* and *Church Planting and New Christian Communities*. Two new IME2 Associate Advisers, Revd Claire Turner and Revd Andi Thomas, joined the established team of fellow advisers, Revd Ivor Lewis, Revd Gary Birchall and Revd Hazel White.

Training for Reader Ministry

Seven Readers in Training, from diverse parishes, completed their first phase of formation (IME1) during 2021, with skillful tutoring by Readers Moira Johnson, Stephanie Hayton (now Lay Ministry Director in Bristol Diocese) and Ros Sheppard and new team member, Mary Charlton – working with the Revd Paul Hinton as Director of Reader Training. All were Admitted and Licensed in April 2021 by Bishop David. Formation Sessions were both online and in-person, including joint funeral ministry training with Curates and Local Ministers. The NEXT (IME2) programme for newly licensed Readers is co-ordinated by Revd Nick Ross and Revd Dr Sam Gibson. Readers engage in Continuing Ministerial Development events to strengthen their ministry of teaching, preaching and pastoral care as well as leading in parishes and chaplaincies.





Commissioned Lay Ministry Offering Pastoral Care and Community Skills

The scheme continues to equip Lay Pastoral Teams in parishes. Their pastoral work has been crucial through the pandemic and as churches emerge into the new landscape. Teams are supported by CME Advisers, Saskia Barnden, John Restall, Jayne Crookes and Jo Johnson. Much gratitude to Pauline Griffiths, Allannah Brennan and Val Hicks who stepped down after long service. More than 55 people joined the online Annual Away Day in June *A Long-Awaited Spring Time? Looking for Signs of New Life*, led by Revd Dr Sally Nash and Revd Dr Al Barrett.

Clergy Continuing Ministerial Development

CofE Birmingham supports the continuing ministerial development of clergy at every stage of their ministry, directed by Revd Canon Dr Mark Pryce.

Bishop's Study Mornings online and as hybrid events featured reflections on the Theology of Prayer by Dr Ash Cocksworth; introduction to the new CofE Shared Discernment Framework by DDO Revd Calvert Prentis and the new vision for Reader Ministry led by Warden of Readers, Revd Catherine Grylls and Reader colleagues; Dr Ruth Valerio of Tearfund led on justice themes in Luke's Gospel. A number of clergy enjoyed sabbaticals and extended study leave, and over 20 clergy received grants for retreats and ministry development courses. A redesigned 12-month hybrid course for first-time Incumbents attracted 26 participants from dioceses across the West Midlands.

Local Ministry Pathway

Leaders from inner urban and estate churches completed a second year of leadership training in the pilot formation pathway for Local Ministry, led by Revd Canon Andy Delmege and Revd Dr Sam Gibson, grant funded by Allchurches Trust.

Five participants were ordained deacon by Bishop David in the Cathedral to serve as leaders of local church communities. The discernment and formation of participants for service and leadership continues into 2022.



Anglican Religious Communities

The shared life of prayer, hospitality and service lived by the Community of St John the Divine at Marston Green, and the Franciscan SSF (Society of St Francis) brothers and CSF (Community of St Francis) sisters in Birmingham, continues as a source of spiritual support and encouragement in living the values of God's Kingdom.

Reader Ministry



Over 200 Readers in the CofE Birmingham share in leading God's people in mission and ministry. They bring an extraordinary range of gifts in Christ's name: preaching the Gospel, leading study groups, assisting in pastoral ministry, connecting a world of work and social need with worship, drawing on insights from their daily lives and varied experiences. During 2021, another thirteen people were Admitted and Licensed despite the complications of Covid-19 and another seven entered training. We are shaping a leadership team within the Reader Community that models collaboration between ordained and lay licensed ministers, and aims to encourage gifts and confidence in lay leadership. The Birmingham Readers' Association has been reshaped to better support Readers in ministry, and to contribute more effectively to the outworking of the Transforming Church vision and the embedding of the People & Places framework.

Learning for Discipleship and Mission



During last year, 'Way of Discipleship' and 'Servant-Leadership' courses were created, piloted and reviewed, offering formation designed to help nurture the culture which underpins Transforming Church.

17 modules have been run, with 125 participants. Feedback shows a significant impact in growth in confidence, understanding, equipping, everyday faith, and a sense of God changing participants: *"…this is undoubtedly one of the highlights of my week at the moment… I find the format very helpful as it includes listening, talking to others and personal reflection."*

Six intentional discipleship groups run every three to four weeks. These develop discipleship and leadership, providing a replicable model.

Three churches are participating in an Everyday Faith Learning Community, growing more into envisioning and supporting Christians in every area of life, and the ministry of all God's people.

World Community: Bolivia Link



A lively contact with our Bolivian partners has been maintained during this twelve-month period. Very encouraging Zoom meetings have linked congregations here with congregations in La Paz, Santa Cruz, Cochabamba and Tarija. Bishop Maurice participated in sessions of a national training programme where technology brought together participants across geographically separated cities.

With the impending retirement of Bishop Raphael Samuel, the Province of South America has confirmed his successor as the senior Bolivian ordained minister, Walter Toro. His consecration as bishop took place on 1st May 2022. Bishops David and Anne have sent a letter of greeting to be read out at this service. At a time of new opportunity in the partnership, it is encouraging that three more congregations in Birmingham have become actively involved in this link.



World Community: Malawi Link



Healthwise, Covid-19's impact on Malawi has remained reasonably small. However, Covid-19 has hit the economy and economic struggles have severely hit the church.

Floods again affected parts of Malawi in the last rainy season. 100,000 people were displaced. CofE Birmingham was able to send £5,805 to support the Malawian Anglican Church appeal.

Malawi Task Group member, Lucy Ward, started working for Lake Diocese Education Department in 2021, advising and supporting 101 schools. Amongst other things, she has organised and run a training conference for head teachers, which has focused on improving leadership as well as providing a real opportunity for networking across the Lake Diocese.

New Christian Communities



The New Christian Communities team have supported the development of fresh expressions and pioneer-based ministry, as well as focusing on strategic church planting opportunities. Notable, has been the work of the Langley Centre of Mission, which has begun to establish new worshipping communities. Similarly, support has been given to missional work in Frankley and Rubery. Other exciting activity has included a revitalisation project at St Mary the Virgin, Bearwood, which has partnered with St John's Harborne to establish a new family congregation. At the wider level, various strategic discussions have been held with Area Deans and Lay Chairs to highlight church planting opportunities. Finally, Bishop David outlined our hope and ambition for more New Christian Communities at a well-attended church planting awareness event held at St Martin's in the Bullring.



People & Places

People & Places



The positive impact of People & Places is clearly evidenced throughout this report, particularly in the Parish Stories to follow. The continued releasing of many different ministry gifts empowers the vision of 'growing churches at the heart of every community' whilst enabling a body wide ministry that shares resources, blesses communities and shows an abundance when we come together.

Whilst the global pandemic has caused significant delays, traction is being found once more as all Area Deans are now in post with Area Support Officers too. Good work has gone into communicating Oversight Areas and Ministry enabling collaborative discussions within Deaneries that are helping to shape the next phase of People & Places. Through the forming of these new relationships in Oversight Areas, we are seeing some exciting results that are aiding ministry focus to communities. For example, in Aston & Sutton Coldfield, some churches are ministering together through Music Traditions whilst others are employing a Children's and Families Missioner. A sense of shared mission and ministry is growing.

Racial Justice Reference Group



In 2021, the Church of England Birmingham continued with the quest of fulfilling its missional mandate to be a church welcoming to all, actively promoting racial equality and justice, through strategies and intentional actions aimed at eradicating racism and increasing diversity.

The Racial Equity Strategy (RES) for Church of England Birmingham was developed and proposed by the Revd Sharon Prentis and the Racial Justice Reference Group and this was adopted by the Bishop's Council and Diocesan Synod, with focus on the following areas:



- Capacity building
- Training and Mentoring
- Supporting the development of UKME Young People
- Governance structures
- Elimination of Racial Inequity
- The 2022 key priorities include effective implementation of 'From Lament to Action' report.

Property

PROPERTY TEAM THE CHURCH OF ENGLAND BIRMINGHAM



The Property Team has been working with other members of the Net Zero Environment Group on developing a plan towards the achievement of the Church of England's target for all parts of the Church to become net zero carbon by 2030.

In 2021, the main focus was on gathering more data about energy usage for all CofE Birmingham properties, including church buildings and halls, clergy housing, schools and the Colmore Row office. The first annual carbon emissions report was developed last year, which provides an estimated total carbon footprint for the CofE Birmingham. The Property Team is currently developing a costed action plan considering in detail how to reduce carbon emissions to all CofE Birmingham properties so that they can become net zero carbon.

Pathways



Pathways supports ministry leadership development. Over 600 learners have registered and engaged with the Pathways platform and collaboratively the team have developed:

- 13 Pathways
- Signposts to 7 organisations or CofE courses
- 4 foundational pathways
- Over 30 stand-alone modules

Work is now in progress in key areas of ministry formation – local ministry, oversight ministry, Flex and pastoral care.

The Mindful Mentoring Space is an innovative introduction to mentoring and reflective practice accessed via a QR code. The first cohort of mentors have completed their training and three further training programmes are planned for 2022. Mentors are matched with those on leadership pathways to support their learning and supervision training is planned for 2022.

To date, 60 people have connected with the coaching training at some level, via 'Coaching 101', 'Resourcing Effective Conversations' and 'Transforming Conversations'. Those who have completed training take on coachees for support and development and Communities of Practice will be developed through 2022 and beyond.



Diocesan Board of Education (DBE)



The Birmingham Diocesan Board of Education's work is driven by the DBE Measure, so that Church schools are sustained for coming generations.

Alongside the ongoing bespoke school support and advice given by officers, key pieces of work completed this year are:

- a focus on actions following publication of 'From Lament to Action'
- a programme of induction for headteachers leading Church schools
- providing guidance and support to embrace and embed diversity in all Church schools
- significant support in ensuring schools admission policies are compliant
- a suite of documents to support appointment of headteachers and governors

Nationally, the DBE Measure has been updated, and therefore the structure of the board has been redefined as a formal statutory committee of the BDBF, replacing its previous structure as an unincorporated board.



Birmingham Cathedral



Birmingham Cathedral is the Church of England cathedral church for the people and communities within the CofE Birmingham and is the seat of the Bishop of Birmingham.

One main theme of 2021 was Covid-19 Recovery. The cathedral livestreamed services daily throughout the year. In March, a Covid-19 Memorial Service was livestreamed on the first anniversary of lockdown. We employed new staff to improve visitor welcome, volunteer recruitment and increase donations. Our schools' visits programme, choir concerts and recitals resumed.

New missional opportunities included more work with Let's Feed Brum to serve homeless and other vulnerable people, a lecture series on Anglican Social Theology, and Cathedral Conversations, a forum for building partnerships.

Our year ended well with more carol services held than was possible in 2020 and a splendid Christmas Market showcasing local businesses and crafts.

Aston & Sutton Coldfield Deanery

Parish Story



St Chad's, Sutton Coldfield

On 9th October, 2021, we held our inaugural Deanery Eco Festival at St Chad's Sutton Coldfield. Churches and local groups from across the Deanery gathered to share ideas and celebrate eco diversity, environmental awareness, care for our local communities and the journey towards more sustainable and carbon neutral living.

Training for Reader Ministry



Sutton Coldfield and North Warwickshire parishes

Rob Rolfe trained in funeral ministry after licensing as a Reader; he has a pastoral ministry to bereaved families in Sutton Coldfield and North Warwickshire parishes.

Training for Reader Ministry



All Saints, Gravelly Hill

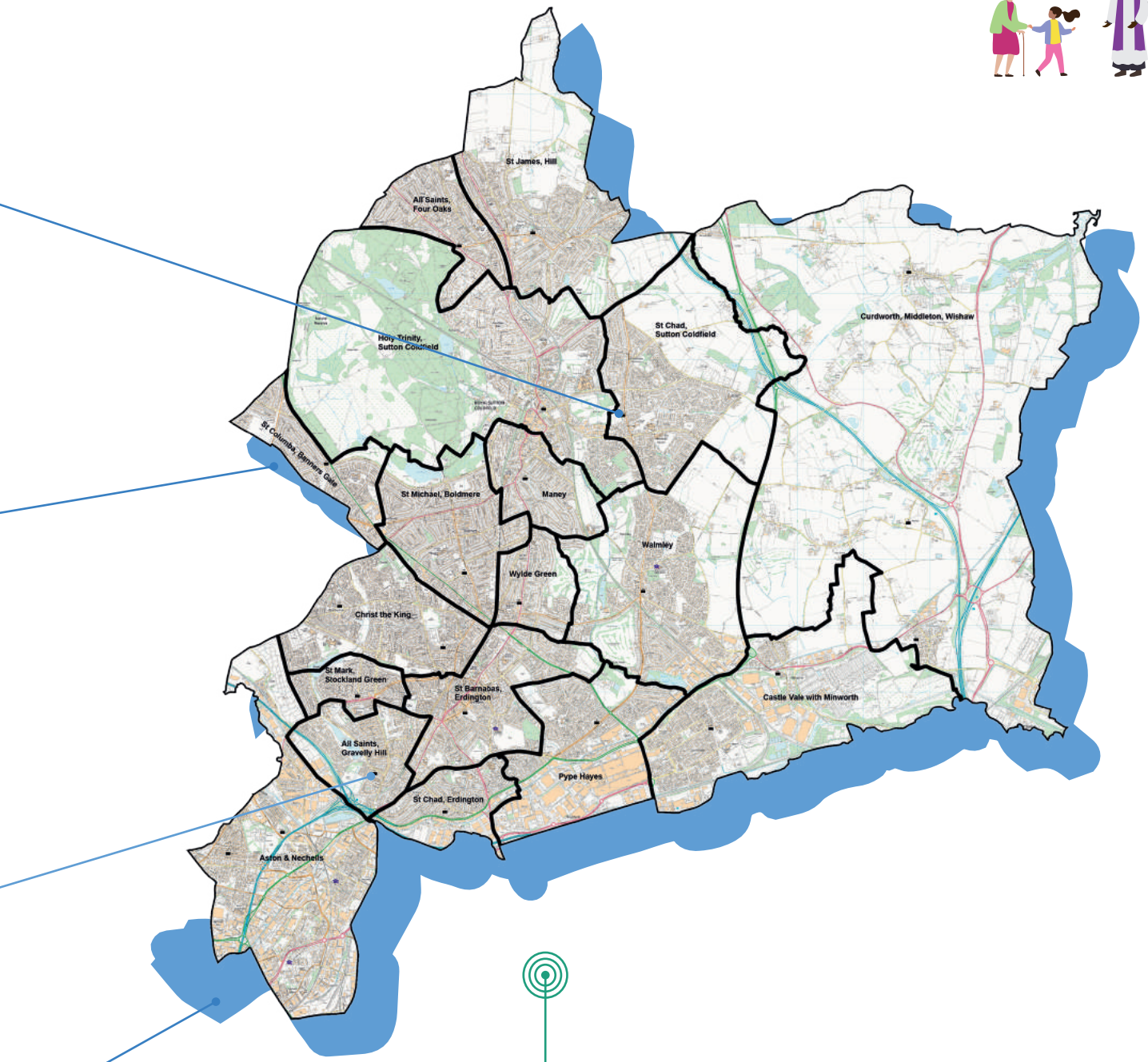
Christine Hibbert enjoys continuing ministerial development to nourish her ministry as Reader at All Saints, Gravelly Hill; she also works as a Housing Officer for over 55s.

Deanery Story



Rich conversations have been happening in the Deanery around the formation of Oversight Areas - in the Deanery Project Team, Chapter, Synod and in the parishes. Parishes have been encouraged to explore what their areas of mission and ministry focus are, and consider how they could collaborate on them. These conversations continue.





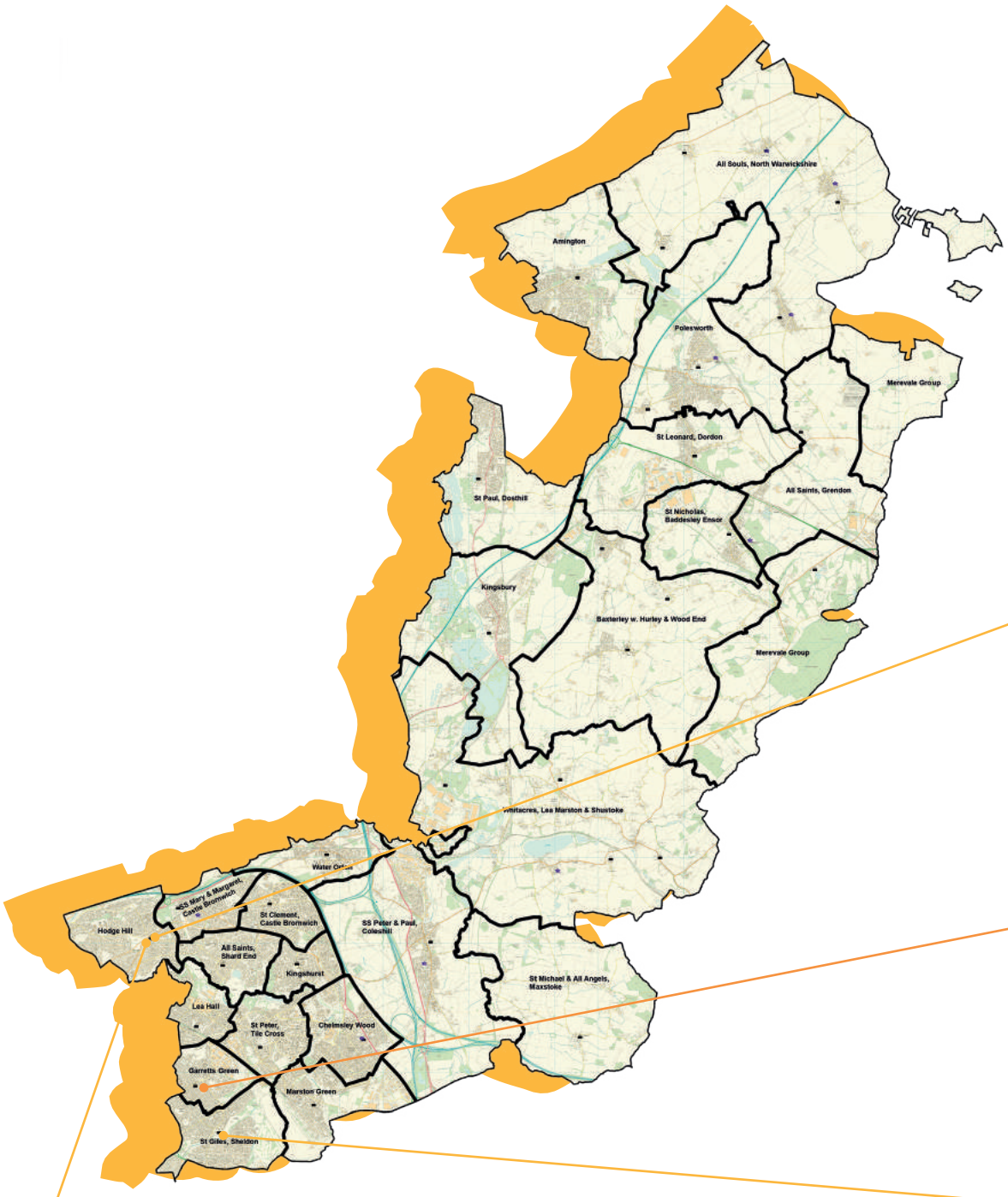
CofEB Story

Eco

During 2021, CofE Birmingham's Environmental Board set up a project to deliver Eco Diocese silver level accreditation, and a project to establish a network of Deanery Environmental Champions (DECs) and Parish Environmental Contacts (PECs) across the diocese. The project planning for net-zero by 2030 continues. An Environmental Communications Plan delivered much fuller communications across the diocese.

Coleshill & Polesworth Deanery





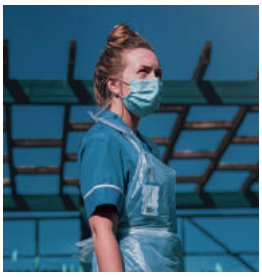
Training for Reader Ministry



Hodge Hill

Ros Sheppard is a Reader Tutor, combining parish ministry with supporting trainee Readers in their formation for public ministry. Ros ministers at Hodge Hill Church.

CofEB Story



Healthcare Chaplaincy

2021 was again a very demanding year for healthcare chaplains, especially those supporting hospital staff through the continuing Covid-19 pressures, where the importance of self-care was a key feature of their ministry. The Chaplaincy will miss the work of Revd Canon Richard Wharton, Chaplaincy Manager at UHB, who is moving to a new post as vicar of St Francis' Bournville.

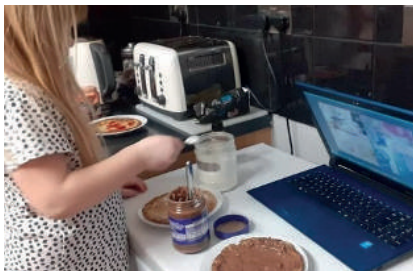
Commissioned Lay Ministry Offering Pastoral Care and Community Skills



Hodge Hill Church

The Revd Dr Sally Nash is a theological educator, leading a variety of retreats and events for clergy and lay ministers, including the 2021 Away Day for commissioned pastoral teams and Curates' Retreat. Sally is also the Living in Love and Faith advocate for CofEB and SSM Associate Priest at Hodge Hill Church.

Parish Story



St Thomas, Garretts Green

During a year of Covid-19 restrictions, we met with children and young people online on Monday evenings – playing Pictionary, Five Gold Rings and even Hide and Seek!
And at the beginning of Lent, we delivered cooking equipment and ingredients to their homes, so that we could make and eat pancakes together.

Training for Reader Ministry



Ordained Ministry vocations IME 1

Sheila Williams is Reader at Tile Hill and Sheldon; she leads a junior youth club helping children to pray and learn more about God, as well as a range of community outreach groups. Since engaging in the funeral ministry training, Sheila is developing ministry to local bereaved families and military veterans.

Handsworth & Central Deanery



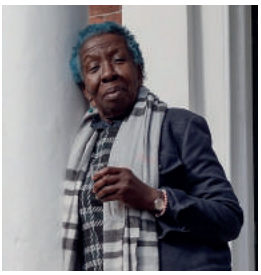
Training for Reader Ministry



Holy Trinity, Birchfield

Keith Rutherford is an engineer and also Reader at Holy Trinity, Birchfield. CME events help to sustain his ministry in the workplace and the parish.

Clergy Continuing Ministerial Development



Holy Trinity, Birchfield

The Revd Canon Eve Pitts, Vicar of Holy Trinity, Birchfield, is dedicating sabbatical time to making a journey around the slave ports of the UK for prayer, lament and spiritual acts of reconciliation.

Training for Reader Ministry



Bishop Latimer Church

Chris Milton is a recently licensed Reader at Bishop Latimer Church; he also ministers in a prison and in an FE College.

Parish Story



St Michael's, Handsworth

St Michael's Church foodbank in Handsworth has grown organically over the last year and galvanised the community. With the cost of living rising dramatically during the pandemic, the foodbank has proven to be a priceless resource for many in the community, particularly those on the margins of society and from poorer and struggling families.

PARISH STORIES

PARISH SUPPORT



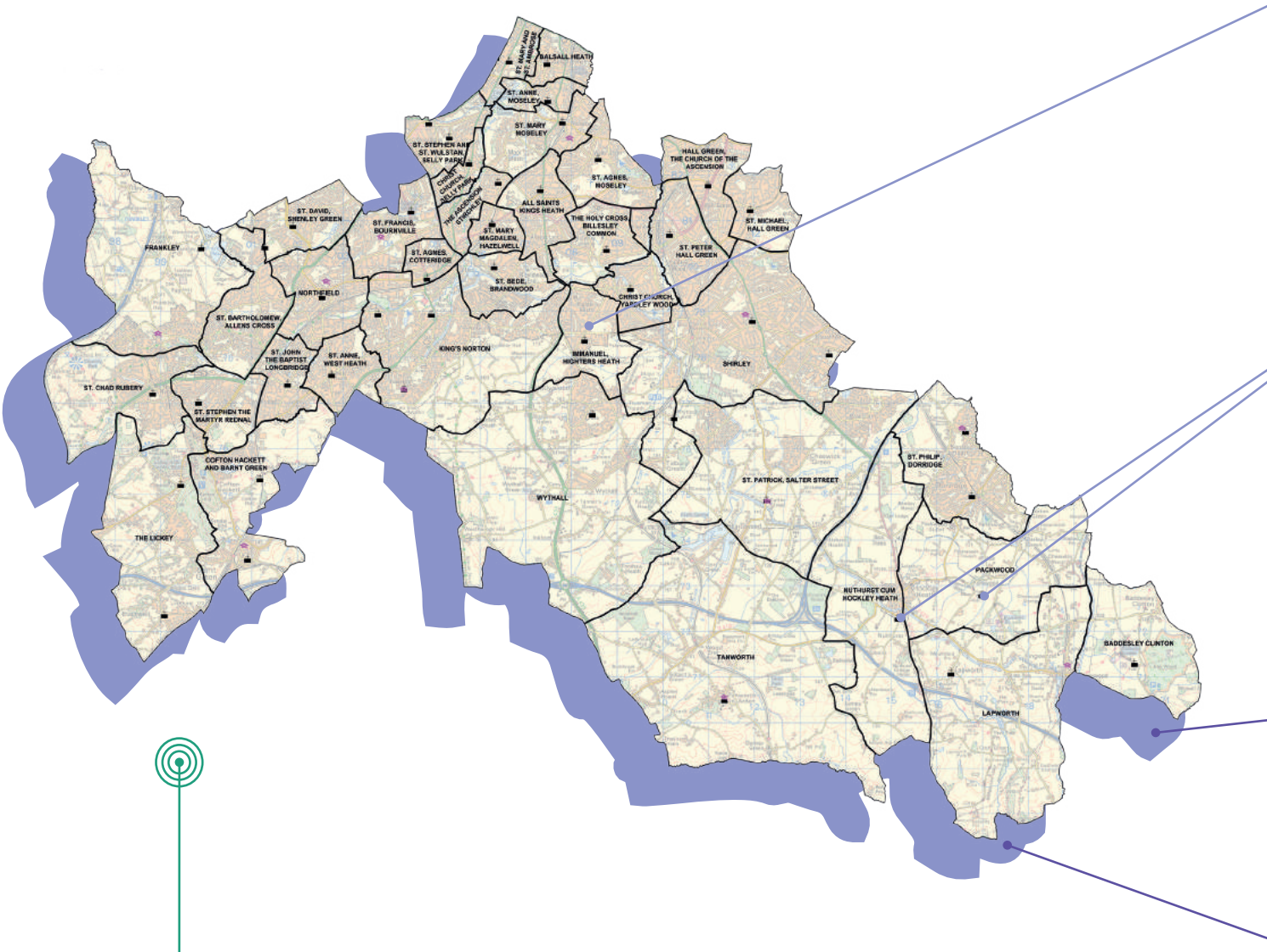
Parish Story



Gas Street

Gas Street Church have devoted focused energy and work to begin seeking Racial Justice. They embarked on a congregational learning process and look forward to seeing significant changes within their own leadership structures to reflect the diverse cultural backgrounds of their congregation.

Kings Norton, Moseley & Shirley Deanery



CofEB Story



Higher Education Chaplaincy

This year, we have begun to expand our chaplaincy provision to Birmingham's HE institutions. As the sector recovers, we have found new ways to reach out to students and staff, while maintaining in-person provision. 'The Well' has proven a popular initiative bringing together local parishes with University Chaplaincy to explore Christian spirituality.

Local Ministry Pathway



Immanuel, Highters Heath

The Revd Sandra Langston was appointed Local Minister Ordained for Immanuel, Highters Heath, supported by the priest-in-charge Revd Debbie Collins.

Clergy Continuing Ministerial Development



Packwood parish and Hockley Heath and Nuthurst parish

The Revd Marc Catley, Vicar of Packwood, Hockley Heath and Nuthurst, used his Sabbatical for creative writing, musical composition and keeping a nature journal of Vicarage garden wildlife.

Deanery Story



This year, the KNMS Deanery Synod has been looking at the Marks of Mission and how we might creatively and energetically respond to them. Jo Chamberlain, National Environment Officer for the Church of England, was a guest speaker at our October synod, and we considered ways in which we could reduce our carbon footprint and champion the environment.

Deanery Story

KICK
TRANSFORMING LIVES

In February, Natalie Andrews, National Sport and Wellbeing Lead for the Church of England, and Joe Lowther, CEO of KICK – a charity which undertakes sports ministry in schools - encouraged us to think about how we can engage with our local communities through sports. We are hoping to appoint a CFM to work with schools in this area.



Warley & Edgbaston Deanery

Vocations Development and Discernment



St James, Rounds Green

The Revd Calvert Prentis is Director of Ordinands and Vocation Development; here he is celebrating with Revd Jill MacDonald, Local Minister Ordained for St James, Rounds Green.

Training for Reader Ministry



Resurrection Parish, Smethwick

Nick Ross combines ministry as SSM Associate Priest in the Resurrection Parish, Smethwick with leading phase 2 of Reader formation. Nick has expertise in professional development from his career in nurse education. He is a leader in developing inter-faith relationships and reconciliation in Smethwick.

Deanery Story

everyday faith

A dedicated team of voluntary ministers joined the two year 'Everyday Faith' diocesan led programme in order to progress the work of discipleship in our deanery.

For Holy Week, one of the team shared a picture of the shadow of the Cross of Christ to reflect on, which reminded us that the cross we take up is but a shadow of that which Christ bore for us.

Deanery Story



An ecumenical group of 15 churches from the Edgbaston constituency of Preet Gill met with her in November at St Boniface, Quinton, to ask for greater urgency politically around climate action.

This led to greater collaboration between churches and community action groups around local projects, such as the Climate Coalition 'Show the Love' Green Hearts campaign and a green fayre planned for the autumn.

PARISH STORIES





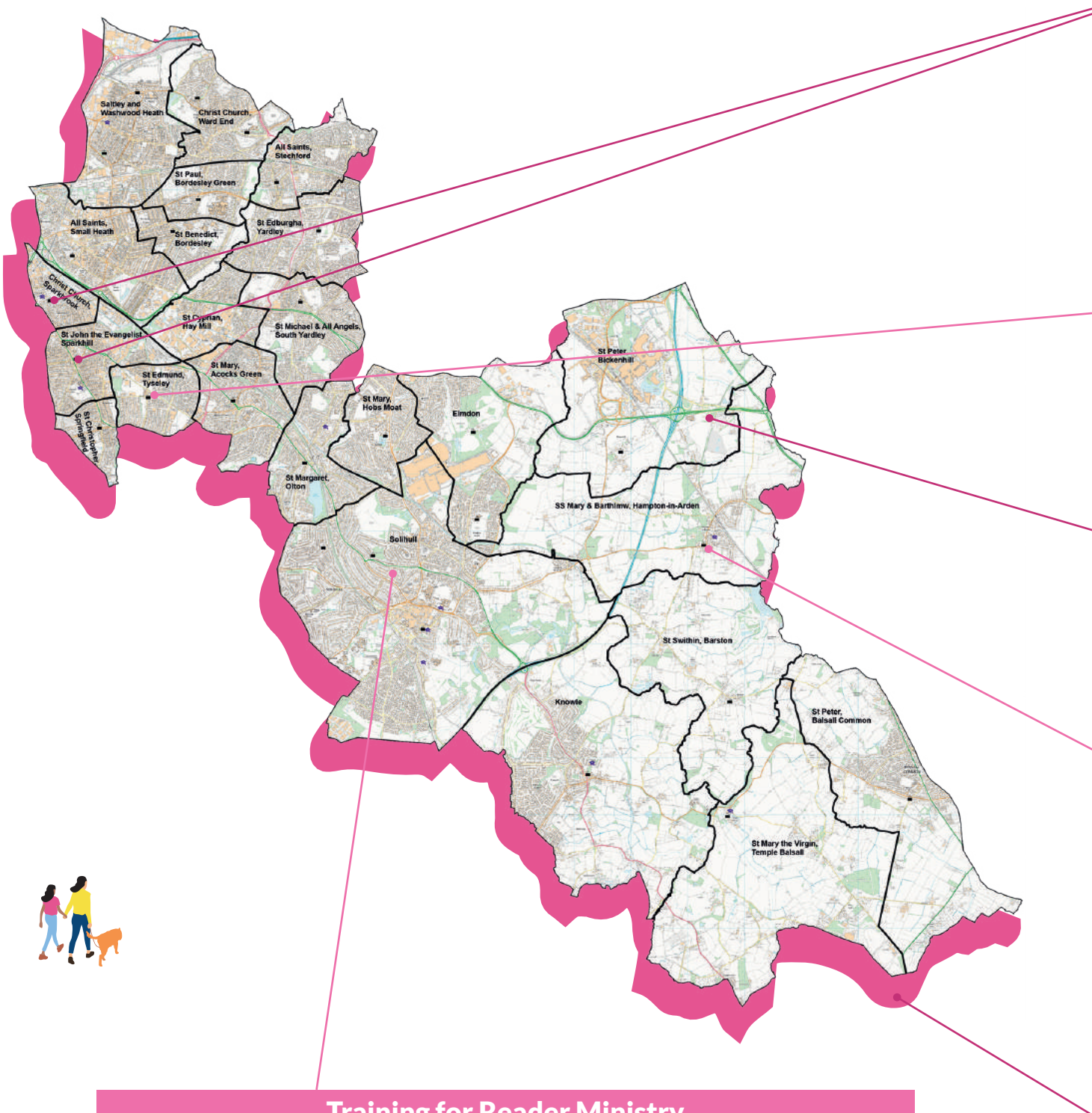
CofEB Story



Women's Ministry

2021 celebrated an all-woman cohort, last seen in 1994 as nine women were ordained deacon and began training for primary responsibility. It remains a significant priority to ensure women are equally represented at all levels of CofEB, with particular focus in 2022 as oversight ministers are appointed.

Yardley & Solihull Deanery



Training for Reader Ministry



St Alphege, Solihull

Ruth Marshall and Linda Hicks are Readers at St Alphege, Solihull, where Linda has lead responsibility for The Junction Fresh Expression for young families and Ruth is part of the worship team as well as a full-time music teacher in a secondary school.

Parish Story



Christ Church, Sparkbrook and St John's, Sparkhill

We have two outstanding DBE church schools, nine non DBE primaries and a secondary school nearby, and we work increasingly closely with several of these, including leading assemblies and RE.

In 2022, over 600 local children visited our interactive retelling of the death and resurrection of Jesus, hosted at St John's Church.

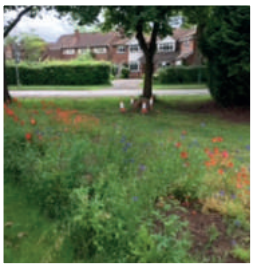
Local Ministry Pathway



St Edmund's Tyseley

The Revd Ann Knight and Mrs Dot Pooler are Local Ministers for St Edmund's, Tyseley, sharing leadership with the support of neighbouring priest, Revd Tom Thomas. Ann serves as an ordained minister and Dot as a licensed lay minister.

Deanery Story



St Peter's, Balsall Common

We have been working towards the Gold Eco Church Award in spite of slow progress due to the pandemic. We now have a wildflower garden and a new hedge while all the church lighting has been replaced with LED lamps. We have had a couple of climate specific services and are negotiating with neighbouring institutions about the possibility of a joint community heating project.

Training for Reader Ministry



Hampton-in-Arden

Mary Charlton is a Reader Tutor, combining parish ministry at Hampton-in-Arden with supporting trainee Readers in their formation for public ministry.

Deanery Story



We held our Deanery Walk of Witness for Racial Justice on Sunday 13th March. There was strong participation and engagement from parishes right across the deanery and a strong sense that God's Spirit is at work changing us. Equally there is clear determination that this journey towards justice and mutual flourishing must continue.

Supporting the Ministry and Mission of CofE Birmingham





The DBF continues to employ a core staff to provide an accessible resource of specialist expert advice and to manage a number of significant collegiate affairs of the CofE Birmingham. This includes HR, Communications, Finance, Property and Administration teams and individuals.

These core staff are supplemented by a number of additional staff, engaged through strategic funding, to progress and support specific initiatives. A large body of these specifically skilled staff roles provide support for People & Places.

Responding to the financial landscape unfolding through the past year, and seeking to act towards the diocesan net-zero target, the central office space and diocesan meeting room provision has been reviewed and the Core DBF team, along with all CofEB colleagues will be moving to a new city centre location from Summer 2022. This new location known as ‘Citadel’, continues to afford excellent transport links and the substantial training and meeting room provision currently enjoyed at the Colmore Row site.







SAFEGUARDING



The Safeguarding team has worked throughout the year to improve and increase the advice and support offered to parishes.

We have continued to adapt our training and been able to resume some face-to-face training.

We have increased our accessibility through regular Parish Support Zoom meetings and Deanery Zoom drop-ins.

Our annual resource day was held via Zoom and was well attended.

The team have managed to continue with parish 'visits' via Zoom and have reassured those churches about to begin a leadership vacancy of the safeguarding support available to them.

Also to assist parishes, we have met with new parish safeguarding co-ordinators and new incumbents.

The team have continued with Past Cases Review (PCR2) and this will be concluded in 2022.

We continue to promote Safer Churches and this parish support service has been used several times this year.





Bishop's Safeguarding Adviser:
Steph Haynes
Tel: 07342 993 844 Email: StephH@cofebirmingham.com

Supporting the mission

The Church of England Birmingham through the Birmingham Diocesan Board of Finance (BDBF) aims to promote, facilitate and assist with the work and purposes of the Church of England for the advancement of the Christian faith in the Birmingham diocese and elsewhere. This includes the provision of facilities for public worship, pastoral care and spiritual, moral and intellectual development, together with the promotion of Christian values and services by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

In this, the BDBF acts as the financial executive for the Diocesan Synod in the administration of The Church of England Birmingham's interests.

The BDBF helps to facilitate the pursuit of our CofE Birmingham goals by its ongoing objective to maintain a sound financial structure that resources the needs determined by Diocesan Synod and informed by local and national church institutions. This financial structure includes supporting clergy through the payment of stipends, managing parsonages and other ministerial houses, and also by providing other facilities and resources in the support of the ministry of both clergy and lay people in parishes across the diocese.

Constitution

The BDBF is established under the Diocesan Boards of Finance Measure 1925. It is a company limited by guarantee and subject to its own Memorandum and Articles of Association. The BDBF is also a registered charity.

The BDBF is constituted as the financial executive of the Diocesan Synod, each member of which is also a member of the BDBF. Trustees are appointed by the members on a triennial basis. The BDBF acts as the Parsonages Board and the Diocesan Mission and Pastoral Committee for the purposes of ecclesiastical legislation.

The BDBF, which meets four times each year, is the principal policy making body. It takes advice from its Board of Trustee Directors, constituted as the Bishop's Council, which examines issues in detail and makes recommendations. The Council also takes executive action in certain matters and deals with day-to-day issues. The membership of the Bishop's Council is contained on page 3 of this report.

Delegation of day-to-day delivery The Trustees and the sub-committees which assist them in the fulfilment of their responsibilities, rely upon the Diocesan Secretary and colleagues for the delivery of the day-to-day activities of the company. The Diocesan Secretary is given specific and general delegated authority to deliver the business of the BDBF in accordance with the policies framed by the Trustees. The Diocesan Secretary and key staff during 2021 were:

Dr Jan Smart . . . . . Diocesan Secretary
Miss Karen Preece . . . . . Director of Finance
Mrs Sarah Smith . . . . . Director of Education
Mr Daniel Mayes. . . . . . Property Director

Recruitment and training of trustees

Trustees are recruited through a mixture of ex-officio positions, elections and nominations. Elections take place every three years at the first meeting of the new Diocesan Synod (itself elected every three years). The trustees have the power to co-opt members according to their assessment of the needs of the BDBF in terms of required skills and experience.

Induction for new trustees includes a one-day event to ensure that all trustees are familiar with the organisation and its vision and strategy and to provide an overview of trustees' responsibilities. In 2022, a trustees' development programme is being created to provide trustees with deeper knowledge and skills to further equip them for their role. They are also given relevant literature which explains the role and obligations associated with their role as a director and trustee of the BDBF. They will also receive an introduction to any special areas with which they will be working such as the Board of Education. Trustees are encouraged to visit diocesan operations.

All trustees are required to maintain their entry in the register of declarations of interests.

Some senior staff have job titles incorporating the title 'Director' but they are not directors of the company (for the purposes of company law) and therefore are not 'charity trustees'.

Charity Governance Code

The BDBF welcomes the 'Charity Governance Code' and is working on its application. The trustees had intended to undertake a 'self-audit' review but this was delayed due to Covid-19 and will now be undertaken with the new Board of Trustees in 2022/23.

Management structure

The BDBF is assisted in its work during the year by a number of committees:

Board of Education The Diocesan Board of Education is a statutory body whose financial responsibilities are reported as part of the BDBF. The Board is also responsible for the Diocesan Church Schools' Fund (restricted fund).

Finance, Investment and Property Subcommittee (FIPS) Acts in all finance matters, including audit, remuneration of BDBF staff, the management of BDBF investment property and fiscal investments and parsonage maintenance issues, and makes recommendations to Bishop's Council.

Transforming Church Roundtable Aims to facilitate multi-disciplinary collaborative working on strategic mission initiatives in line with our *Transforming Church* goals. This is delivered through proactive working groups who are accountable for delivery in specific strategic areas.

The Diocesan Advisory Committee for the Care of Churches (DAC) provides advice on the effective stewardship and development of church buildings whether listed or not; church architecture, archaeology, art and history; conserving historic fabric and furnishings; and liturgy and worship. The DAC works with parishes at all stages of a 'building' project. One of its key responsibilities is oversight of the Faculty process, which is the Church of England equivalent of the civil planning process. As well as representation from within the Church of England Birmingham and the wider church, membership includes experienced specialists, who provide consultancy advice on a voluntary basis.

Other organisations with which the BDBF co-operates in achieving its objectives

Within the ministry of the Church of England Birmingham, the BDBF plays an important role in co-operation with other persons and charities which form part of the Church. Under the oversight of the Bishop of Birmingham, who shares the cure of souls with clergy and lay workers across the CofE Birmingham, the day by day responsibility for the funding of clergy stipend costs, providing clergy housing, training clergy and other CofE Birmingham costs falls to the BDBF. Some of these clergy are trustees of the BDBF and they are listed on page 3.

The BDBF has important relationships with the national institutions of the Church of England, specifically:

The Archbishops' Council to which it pays grants based on an apportionment system for funding national training of ordinands and the activities of the various national boards and councils, as well as General Synod.

The Church Commissioners from which the BDBF receives grants and which acts on behalf of clergy with HM Revenue and Customs. The BDBF pays clergy stipends through the Church Commissioners.

The Church of England Pensions Board which provides pensions for clergy and the BDBF's lay staff. It also offers schemes to provide housing for clergy in retirement.

At local level key relationships include:

Parochial Church Councils (PCCs) which are the main income source for the BDBF through the Common Fund system. PCCs are independent charities and operate under the Parochial Church Councils (Powers) Measure 1956. They are able to influence decision-making within the BDBF and at Diocesan Synod level through representation to those bodies and through the input of their Deanery Synods.

Church Urban Fund (CUF) Joint Venture – the Bishop of Birmingham, the BDBF and CUF are the founding members and equal partners of Thrive Together Birmingham ('Thrive'). This is a company limited by guarantee with charitable status. The BDBF Director of Community Regeneration, an employee of BDBF, is also the Chief Executive of Thrive, and oversees the work of development workers who are employed by that entity.

The Diocese of Birmingham Educational Trust which is a charity set up in response to the challenge of a large number of Church of England Schools converting or otherwise becoming Church of England Academies under the Academies Act 2010. The charity operates as a sponsor or co-sponsor of Church of England Academies in the CofE Birmingham as required and supports Academy Trusts to both fulfil their responsibilities and provide a challenge to governors in this regard.

Birmingham Diocesan Multi-Academy Trust which is the CofE Birmingham multi-academy trust established during 2017. The six sponsored academies which were under the umbrella of The Diocese of Birmingham Educational Trust transferred to this multi-academy trust on 1 September 2017. The trust now has nineteen schools.

Birmingham Cathedral with whom there is now an established pattern of close collaborative working, including the sharing of offices and associated resources.

St Martin's Trust and other local trusts which generously provide financial support to the CofE Birmingham's most economically deprived parishes.

Other Christian Denominations with and through whom the BDBF resources matters of workplace chaplaincy and ecumenical relations, notably through Churches & Industry Group Birmingham, Churches Together Birmingham and Local Ecumenical Partnerships.

Interfaith bodies, such as The Feast, as part of our cross-community work to promote good interfaith relations.

Birmingham Diocesan Trustees Registered (BDTR) which is the custodian trustee for properties and permanent endowments on behalf of parishes and schools. BDTR is a separately registered charity.

Volunteers

The Church of England Birmingham is dependent on the huge number of people involved in church activities both locally and at diocesan level. We believe that the number of active volunteers (or volunteer hours) given to the mission and ministry of the church is a key indicator of the health of a church. The service provided to a community through church volunteering also has a significant impact on people's relationship to the church, particularly at times of crisis.

Within this, the BDBF greatly appreciates the considerable time given by all the committee members across the CofE Birmingham in pursuit of the mission of The Church of England Birmingham.

Estimating the 'in-kind' value of volunteer time to the operations of the BDBF is particularly difficult to measure in a meaningful way. It is for this reason that no estimate of the value of this time has been included in the financial statements.

Public benefit

The Church of England Birmingham through the BDBF reviews its work each year and considers outcomes and plans for the future. It takes account of the Charity Commission's general guidance on public benefit when reviewing its purpose and in considering how planned activities will meet that aim.

How our activities deliver public benefit

Our main activities aim to deliver public benefit in the following ways:

- ***Clergy*** Providing parish and other clergy to offer Christian services and spiritual oversight.
- ***Parochial Church Councils*** Assisting PCCs to provide churches, sacred spaces and worship services.
- ***Parish Mission*** Assisting parishes particularly through the *Transforming Church* vision and associated core activity and strategic programmes.
- ***Education*** Contributing to the spiritual and moral education of children and young people in over 50 church schools.
- ***Social action*** Contributing to and assisting in social action in parishes and elsewhere, such as food banks and night shelters.
- ***Training*** Providing training and assistance in order that parishes have clergy and volunteers who are competent, for example, to assist clergy in providing Christian services, visiting the sick, and comforting the bereaved.
- ***Grants*** Making grants to enable the national church institutions to function and have a positive wider influence.
- ***World Mission*** In part through links with the Anglican dioceses in Malawi and Bolivia.

Who benefits from our services?

We aim to make our services open to as wide a section of the public as possible. For example:

- Everywhere in the diocese is part of a Church of England parish that has a member of clergy who has concern for the spiritual welfare of the individuals who reside in it.
- Parishes in wealthier areas generally contribute somewhat more than the cost of their clergy in order that clergy can also be provided in less wealthy areas.
- Training courses are offered at reduced or no cost where appropriate, in order that ability to pay is not a barrier to participation.

Fundraising

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. The legislation defines fundraising as *"soliciting or otherwise procuring money or other property for charitable purposes"*. The BDBF does not undertake fundraising from the general public but from time to time does apply for grant funding from grant-awarding charities. Any such amounts receivable are presented in the financial statements as 'voluntary income' and include legacies and grants.

In relation to the above we confirm that all solicitations are managed internally, without involvement of commercial participators or professional fundraisers, or third parties. The day-to-day management of all income generation is delegated to the executive team, who are accountable to the trustees. The BDBF is not bound by any undertaking to be bound by any regulatory scheme. The BDBF has received no complaints in relation to fundraising activities. Its terms of employment require staff to behave reasonably at all times; as the BDBF does not approach individuals for funds, contracts of employment do not particularise this requirement for fundraising activities nor does the BDBF consider it necessary to design specific procedures to monitor such activities.

Financial overview of the year

In March 2020, the daily life of The Church of England Birmingham was changed beyond recognition as a result of the Covid-19 pandemic. Throughout 2021, we saw periods when we returned to the same closed doors and it is now clear that as CofE Birmingham we will be continuing to feel the effects for some years to come. This annual report looks to give a flavour of how The Church of England Birmingham family has continued to respond to these challenges, either by changing the way that we do things or sometimes by doing less of things. But in the widest sense, there has continued to be a significant financial impact on our own resources as a direct result of the pandemic.

As CofE Birmingham our single largest source of income is parochial contributions – otherwise known as Common Fund. These funds are remitted to us by our parishes out of their income, which substantially comes from two key sources: voluntary giving and the rental of their church halls and other property. Both income streams were badly hit by both lockdowns and this had (and continues to have) a substantial and direct impact on our collection of Common Fund. The generosity of our parishes and congregations has been severely tested again over the last year; church and church hall closures have resulted in significant falls in cash giving and income through church hall and other lettings. This had a direct impact on their ability to meet their commitments and many more have dipped into their reserves this year to continue to meet their commitments.

We have continued to hold costs down wherever possible in order to make financial savings and continued to take advantage of government assistance through the Covid-19 Job Retention Scheme. The National Church has continued to provide support through early payment of agreed grants and we have been able to retain the unspent portion of the sustainability funding of £1,000,000 that we were awarded in 2020 for use in 2021 and 2022.

We have continued to work closely with our parishes to support them where we can in order to maintain our Common Fund income as far as possible. However, our experience in 2021 has demonstrated that it will be a long road to recovery for them. We implemented an interim common fund methodology for 2021 and 2022 to give certainty to parishes of our expectations of them and we have now extended this interim methodology for a further year into 2023.

Our 2022 budgets reflect a continuing financial operating shortfall of £635,000 – this is significantly less than our early expectations for 2021, but still continues to reflect our expectations around a slow recovery in common fund income. On a positive note, we still have funds available to us from the National Church sustainability funding received in 2020, which is expected to cover the budget loss. As a backstop, the Board has again made provision for the utilisation of currently unallocated Strategic Investment Fund monies of up to £500,000. Work will continue to minimise this re-allocation of funds and the planned programme of property disposals will continue to further increase this fund (and replace any funds utilised over the next few years) to ensure that the transformation programmes still deliver on our vision.

Financial review

The 2021 headline income figure of £11,687,000 shows an overall decrease in income of £569,000 compared to £12,256,000 in the prior year. However, if we remove the impact of significant gains on the disposal of redundant assets in 2021 (£332,000) and 2020 (£315,000), this gives us a greater real decrease in income of £586,000. As is always the case, we need to dig deeper to understand the core underlying trends beneath the headlines.

Underpinning our day-to-day CofE Birmingham finances is our single largest source of income – parochial contributions or 'Common Fund' from our parishes. To complement the work we are carrying out under the ***People & Places*** deployment framework, we implemented a new common fund methodology in 2019 that draws inspiration from St Paul's writing of two communities that need to share – Common Fund is a powerful, practical application of God's generosity. The first gift is that of faith – this then inspires them to give to others who they don't really know but with whom they share the faith. Under the new methodology, the core financial contribution aspect of Common Fund comprises a calculated Sum Requested based on a parish's ability to pay from their unrestricted income (based on the latest available parish annual statutory accounts) and a gift of intentional generosity towards others. The gift is prayerfully discerned by the parish.

After the difficulties of 2020, it became clear that the methodology that we had implemented in 2019 was not sufficiently robust to withstand the wide swings in income that our parishes were experiencing, and we therefore implemented an interim methodology for 2021 and 2022. This used the commitments made by each parish for 2020 as a base for giving. We then allowed parishes to take a more flexible approach to their offering – in general we accepted amounts between 75% and 100% of this original commitment, with conversations with those parishes that identified that this lower threshold would still be a problem. Our overall budget for 2021 was then set at 80% of the 2020 Commitment total (£4,597,000).

The total commitments made for 2021 were £4,936,000 plus pledged gifts of £511,000 – giving a total of £5,447,000 – this compares with a total of £6,021,000 in 2020. In 2021, our parishes actually contributed £4,781,000. This exceeded our original budget by £184,000 although this was only 87% of the commitments that had been made at the start of the year. On a positive note, gifts that were pledged were broadly delivered. Against the continuing uncertainties of the pandemic over 2021, we recognise that this outturn demonstrated the real commitment of our parishes and again we are immensely grateful for their continued support.

Counter-intuitively, this means that the budgeted Common Fund target was met for the first time in six years – by 4%. This is however against a backdrop of a 2% increase in the diocesan stipend rate (in line with the rise in the national minimum stipend), after this was deferred in 2020.

Remitted statutory fees from occasional offices (such as weddings and funerals) experienced a further fall of 8% on the prior year. This was a decrease for the sixth year running although we have seen more weddings this year, albeit not a return to pre-pandemic levels.

We have continued to proactively let empty parsonages during parish vacancies although our housing rental income has fallen by £51,000 year on year and we have experienced some difficulties in recovering properties at the end of the lets. Elsewhere, our investment income over the year has fallen by £43,000 mainly due to lost investment property rental income.

The BDBF continues to receive significant support from the Church Commissioners in the form of Lowest Income Communities funding based on the Index of Multiple Deprivation for each parish. We received £1,991,000 of this funding in 2021 – we were the recipients of an additional grant of £50,000 from the Oxford Diocese Mutuality Fund in addition to our expected grant of £1,941,000. The Strategic Ministry Fund (via Church Commissioners) is enabling us to increase the number of curates that we train – we received a new three-year grant for three starters in 2021 (in addition to our base of 6) meeting 90% of the cost of each of the three additional curates, in addition to ongoing funding for the two funded starters in 2020.

We have continued to reap the financial benefits of Strategic Development and Capacity funding through a full twelve months of activity for the ***Shaping the Future*** programme, the ***People & Places*** framework and resourcing and planting church initiatives, contributing income of £1,480,000. However, these income sources are restricted in nature and can only be utilised for specific activities.

Our other restricted grant income to support our places of worship support officer and new Giving Advisor role is significantly reduced at £56,000 – this reflects the end of the Mission Apprentices programme during 2020. We remain immensely grateful to Church Commissioners, Allchurches Trust, Historic England and the many individual donors who

share our mission vision and support our activities more widely.

Our 2021 income this year has been boosted by two key one-off items; we received an unrestricted legacy of £100,000 (£20,000 of which has been designated for the development of a Communications Hub in our new offices) and £132,000 of income from the Sutton Coldfield Rectory Act Trust (for use to support stipends in that area). In addition, we received £25,000 (2020: £191,000) of Job Retention Scheme income from the Government to cover salary costs for staff furloughed during the year, before the end of the scheme.

In summary, our 2021 income has again been severely impacted by the pandemic (both through lost common fund and other trading income) which has been partially offset by one-off income totalling £307,000 although we have continued to attract more restricted income for new projects than in 2020.

The 2021 headline expenditure figure of £11,514,000 when compared to the prior year figure of £10,990,000 shows an increase in expenditure of £524,000. As noted within our income commentary, we need to again dig deeper to understand the core underlying trends beneath the headlines.

As noted in our key financial indicators below, we have experienced again this year a high (though managed) parish clergy vacancy rate, as well as the impact of a 2% increase in stipends and lay salaries (which were deferred in 2020), which had implications for our ministry costs. We were unable to maintain the savings that we made in 2020 by deferring our planned maintenance and improvement works to our clergy housing for a second year, but we still delivered non-salary/stipend savings across most areas because of the level of activity that was still taking place virtually for much of the year.

Outside of clergy costs, our main areas of expenditure have again been within our restricted grant income resourced ***People & Places*** framework and missional initiative programmes such as ***Shaping the Future***, Church Planting together with restructuring and historical places of worship support.

KEY PERFORMANCE INDICATOR	2021 ACTUAL	2021 BUDGET
Common Fund collection rate on Sum Requested amount %	87.0%	80%
Common Fund collection rate on Pledged Gifts amount %	100%	100%
Common Fund overall collection rate on Budgeted amount %	103%	100%
Common Fund overall % rise year-on-year in cash terms	(0.3)%	(16.8)%
Parish clergy establishment posts	102	117
Dividend yield on Smith & Williamson investment portfolio %	13.6%	12.5%
Dividend yield on CCLA investment portfolio %	3.3%	3.6%
Reserves policy met	Yes	Yes

On an overall funds basis, there is a surplus for the year of £173,000 (2020: £1,266,000 surplus) before considering the year end revaluation of investments (£1,500,000) and other recognised gains on disposal of £42,000 giving a net surplus for the year of £1,667,000.

The significant increase of £1,500,000 in the valuation of our investment portfolio year on year does not reflect the turbulence in worldwide stock markets over 2021 , although not all of it is expected to be retained into 2022. There have been no pension scheme actuarial valuations finalised during the year, which means that there has been limited adjustments to the financial statements in this financial year – a charge of £24,000 compared with the 2020 income of £10,000. Both of these items are year-end financial statement adjustments which have no impact on the day-to-day running of and cash flows of the BDBF.

Work has continued developing a five-year and beyond, sustainable financial and organisation plan. This has been made especially difficult as we seek to assess the longer-term impacts of the pandemic as outlined in our risk assessment. However, it continues to be informed by a broad review of the key factors impacting on the BDBF financial outcomes:

- Ministry deployment: ordained and lay, paid and unpaid, parochial and pioneer
- Parish finances, including Common Fund contributions and parochial fees
- Centrally organised parish support services
- An emerging buildings strategy
- Possible additional funding streams

Balance Sheet position

The BDBF trustees consider that the balance sheet, together with details in note 20 to the financial statements show broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets, given the purposes for which the funds are held. While the net assets at the balance sheet date totalled £47,741,000 (2020: £46,074,000) it must be remembered that included in this total are properties, mostly in use for ministry whose value amounted to £23,230,000 (2020: £23,701,000). Much of the remainder of the assets shown in the balance sheet are held in restricted funds and cannot necessarily be used for the general purposes of the BDBF.

Significant Property Transactions

During the year, we have completed the sale of one surplus house owned by the BDBF together with two land disposals; one of some vacant glebe land in Kings Heath, which has allowed us to bring the vicarage up to the expected standard and the other under a compulsory purchase order by HS2 – net unrestricted proceeds were £1,018,000. In 2019, Bishop's Council decided to place proceeds from significant unrestricted property disposals into the Strategic Investment Fund, which is a fund designated by the BDBF for intentional strategic mission investment over the next five years. It is still intended that the BDBF continues to reinvest such funds into mission and ministry, subject to the need for funds to maintain the operations of the BDBF as a result of the pandemic.

We also made progress on our long-term property estate development plan, which aims to:

- Replace or upgrade unsuitable properties (aiming to be more carbon neutral where possible)
- Accommodate the changing geographical deployment of clergy within the CofE Birmingham
- Establish a base-line energy usage report across our portfolio and to create an action plan to achieve our net-zero carbon objective by 2030
- Realise development potential in some properties thereby using our resources more effectively for the mission and ministry of the Church

Factors that may impact on future financial performance

There are a number of factors which can impact on the BDBF's ability to meet its objectives, but which are outside its control. Most important is the collection of the Common Fund from the parishes. Any significant shortfall in the amount collected could have implications for our mission objectives and deployment, as has been evidenced over the course of the pandemic. Actions such as the deferral of works to properties and delays in recruitment of stipendiary clergy will continue alongside general cost savings to be implemented to offset ongoing significant shortfalls in the collection of Common Fund arising from the ongoing financial impact of the pandemic on parish financial stability.

As is the case for all charities with historic endowment, the BDBF is vulnerable to changes in the value and returns upon its properties and stock market-based (fiscal) investments. This is mitigated by employing specialist fund managers and advisors to help develop an appropriate investment policy.

As noted above, the BDBF receives significant support from the Church Commissioners and although we are one of the most economically deprived dioceses within the Church of England, the level of support based on economic need is reducing over the next ten years, with

no inflationary uplifts. This brings into focus our business planning activities as we 'reimagine' the shape of mission and ministry for the next generation.

Reserves Policy

Free reserves are maintained for the following purposes:

- To avoid bank borrowing if there is a temporary shortfall in income and/or surge in expenditure
- To provide for emergencies

The reserves policy of the BDBF is formulated in line with recommendations of the Charity Commission of England and Wales. The basic policy statement is as follows:

"The BDBF aims to maintain the equivalent of at least three months operating expenditure in cash and readily liquid assets in the general unrestricted fund. This excludes all designated funds and loans. The policy is to be reviewed on an annual basis"

In arriving at the minimum amount, account has been taken of the Board's well-established effective income raising and budgeting process. Most income is now received in a steady stream throughout the year and performance against budget is monitored regularly. As at 31 December 2021, the reserves policy target is £2,608,000 representing three months unrestricted operating expenditure as budgeted for the forthcoming year. The trustees believe that such a reserves target will cushion the BDBF from short term revenue problems and will enable them to meet their legal requirements in case of serious financial problems.

The total unrestricted reserve stands at £10,414,000 and £6,151,000 for undesignated unrestricted reserves. However, the undesignated unrestricted reserve includes £5,015,000 of non-readily realisable fixed assets, which leaves the BDBF with apparent free unrestricted reserves of £1,136,000, which would be below the target of £2,608,000 as at 31 December 2021. The Board recognises that it needs to take a more holistic view of unrestricted reserves in its assessment of "free" reserves to take into account designated reserves that are currently unallocated. It will therefore continue to hold its designated reserves, with funds being undesignated when there is an intentional decision to do so. Bishop's Council has already formally approved in principle that the necessary funds can be un-designated when they are required.

Designated funds

The BDBF may with the approval of the board, designate additional unrestricted reserves to be retained for an agreed purpose where this is considered prudent. Such designated reserves are reviewed on an annual basis and returned to the general fund in the event that the purpose of their destination is no longer considered adequate for their retention. A description of each reserve with the intended use of the reserve is set out in note 21. There are three significant designated funds, the first being the full provision for the payment of deficit contributions to the clergy and church workers pension schemes over the period to 31 December 2027. This amounts to £599,000 as at 31 December 2021. The second is the strategic investment fund totalling £2,617,000 as at 31 December 2021, which has been created using the proceeds for unrestricted property disposals since 2019. The fund will be used for intentional strategic mission investments such as further implementation of context ministry and match funding for our Church Commissioner grant funded ***Shaping the Future*** and ***People & Places*** strategic programmes. However, as noted above, Bishop's Council approved a proposal in 2020 to un-designate such funds as are deemed necessary in order to deliver a balanced unrestricted outturn in light of the pandemic. To date, no use has been made of this provision. The third is the Sustainability Grant, which represents the balance of the funding received in 2020 amounting to £637,000, which was not required to bridge the 2020 and 2021 funding gap and has been held over for use under the same circumstances in 2022.

Restricted and endowment funds

As set out in note 21 the BDBF holds and administers a number of restricted and endowment funds. As at 31 December 2021 restricted funds totalled £7,779,000 (2020: £7,157,000) and endowment funds totalled £29,548,000 (2020: £29,096,000). Neither are available for the general purposes of the BDBF.

Investment policy

The BDBF maintains a review of its investments through its FIPS sub-committee, which also monitors performance against market benchmarks and considers the adequacy of its investment mix.

The overarching investment principles embedded in our Statement of Investment Principles are as follows:

- Implement a balanced asset allocation approach to the portfolio with a medium risk profile
- Portfolio to be well diversified to provide an appropriate base for both long term capital and income growth
- Performance to be in excess of the APCIMS Balanced Index benchmark with specific income target as agreed with the trustees
- Performance at least 2% better than the Retail Price Index
- The Church of England Ethical Investment Forum guidelines will be complied with

The portfolio is managed in the following manner:

- Direct property investments managed by Bruton Knowles
- Marketable investments actively managed by Smith & Williamson
- Remaining funds within CCLA/CBF funds on a self-managed basis

Investment funds within certain restricted funds (Malawi/Church Schools/Bishop Brown) are held within CCLA funds selected on the basis of the income/capital needs of the respective fund as appropriate.

The Covid-19 pandemic together with Brexit and other uncertain political scenarios has meant that investment performance through 2021 has again been turbulent. Despite this uncertainty, our investment portfolio reflected a significant gain on investment valuations of £1.5m for the year. Unsurprisingly, investment performance on a total return basis over the last twelve months was 13.6% compared with 3.2% in 2020 (but still not back to the 2019 level of 18.1%), although this was only 1.1% higher than the performance of our benchmark portfolio. To put this in some context, the UK equities market was 19.6% up against 2020 – regaining the 13.2% lost in 2020 and more. This obviously reflects the real turbulence in the markets during 2021 (which is of course continuing into 2022).

Over 2021, concerns have arisen with regard to the impact of climate change on our planet and how we can make a difference through our choices around our investment portfolio. We have begun work to establish how reliant we are on investment income (and increases in valuation) arising from shareholdings in fossil fuels in particular, especially as the holdings that we do have are consistently high performing stocks for us. We have limited direct investment in entities directly engaged in fossil fuel activities – at the end of 2021, 4.3% (£257,000) of our total listed investments are held in three key fossil fuel companies (Shell, BP and BHP), although we are aware that there will undoubtedly be companies operating in these markets represented within the funds and unit trusts that the BDBF has holdings in. Our fund managers have started to assess our overall investment portfolio in terms of carbon risk and performance against the various ESG screening tools that are now available. This is a first step to the BDBF moving to a 'greener' portfolio.

The review of our published Statement of Investment Principles planned for 2021 will now take place in 2022. As well as a wider review of our approach to investment management and our investment managers, this review will also consider the impact of climate change on our investment strategy – in particular the area of fossil fuel and related investments. Once this has been agreed, steps will be taken to move out of any unacceptable funds and investments in a managed way, in order to ensure

that there is no significant financial loss to the BDBF.

Investment management advisor performance for both direct property and marketable investments will continue to be robustly monitored in the forthcoming year.

Grant making policy

The BDBF has established its grant making policy to achieve its objectives for public benefit (as detailed on page 35). We deliver our public benefit to the wider population in the CofE Birmingham by the work of our parishes. We support this work by grant programmes that help parishes to further engage and service their local communities. This may be mission activities, community regeneration, church maintenance, schools and world mission. All grant applications must be made in writing. Parish mission and delivery plans and available resources are taken into account in the distribution of available grants.

Remuneration of key management personnel

Emoluments of higher paid employees are determined by the Chair of the DBF with reference to regular appraisals, remuneration and salary benchmarking and consequent recommendation of changes.

Principal risks and uncertainties

The trustees of the BDBF have overall responsibility for ensuring that the charitable company has an appropriate system of controls, financial and otherwise. The systems of internal control are designed to provide reasonable, but not absolute assurance against material misstatement or loss. They include:

- An annual budget and five-year financial plan approved by the trustees.
- Regular consideration of both financial results and other performance indicators.
- Delegation of authority and segregation of duties.

As part of this responsibility, the trustees are also required to ensure that effective and adequate risk management is in place to manage the major risks to which the BDBF is exposed. They have a clear mechanism for obtaining assurance on the management of risks. The trustees agree the approach to risk including overseeing the process to identify and assess key risks and understanding how those risks are managed and mitigated.

To support the identification and evaluation of the BDBF's key risks, a risk assessment model has been developed which incorporates our activities towards the achievement of our strategic CofE Birmingham goals through the ***Transforming Church*** strategy alongside day-to-day operational activities. Risks are considered and presented as either Strategic or Operational risks within an active risk register. Strategic risks are significant risks that influence the achievement of the BDBF's strategic aims. These may include major internal risks, such as financial sustainability or compliance risks. Or they may be external events with high impact which the BDBF cannot control and for which the BDBF needs to develop response mechanisms. All strategic risks are mapped back to our ten ***Transforming Church*** goals and seven Areas of Transformation. During 2021, the trustees have continued to assess the significant strategic risks arising as a result of the Covid-19 pandemic. Principally this has involved the detailed assessment of the financial impacts on the sustainability of the BDBF as well as the impact of the changes in patterns of worship, engagement and mission arising from the closure of churches once again for much of the year. Operational risks are day-to-day risks and more likely to be internal, within the BDBF's control and with a higher level of probability of the risk event happening. The BDBF's focus of attention on these risks relates to how it can control, manage or transfer the risk to a third party.

Individual risks are then assessed using a scoring mechanism, with respect to the inherent likelihood of occurrence, severity of impact on the BDBF, the steps in place to mitigate the risk and the resulting impact on residual risk. Residual risks are ranked using a 'traffic light' scheme (red/amber/green). Each risk is allocated to a board committee who will oversee the management of that risk and the risk register notes the source of assurance that they will receive in respect of that risk management.

To embed risk management as an active and continuous process, risk is formally considered at each board and sub-committee meeting, with changes and progress noted within the risk register. The Finance, Investment and Property sub-committee oversees the detailed risk management process.

The strategic risks which are currently assessed as scoring highest, and the outline mitigating strategies to address them, are shown in the table below.

RISK	MITIGATION STRATEGY
The impact of Covid-19 pandemic results in a significant and longer-term financial loss for the BDBF that it is unable to sustain	• *Cashflow (and outturn) forecasts based on latest information to identify pinch points* • *Engagement with parishes to establish sustainability of Common Fund contributions* • *Additional grant funding from National Church* • *Longer term plans including re-evaluation of designated reserves and a programme of property disposals to provide bridge funding to cover forecast deficit on unrestricted fund activity in 2022*
Failure to effectively embed the new Common Fund methodology leading to non-payment of Common Fund for reasons other than affordability	• *Clear biblical foundation to methodology with a clear and effective communication, generosity and discipleship plans* • *Discount incentives for regular monthly payments* • *Monthly review of contribution profile assisted by proactive discussions with parishes* • *Review of effectiveness of methodology in a post-Covid-19 world ongoing – new approach to be implemented from 2024*
The People & Places framework for mission and ministry does not deliver the required culture change in a timely manner	• *Full-time Area Deans in place to facilitate culture change supported by Project teams comprising local laity and clergy* • *Increased focus and support on Transforming Church Action Planning* • *New approach to clergy and lay learning and development* • *Effective monitoring and evaluation processes*
Failure to grow the Church in its mission, especially at the speed required by Church Commissioners funding streams	• *Governance structures in place for effective monitoring and evaluation of mission goals and financial impact consequences* • *Development of 'New Christian Communities Strategy' to drive increased growth in numbers of worshippers* • *2021 Strategic Review outcomes to be rolled out in 2022 – with a clearly defined focus on mission growth*
Dependency on Church Commissioners funding for missional growth support activities	• *Effective management and delivery mechanisms on existing Church Commissioners funded programmes to ensure trust and confidence in delivery capacity to support further funding bids* • *Sustainability plans* • *Identify other income streams*
Reputational and financial risks associated with safeguarding of young people and vulnerable adults	• *Comprehensive training programme throughout CofEB* • *Independent scrutiny group established* • *Safeguarding Management Group monitors CofEB diocesan compliance with national safeguarding requirements*
The CofE Birmingham is unable to meet its commitment to Diocesan Synod for net zero emissions by 2030	• *Environmental Group (steered by Bishop) to drive this work* • *Net Zero Carbon group now working to develop a costed plan for works required to the property portfolio.* • *Investment strategy review to be completed in 2022. This should identify and enable managed divestment of investments that do not meet zero carbon criteria*

Plans for future periods

Our vision to *"grow churches at the heart of each community"* continues to be central to our plans for future periods. We want to:

- Grow a vibrant church
- Help Christians become more confident in their faith and mission
- Be sustainable
- Make sure resources are shared more fairly

We recognise that our pattern of ministry and mission needs to be relevant to each local context and will vary across locations. In 2022, the key activities that we will be focusing on include:

- Continuing the embedding of the ***People & Places*** framework for reimagining ministry and associated culture change
- To continue to ensure all clergy appointments fit within the P&P Framework and support its strategic priorities in the parishes
- To further develop a strategic approach to the development of New Christian Communities and the continued identification of new opportunities
- Continuing to embed our new Deaneries including the implementation of a structure of oversight ministry
- Focus on ***Transforming Church*** Action Planning to support churches to engage with their local communities and play their part in the transformation of their neighbourhoods
- Continuing the roll-out of our new approach to learning pathways for leadership and discipleship that is accessible to all
- Continued reimagining of ministry and discipleship, particularly to encourage the deepening of everyday faith
- Collaboration with the DBE to further deepen and promote the Christian Distinctiveness of our schools
- To scope and plan our response to our goal to achieve net zero emissions by 2030
- Further embedding an ethos of diversity, inclusivity and generosity into everything that we do

Directors' report

Going concern

Covid-19 is continuing to have a significant impact on the financial affairs of the BDBF and the wider CofE Birmingham. The second lockdown during 2021 has made it harder for parishes to start to rebuild their finances than we might have thought, which has had a continuing negative impact on Common Fund collection during 2021. It is now clear that the impacts of the pandemic will be felt, especially on Common Fund, beyond 2022, and almost certainly into 2023.

As the key unrestricted income stream for the BDBF, this has again required the Directors to consider the question of going concern in significantly more detail than it would have done before the pandemic. The 2022 budget has been prepared on the basis that common fund income will be only slightly higher than 2021 – although at a level some 15% below the 2019 level. Reductions in overhead costs in some areas are reflected in the budget where deliverable, but there is little to be gained in some of the key cost heads (including clergy stipends). The agreed 2022 budget will use the balance of the Sustainability Grant funding of £637,000 to cover the projected operating deficit for that year. Bishop's Council has already formally approved the principle of un-designating funds within the Pastoral and Strategic Investment funds to balance the operating outturn where necessary. Such transfers would be intentional transfers agreed as part of budget-setting to reflect our progress towards balanced budgets as the CofE Birmingham and its parishes recover from the pandemic and the CofE Birmingham implements changes to our Common Fund methodology and the structures underpinning ministry over the next few years. The planned property disposal programme to replace any designated funds used to fund unrestricted core activities is progressing as planned. As at the end of 2021, it has not so far been necessary to use any of these designated funds in order to balance the outturn. Restricted activities are expected to continue as per their agreed programmes, although some delivery timescales have been stretched as a result of the pandemic. An outline 2023 budget and cash flow forecast has been prepared as part of an updated five-year financial plan to reflect latest expectations in relation to unrestricted income (particularly Common Fund) and overhead costs.

Based on the above, the trustees are satisfied that the BDBF has adequate resources to continue to operate as a going concern for the foreseeable future and have prepared the financial statements on that basis.

Charitable and political donations

No political contributions were made during the year. Charitable contributions have been made as part of the BDBF's objectives, mainly to projects sponsored under parish initiatives.

Taxation status

The BDBF is a charity having been established under the Diocesan Boards of Finance Measure 1925 and, as such, is not liable to income tax or corporation tax. The BDBF is also registered as a charity (reg. no. 249403).

Responsibilities of the trustees

The trustees are responsible for preparing the Trustees' strategic report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees 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 affairs of the company and of the incoming resources and application of resources, including the income and expenditure of the charitable company for that period.

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

- Select suitable accounting policies and then apply them consistently
- Make judgments and accounting estimates that are reasonable and prudent
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

The trustees 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.

Statements as to disclosure of information to auditors

The trustees have taken all the necessary steps to make sure that they are aware of any relevant audit information and to establish that the auditors are aware of that information.

As far as the trustees are aware, there is no relevant audit information of which the charitable company's auditors are unaware.

Appointment of auditors

A resolution to re-appoint Haysmacintyre LLP will be proposed at the forthcoming annual general meeting.

The Board of Trustees approve their Annual Report and, in their capacity as company directors, also approve the Strategic Report incorporated therein on 30 June 2022 and signed on its behalf.

Steven Skakel

Mr Steven Skakel
Chair and Director of Birmingham Diocesan Board of Finance

APPENDIX SUMMARY INFORMATION

The Structure of the Church of England

The Church of England is organised as two provinces, each led by an archbishop. The Archbishop of Canterbury leads the Southern Province and the Archbishop of York leads the Northern Province. Each province is comprised of dioceses of which there are 41 in England (42 including the Diocese of Europe).

Dioceses, each under the spiritual leadership of a diocesan Bishop, are the principal pastoral, financial and administrative resource of the Church of England. Each diocese is divided into parishes. Each parish is overseen by a parish priest, who is an Incumbent (Vicar or Rector) or Priest-in-Charge. From ancient times through to today, incumbents and their bishop are responsible for the 'cure of souls' in their parish.

Her Majesty The Queen, who is the Supreme Governor of the Church of England, appoints archbishops, bishops and some deans of cathedrals on the advice of the Prime Minister. The two archbishops and 24 senior bishops sit in the House of Lords.

The Church of England is episcopally-led, with 108 bishops including diocesan bishops and assistant and suffragan bishops. It is governed by General Synod as its legislative and deliberative body at national level, making decisions on matters of doctrine, the holding of church services and relations with other churches. General Synod passes measures which, if accepted by Parliament, have the effect of Acts of Parliament. It is made up of three groups or 'houses' of members: the Houses of Bishops, of Clergy and of Laity. General Synod meets in London or York at least twice annually to consider legislation for the broader good of the Church.

The three National Church Institutions

The Archbishops' Council, the Church Commissioners and the Church of England Pensions Board are sometimes referred to as the three National Church Institutions.

The Archbishops' Council was established in 1999 to co-ordinate, promote, aid and further the mission of the Church of England. Its task is to give a clear sense of direction to the Church nationally and support the Church locally by acting as a policy discussion forum.

The Church Commissioners manage the historic assets of the Church of England, spending most of their income on pensions for the clergy. The costs of episcopal administration through the diocesan and suffragan bishops are met by the Church Commissioners.

The Church of England Pensions Board was established by the Church Assembly in 1926 as the Church of England's pensions authority and to administer the pension scheme for the clergy. Subsequently it has been given wider powers, in respect of discretionary benefits and accommodation both for those retired from stipendiary ministry and for surviving partners of those who have served in that ministry, and to administer pension schemes for lay employees of Church organisations.

The Board, which reports to the General Synod, is trustee of a number of pension funds and charitable funds. Whilst the Church has drawn together under the Board its central responsibilities for retirement welfare, the Board works in close co-operation both with the Archbishops' Council and with the Church Commissioners.

The CofE Birmingham

The Cathedral Birmingham Cathedral is the Mother Church of the CofE Birmingham and legally is constituted as a separate charity currently exempt from Charity Commission registration and supervision. Copies of its trustees' report and financial statements may be obtained from the Cathedral Offices, 1 Colmore Row, Birmingham, B3 2BJ.

Diocesan Synod The statutory governing body of the CofE Birmingham is Diocesan Synod which is made up of broadly equal numbers of clergy and lay representatives elected from across the CofE Birmingham together with the bishops and archdeacons. Its role is to:

- Consider matters affecting the Church of England in the diocese
- Act as a forum for debate of Christian opinion on matters of religious or public interest
- Advise the bishop where requested
- Deal with matters referred by General Synod
- Provide for the financing of the CofE Birmingham

Deanery Synod There is a Deanery Synod in each of the CofE Birmingham's deaneries. Each Deanery Synod has two houses, laity and clergy, and Deanery Synod's role is to:

- Respond to requests from General Synod
- Give effect to the decisions made by Diocesan Synod
- Consider matters affecting the Church of England by drawing together the views of the parishes within the deanery
- Act as a channel of communication to express the views of parishes to Diocesan Synod and thence to General Synod
- Raise with Diocesan Synod such matters as it considers appropriate
- Elect members of the deanery to Diocesan Synod and of the CofE Birmingham to General Synod

The Bishop's Council

Under the constitution of Diocesan Synod, Bishop's Council has the following functions:

- To plan the business of the Synod, to prepare the agenda for its sessions and to circulate to members information about matters for discussion
- To initiate proposals for action by the Synod and to advise it on matters of policy
- To advise the President (the diocesan Bishop) on any matter
- Subject to the directions of the Synod, to transact the business of the Synod when the Synod is not in session
- Subject to the directions of the Synod, to appoint members of committees or nominate individuals for election to committees
- To carry out such functions as the Synod may delegate to it

Parochial Church Council (PCC) A PCC is the elected governing body of an individual parish which in general is the smallest pastoral area in the Church of England. Typically each parish has one parish church. A PCC is made up of the incumbent as chair, the churchwardens, and a number of elected and ex-officio members. Each PCC is a charity. All PCCs with gross income over £100,000 are required by law to register with the Charity Commission (as soon as practical after their gross income exceeds £100,000) unless the Charity Commission issues a written determination to the contrary. This may be possible in exceptional circumstances such as when gross income includes a substantial grant for a purpose that will not be repeated for the foreseeable future. If not required to register, PCCs are 'excepted' charities.

Other than where shown, the transactions of PCCs do not form part of the attached financial statements. Financial statements of an individual PCC can be obtained from the relevant PCC treasurer.

Parishes, Benefices, Deaneries and Archdeaconries A benefice is an ecclesiastical office in a parish or group of parishes normally served by an incumbent. Team ministries may have several clergy of incumbent status serving in one benefice. A deanery is a group of parishes over which an area dean has oversight and an archdeaconry is a group of deaneries for which an archdeacon is responsible.

The information in this appendix about General Synod, the Church Commissioners, the Archbishops' Council, Birmingham Cathedral and PCCs is included as background only. The financial transactions of these bodies do not form part of these financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BIRMINGHAM DIOCESAN BOARD OF FINANCE LIMITED

Opinion

We have audited the financial statements of the Birmingham Diocesan Board of Finance Limited for the year ended 31 December 2021 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 the charitable company's net movement in funds, including the 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 charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions 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 Annual Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Annual Report have 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 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
- the charitable company 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 for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 40, 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.

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to safeguarding vulnerable beneficiaries, health and safety, and employment (including taxation), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011 and Church of England Measures.

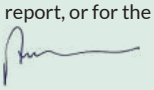
We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fund accounting, including transfers between funds, and revenue recognition. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal postings by unusual users or with unusual descriptions;
- Challenging assumptions and judgements made by management in their critical accounting estimates;
- Testing transfers between funds; and
- Cut-off testing in respect of revenue.

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 the charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Adam Halsey (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP,
Statutory Auditor
5 July 2022
10 Queen Street Place, London EC4R 1AG

FINANCIAL STATEMENTS

Statement of financial activities

FOR YEAR ENDED 31 DECEMBER 2021
COMPANY NUMBER: 440966

	Note	Restricted funds: Endowment funds £'000	Restricted funds: Other funds £'000	Unrestricted funds: Designated funds £'000	Unrestricted funds: Undesignated funds £'000	Total funds 2021 £'000	Total funds 2020 £'000
INCOME							
INCOME AND ENDOWMENTS FROM							
Donations:	2						
Parish contributions		-	23	-	4,781	**4,804**	4,953
Archbishops' Council		-	1,901	-	1,991	**3,892**	4,410
Other donations		-	105	3	1,039	**1,147**	980
Charitable activities	3	-	57	-	394	**451**	431
Other trading activities	4	-	6	-	430	**436**	499
Investments	5	13	186	8	418	**625**	668
Other income	6	-	-	-	332	**332**	315
TOTAL INCOME		**13**	**2,278**	**11**	**9,385**	**11,687**	**12,256**
EXPENDITURE ON							
Raising funds	7	27	-	-	92	**119**	175
Charitable activities	8	1	2,270	(35)	9,156	**11,392**	10,803
Other	9	-	-	2	1	**3**	12
TOTAL EXPENDITURE		**28**	**2,270**	**(33)**	**9,249**	**11,514**	**10,990**
Net (expenditure) / income before investment gains and losses		(15)	8	44	136	**173**	1,266
Net gains / (losses) on investments		449	674	(4)	381	**1,500**	(27)
Net gains on investment property		18	-	-	-	**18**	533
NET INCOME		**452**	**682**	**40**	**517**	**1,691**	**1,772**
Transfers between funds	21	-	(60)	599	(539)	**-**	-
Other recognised (losses) / gains	23	-	-	(24)	-	**(24)**	10
NET MOVEMENT IN FUNDS		**452**	**622**	**615**	**(22)**	**1,667**	**1,782**
Total funds brought forward	21	29,096	7,157	3,648	6,173	**46,074**	44,292
TOTAL FUNDS CARRIED FORWARD	21	**29,548**	**7,779**	**4,263**	**6,151**	**47,741**	**46,074**

Transfers between funds

For analysis of transfers between funds, see note 21. All activities derive from continuing operations.

FINANCIAL STATEMENTS

Balance sheet

FOR YEAR ENDED 31 DECEMBER 2021
COMPANY NUMBER: 440966

	Note	2021		2020	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	15	23,295		23,828	
			23,295		23,828
INVESTMENTS:	16				
Investment properties		2,570		2,606	
Other investments		14,115		12,680	
			16,685		15,286
TOTAL FIXED ASSETS			39,980		39,115
CURRENT ASSETS					
Debtors	17	1.858		1.759	
Cash at bank		8,003		7,553	
		9,861		9,312	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	18	(1,846)		(1,796)	
NET CURRENT ASSETS			8,015		7,516
TOTAL ASSETS LESS CURRENT LIABILITIES			47,995		46,630
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	19		(254)		(556)
NET ASSETS	21		47,741		46,074
FUNDS					
Restricted income funds			7,779		7,157
Endowment funds			29,548		29,096
Unrestricted income funds:					
Designated			4,263		3,648
Undesignated			6,151		6,173
	21		47,741		46,074

The Statement of Financial Activities, Income and Expenditure Account, Cash flow Statement and the Notes form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 30 June 2022 and signed on behalf of the Board by:

Steven Skakel

Mr Steven Skakel **Chair**

Income and expenditure account

FOR YEAR ENDED 31 DECEMBER 2021

	2021 £'000	2020 £'000
Total incoming resources	11,674	12,252
Resources expended	(11,486)	(10,955)
Net income before gains for the year	188	1,297
Net gains / (losses) on investments	1,051	(59)
Net gain on investment property	-	207
NET INCOME FOR THE YEAR	**1,239**	**1,445**
Other comprehensive income:		
Net assets transferred to endowments	-	-
TOTAL COMPREHENSIVE INCOME	**1,239**	**1,445**

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.

Cash flow statement

FOR YEAR ENDED 31 DECEMBER 2021

	Note	2021 £'000	2020 £'000
NET CASH (USED IN) / PROVIDED BY OPERATING ACTIVITIES	25	**(1,015)**	238
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends, interest and rent from investments		630	687
Interest paid		(1)	(1)
Proceeds from sale of:			
Tangible fixed assets / current assets for the use of the BDBF		964	375
Fixed asset investments		54	1,082
Other investments		653	563
Purchase of:			
Tangible fixed assets for the use of the BDBF		(175)	(16)
Other investments		(581)	(508)
NET CASH PROVIDED BY INVESTING ACTIVITIES		**1,544**	**2,182**
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans repaid by BDBF		(108)	(7)
Loans repaid to BDBF		29	29
New loans made by BDBF		-	(50)
NET CASH (USED IN) / PROVIDED BY FINANCING ACTIVITIES		**(79)**	**(51)**
CHANGE IN CASH AND CASH EQUIVALENTS IN THE REPORTING PERIOD		**450**	**2,392**
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**7,553**	**5,161**
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	26	**8,003**	**7,553**

NOTES TO THE ACCOUNTS

1 Principal accounting policies

Basis of accounting

The financial statements have been prepared in accordance with the Companies Act 2006, Charities Act 2011, applicable accounting standards (FRS102),Charities SORP (FRS102), The Church of England Diocesan Annual Reports and Financial Statements Guide and under the historical cost accounting rules except that fixed asset investments, current asset investments and investment properties are included at fair valuation. The financial statements are presented in Sterling (being the functional currency for all of its activities) rounded to the nearest £'000.

The BDBF meets the definition of a public benefit entity under FRS102.

Company status

The company is limited by guarantee, incorporated and registered in England and Wales (no. 440966). The members of the company are the Trustees named on page 3. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company. The company's registered office is 1 Colmore Row, Birmingham, B3 2BJ.

Going concern

The trustees assess whether the use of the going concern principle is appropriate i.e. whether there are any principal uncertainties, related events or conditions that may cast significant doubt on the ability of the BDBF to continue as a going concern. The worldwide Covid-19 pandemic had a significant impact on the work and the finances of the BDBF during the financial year and this is expected to continue into 2022. The Directors' Report on page 40 sets out the response of the BDBF to this unexpected and unprecedented change to the activities of the charity, and in particular the unrestricted income of the charity. The report briefly sets out the mitigating actions that have been taken and will continue to be taken to ensure that the BDBF can continue as a going concern. The trustees make this assessment in respect of the period of at least one year from the date of the authorisation for issue of the financial statements and have concluded that the BDBF has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the BDBF's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

The principal accounting policies and estimation techniques are as follows:

Income

All income is included in the Statement of Financial Activities when the BDBF is legally entitled to them as income or capital respectively, ultimate receipt is probable and the amount to be recognised can be quantified with reasonable accuracy.

Common Fund and income from parochial fees The principal source of income comes from voluntary giving in the form of parish contributions (Common Fund), which includes amounts received up to the 31 January following the year end. Common Fund income also includes any arrears received from previous years.

Grant income Income from the Archbishops' Council is accounted for on a receivable basis and represents the annual grant for CofE Birmingham and parish mission, the funds for which originate in a block grant by the Church Commissioners to the Archbishops' Council. The annual grants from the Archbishops' Council may be used for either mission and ministry support for lower income communities (Lowest Income Communities Fund), restructuring activities (Restructuring Fund) or a range of strategic development activities including the key *People & Places* and *Shaping the Future* mission programmes (Strategic Development Funding).

Other grant income is recognised when receivable. This includes a one-off Sustainability Grant from the Archbishops' Council, which has been made available to bridge the gap between the expected unrestricted outturn and the actual unrestricted outturn, arising from the impact of the Covid-19 pandemic on the DBF financial position. The total funds allocated and received have been held within a designated fund and any amounts not required for 2021 have been held within the designated fund for similar purposes in 2022.

Rent and investment income Rent and investment income are recognised as income when receivable.

Gains on disposal of fixed assets for the BDBF's own use Gains on disposal of fixed assets for the BDBF's own use (i.e. non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.

Birmingham Diocesan Endowment Fund income The income from this fund is restricted for purpose of 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 Statement of Financial Activities for the sake of greater clarity and simplicity in financial reporting.

Glebe Fund income All clear income derived from its investments is transferred to the General Fund as contribution towards the cost of clergy stipends. It is on this basis that the income and the (normally much larger) related expenditure are both included in the unrestricted column of the Statement of Financial Activities for the sake of greater clarity and simplicity in financial reporting.

Expenditure

Liabilities are recognised as soon as there is a legal or constructive obligation committing the BDBF to pay out resources. Expenditure is included on the accruals basis under the following headings; all costs are allocated to a specific category.

Costs of raising funds These are the costs of managing the Endowment, Glebe and Unrestricted fund investments, plus the costs associated with letting the vacant parsonages and investment properties.

Charitable expenditure Charitable expenditure is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry and expenditure on education and Church of England schools in the CofE Birmingham.

Resourcing ministry and mission includes the direct costs for the clergy and parishes, plus the costs of supporting the work of the parishes within the CofE Birmingham. This principally includes the cost of clergy stipends, costs related to maintaining clergy housing in the parishes, the payment of grants to assist parish work plus the related staff costs and overheads.

Grants payable Grants payable are accounted for when authorised, when the award of the grant has been specifically communicated to the recipient and when the trustees have agreed to pay the grant without condition, or any condition attaching to the grant is outside the control of the BDBF. Grants offered subject to certain conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.

Support costs Support costs consist of central management, administration and governance costs. They are allocated to categories of expenditure (resourcing ministry and mission, raising funds and education) on the basis of the proportion of staff time spent on each area of activity.

Pension costs and other post-retirement benefits The BDBF contributes to the Church of England Funded Pension Scheme for clergy and the Church Workers Pension Fund for other staff. Both these schemes are multi-employer pension schemes. The pension costs charged as resources expended represent the BDBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding liabilities for the pension schemes in which the BDBF participates is recognised at the present value of contributions payable that arise from the deficit funding agreement. The liability is recognised in creditors distinguishing between contributions falling due within one year and after more than one year. Details of the schemes are given in note 23 to the financial statements.

Redundancy and termination benefits Redundancy and termination benefits are recognised as soon as there is a legal or constructive obligation committing the BDBF to pay out resources.

Tangible fixed assets and depreciation

Freehold properties and parsonages Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material, due to the very long expected remaining useful life in each case, and because their expected residual values are not materially less than their carrying value.

The BDBF 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.

Parsonage houses recognition The BDBF has followed the requirements of FRS102 in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The BDBF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if declared redundant. The Trustees therefore consider the most suitable accounting policy to be to capitalise such properties as expendable endowment assets and to carry them at cost where known, otherwise at the deemed cost valuation of the midpoint of the relevant 1994 council tax band value.

Other non-investment properties The BDBF now includes all other non-investment properties at cost where known, otherwise at the deemed cost valuation of the midpoint of the relevant 1994 council tax band value.

For properties that are jointly owned with a third party such as a parochial church council, only the proportion of the BDBF's investment in the property is accounted for within the financial statements of the BDBF.

Redundant churches are included at nil value.

Investment properties In accordance with FRS102, investment properties are carried at their fair value - this is considered by the Trustees annually and the aggregate surplus or deficit is recognised in the Endowment Fund and Glebe Fund. Investment properties were last professionally valued as at 31 December 2020, the results of which are included in these financial statements. If an asset changes category in the period under review then a professional valuation of the property is undertaken as the property changes category. The next professional valuation of properties is due as at 31 December 2025. No depreciation is provided on investment properties.

Non-Property fixed assets Tangible fixed assets costing more than £1,000 are capitalised and included at cost.

Depreciation Depreciation of non-property assets is charged by equal annual instalments at rates estimated to write off their cost less any residual value over the expected useful lives that are as follows:

Computer equipment	3 years
Office furniture and fittings	10 years or the end of the property lease if relating to tenant's improvements

Financial investments

Financial investments are stated at fair value. Realised gains or losses are recognised in the Statement of Financial Activities when financial investments are sold. Unrealised gains and losses are accounted for on revaluation of financial investments at the year end.

Critical accounting estimates and areas of judgement

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year.

Accounting estimates

The BDBF makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Valuation of investment properties The BDBF carries its investment properties at fair value, with changes in fair value being recognised in the Statement of Financial Activities. The BDBF engaged independent valuation specialists to determine fair value at 31 December 2020. Some of the key assumptions used to determine the fair value of these assets are based on the valuer's knowledge and experience of the market and values of similar properties, which could be deemed subjective.

Assumptions surrounding the clergy and church workers pension schemes The BDBF contributes to the Church of England Funded Pension Scheme for clergy and the Church Workers Pension Fund for other staff. Both these schemes are determined to be multi-employer pension schemes and as required under FRS102, the BDBF recognises its agreed deficit funding liabilities on its balance sheet. The key actuarial assumptions that underpin the required deficit funding contributions liability are based on the actuary's knowledge and experience. Any changes in these assumptions as given in note 23 could have a significant impact on the required deficit funding contributions and resulting balance sheet liability.

Areas of judgement

Current assets held for resale The BDBF carries its current assets held for resale at fair value, which includes the estimated realisable proceeds net of costs associated with selling the asset. The estimated net proceeds are based on the 'for sale' price and associated costs determined by an independent valuation specialist or an offer made by a buyer post year end.

Concessionary loans Concessionary loans (both made and received) are initially recognised at the amount received or paid, with the carrying amount adjusted in subsequent years to reflect repayments and any accrued interest and adjusted, if necessary, for any impairment. They are assessed for objective evidence of impairment at the end of each reporting period.

Non-depreciation of freehold properties and parsonages Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material, due to the very long expected remaining useful life in each case, and because their expected residual values are not materially less than their carrying value.

All estimates and judgements 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.

Funds

Funds over which the BDBF's control is limited by statute or the terms of a trust deed, or which are restricted in their use, have been defined as 'restricted funds'. Funds which are controlled by the BDBF and over which there are essentially no restrictions as to their use (either by statute or trust) have been defined as 'unrestricted'. Designated funds are unrestricted funds that have been set aside by the BDBF for purposes designated by BDBF policy. Such designations may be set aside from time to time according to policy decisions.

NOTES TO THE ACCOUNTS

Endowments

The Endowment Funds are those whose capital represent permanent endowment and are therefore not available for revenue expenditure. For two of the funds, the income derived from the properties and other investments is available for meeting the costs of clergy stipends:

Diocesan Glebe This represents those historic lands and buildings which were held by incumbents and formed part of the benefice prior to the Endowment and Glebe Measure 1976. Glebe investments are subject to regulations under this Measure and previous Acts of Parliament, the main provisions being that Glebe should be held only as land or property.

The Endowment Fund This is a local fund originally set up under a Charity Commissioners Scheme of 1906 (amended in 1930) and is available for investment at the discretion of the Board of Finance subject to general charities legislation.

Details of the other two endowment funds are given in note 21 to the financial statements, along with details of the other major funds held by the BDBF.

Operating leases

Rentals payable under operating leases are charged in the Statement of Financial Activities on a straight-line basis over the lease term. Where rent free periods are given as part of an operating lease, the impact of this rent-free period is reflected in the Statement of Financial Activities over the overall lease term.

Schools major repair and capital projects

The Board of Education (as incorporated within the BDBF) receives contributions from governors of church schools in the CofE Birmingham in connection with major repair and capital projects to Church Schools and also government grants in connection with the same. The Board of Education administers these monies as managing agent and makes the appropriate payments to contractors for work carried out. The monies do not belong to the Board of Education and as such the receipts and payments are not treated as incoming resources or resources expended in the Statement of Financial Activities. Any monies held at the balance sheet date are treated as creditors on the balance sheet.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and short term deposits with any qualifying institution repayable within a three month notice period.

Financial instruments

The BDBF has elected to apply the provisions of Section 11 *"Basic Financial Instruments"* and Section 12 *"Other Financial Instruments"* of FRS102 in full to all of its financial instruments.

Trade debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost being the transaction price less any amounts settled and any impairment losses.

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less amounts settled.

Concessionary loans (both made and received) are initially recognised at the amount received or paid, with the carrying amount adjusted in subsequent years to reflect repayments and any accrued interest and adjusted, if necessary, for any impairment. They are assessed for objective evidence of impairment at the end of each reporting period.

2 Donations

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2021	Total funds 2020
	£'000	£'000	£'000	£'000	£'000	£'000
PARISH CONTRIBUTIONS						
Common Fund – current	-	-	-	4,732	**4,732**	4,918
Common Fund – prior	-	-	-	49	**49**	8
TOTAL COMMON FUND	**-**	**-**	**-**	4,781	**4,781**	**4,926**
Contributions to Malawi Fund	-	23	-	-	**23**	27
TOTAL PARISH CONTRIBUTIONS	-	23	-	4,781	**4,804**	**4,953**
ARCHBISHOPS' COUNCIL						
Strategic Restructuring	-	-	-	-	**-**	35
Strategic Development	-	1,385	-	-	**1,385**	1,067
Strategic Capacity	-	95	-	-	**95**	88
Strategic Ministry	-	139	-	-	**139**	21
Lowest Income Communities Funding	-	-	-	1,991	**1,991**	1,948
Sustainability Grant	-	-	-	-	**-**	1,000
Resourcing Ministerial Education Block Grant	-	282	-	-	**282**	251
TOTAL ARCHBISHOPS' COUNCIL	-	1,901	-	1,991	**3,892**	**4,410**
OTHER DONATIONS						
Stipend sources	-	-	-	662	**662**	544
Allchurches Trust	-	-	-	178	**178**	169
Other donations to Malawi Fund	-	16	-	-	**16**	5
Historic England – Places of Worship officer		16	-	-	**16**	14
Resourcing Church – fabric	-	68	-	-	**68**	-
Legacies	-	-	-	100	**100**	-
Other donations	-	1	-	52	**53**	43
Other grants	-	4	3	47	**54**	205
TOTAL OTHER DONATIONS	-	105	3	1,039	**1,147**	**980**

2 Donations (continued)

The annual grants from Archbishop's Council may be used for either specific parish mission and development projects or for clergy stipends. The Strategic Development Funding is restricted to the ***Shaping the Future***, ***People & Places*** and various Church Planting programmes of mission activities. The Strategic Capacity funding is restricted to the ***People & Places*** programme. Strategic Ministry Funding is restricted to supporting curates in training with the objective of increasing the number of curacies that the CofE Birmingham is able to offer in any one year. The Resourcing Ministerial Education Block Grant is to be used for approved clergy training pathways. The Strategic Restructuring Funding is restricted to activities that support CofE Birmingham strategic development work – the last of these funds were utilised during the prior year. The Sustainability Grant is a one-off grant to bridge the gap between the expected and actual unrestricted outturn as a result of Covid-19.

3 Income from charitable activities

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2021	Total funds 2020
	£'000	£'000	£'000	£'000	£'000	£'000
Statutory fees	-	-	-	299	**299**	316
Parish training events	-	-	-	4	**4**	4
Insurance proceeds	-	-	-	52	**52**	2
Schools training events and services	-	55	-	-	**55**	66
Payroll Bureau service	-	-	-	13	**13**	12
Interest receivable on parish loans	-	2	-	26	**28**	31
TOTAL	-	57	-	394	**451**	**431**

Total income from charitable activities for the year ended 31 December 2020 of £431,000 was split between funds as follows: £67,000 in other restricted funds and £364,000 in undesignated funds.

4 Other trading activities

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2021	Total funds 2020
	£'000	£'000	£'000	£'000	£'000	£'000
Housing income	-	-	-	411	**411**	462
Recharges to other Christian organisations	-	6	-	22	**28**	34
Recharges to other charitable organisations	-	-	-	(3)	**(3)**	3
TOTAL	-	6	-	430	**436**	**499**

Total income from other trading activities for the year ended 31 December 2020 of £499,000 was split between funds as follows: £19,000 in other restricted funds and £480,000 in undesignated funds.

5 Investment income

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2021	Total funds 2020
	£'000	£'000	£'000	£'000	£'000	£'000
Dividends and interest	9	176	8	260	**453**	447
Profit / (loss) on sales of investments	4	-	-	3	**7**	2
Rents	-	10	-	155	**165**	219
TOTAL	13	186	8	418	**625**	**668**

Total investment income for the year ended 31 December 2020 of £668,000 was split between funds as follows: £4,000 in endowment funds, £190,000 in other restricted funds, £11,000 in designated funds and £463,000 in undesignated funds.

6 Other income

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2021	Total funds 2020
	£'000	£'000	£'000	£'000	£'000	£'000
Gain on sale of fixed assets	-	-	-	332	**332**	315
TOTAL	-	-	-	332	**332**	**315**

Total other income for the year ended 31 December 2020 of £315,000 was split between funds as follows: £315,000 in undesignated funds.

NOTES TO THE ACCOUNTS

7 Fundraising costs

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2021	Total funds 2020
	£'000	£'000	£'000	£'000	£'000	£'000
Investment management costs	25	-	-	7	**32**	27
Property rental costs	2	-	-	85	**87**	148
TOTAL	27	-	-	92	**119**	**175**

Total fundraising costs for the year ended 31 December 2020 of £175,000 was split between funds as follows: £35,000 in endowment funds and £140,000 in undesignated funds.

8 Expenditure on charitable activities

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2021	Total funds 2020
	£'000	£'000	£'000	£'000	£'000	£'000
CONTRIBUTION TO ARCHBISHOPS' COUNCIL						
Training for ministry	-	-	-	189	**189**	189
National Church responsibilities	-	-	-	148	**148**	158
Mission agency pension costs	-	-	-	8	**8**	7
Retired clergy housing costs	-	-	-	70	**70**	68
Pooling of ordinands maintenance grants	-	-	-	32	**32**	42
TOTAL	-	-	-	447	**447**	**464**
RESOURCING MINISTRY AND MISSION						
Parish Ministry:						
Stipends and National Insurance	-	490	-	3,427	**3,917**	3,760
Pension contributions	-	122	(231)	1,117	**1,008**	902
Housing costs	-	-	-	1,258	**1,258**	1,111
Removal, resettlement and grants	1	57	-	365	**423**	260
Training for ministry tuition fees	-	202	-	-	**202**	207
Archdeacons, vocations, chaplaincy & other expenses	-	128	-	349	**477**	609
TOTAL	1	999	(231)	6,516	**7,285**	**6,849**
Mission grants	-	162	-	23	**185**	92
Support for parish ministry	-	879	196	2,018	**3,093**	2,992
TOTAL	-	1,041	196	2,041	**3,278**	**3,084**
EXPENDITURE ON EDUCATION						
Support for Church Schools	-	230	-	152	**382**	406
TOTAL	1	2,270	(35)	9,156	**11,392**	**10,803**

Total expenditure on charitable activities for the year ended 31 December 2020 of £10,803,000 was split between funds as follows: £1,972,000 in other restricted funds, £(329,000) in designated funds and £9,160,000 in undesignated funds.

9 Other expenditure

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2021	Total funds 2020
	£'000	£'000	£'000	£'000	£'000	£'000
Interest payable on other loans	-	-	-	1	**1**	1
Interest charge on pension liabilities	-	-	2	-	**2**	11
TOTAL	-	-	2	1	**3**	**12**

Total other expenditure for the year ended 31 December 2020 of £12,000 was split between funds as follows: £11,000 in designated funds and £1,000 in undesignated funds.

10 Analysis of expenditure including allocation of support costs

	Activities directly undertaken	Grant funding of activities	Support costs	Total 2021
	£'000	£'000	£'000	£'000
Raising funds	119	-	-	**119**
Charitable activities:				
Contributions to Archbishops' Council	-	447	-	**447**
Resourcing parish ministry	8,977	576	1,010	**10,563**
Education	192	20	170	**382**
Other	3	-	-	**3**
	9,291	**1,043**	**1,180**	**11,514**

	Activities directly undertaken	Grant funding of activities	Support costs	Total 2020
	£'000	£'000	£'000	£'000
Raising funds	175	-	-	**175**
Charitable activities:				
Contributions to Archbishops' Council	-	464	-	**464**
Resourcing parish ministry	8,396	393	1,144	**9,933**
Education	225	11	170	**406**
Other	12	-	-	**12**
	8,808	**868**	**1,314**	**10,990**

11 Analysis of support costs

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2021	Total funds 2020
	£'000	£'000	£'000	£'000	£'000	£'000
Support for Schools	-	170	-	-	**170**	170
Administration and premises	-	-	-	897	**897**	1,047
Synod and Diocesan Advisory Committee Support	-	-	-	10	**10**	10
Governance:						
Auditors – external audit	-	-	-	21	**21**	19
Auditors – other services	-	-	-	1	**1**	1
Registrar and Chancellor	-	-	-	81	**81**	67
TOTAL	-	170	-	1,010	**1,180**	**1,314**

NOTES TO THE ACCOUNTS

12 Analysis of grants made

	Number	Individuals	Institutions	Total 2021	Total 2020
		£'000	£'000	£'000	£'000
FROM UNRESTRICTED FUNDS FOR NATIONAL CHURCH RESPONSIBILITIES					
Archbishops' Council	5	-	447	447	464
FROM UNRESTRICTED / DESIGNATED FUNDS					
PCCs for mission	2	-	54	54	8
Ordinands in training	20	151	-	151	85
Resettlement and first appointment grants	64	150		150	125
Church schools	2	-	20	20	11
Sundry clergy grants	47	19	45	64	81
TOTAL	135	320	119	439	310
FROM RESTRICTED FUNDS					
Malawi Partnership dioceses and projects	4	-	34	34	48
PCCs for project workers *(Action in the City)*	1	-	16	16	3
PCCs for mission initiatives	1	-	1	1	6
Other Christian organisations for mission initiatives	1	-	66	66	9
Ordinands in training	31	40	-	40	28
TOTAL	38	40	117	157	94
TOTAL GRANTS PAYABLE	178	360	683	1,043	868

13 Staff costs

	2021	2020
	£'000	£'000
EMPLOYEE COSTS DURING THE YEAR (EXCLUDING CLERGY PAY)		
Wages and salaries	2,285	2,164
Social security costs	216	211
Pension costs	253	249
Pension costs – Church Workers Pension Scheme deficit contributions*	41	39
TOTAL	2,795	2,663

AVERAGE NUMBER OF PEOPLE EMPOYED DURING THE YEAR	No.	No.
Parish mission support	40	43
Discipleship and Ministry support	8	9
Administration and financial management	11	10
Property	2	2
Education	5	5
TOTAL	66	69

**The deficit contributions paid in 2021 and 2020 have been charged against the provision in note 23.*

The numbers of staff whose emoluments (including benefits in kind but excluding pension contributions) amounted to more than £60,000 were as follows:

	2021	2020
	No.	No.
In the band £60,000 – £65,000	1	1
In the band £65,000 – £70,000	2	1
In the band £75,000 – £80,000	-	1
In the band £80,000 – £85,000	1	-

The total amount of employer defined contribution pension contributions paid on behalf of these employees were £33,807 (2020: £26,471).

13 Staff costs (continued)

Key management (employee) 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 CofE Birmingham. During 2021 they were:

Diocesan Secretary	Jan Smart
Company Secretary	Jan Smart
Director of Finance	Karen Preece
Property Director	Daniel Mayes
Director of Education	Sarah Smith

Renumeration and pensions for these four FTE employees amounted to £349,878 (2020: £364,795 for four FTE employees).

None of the directors received any remuneration as directors. The BDBF in both 2021 and 2020 has an overarching insurance policy that includes trustees' indemnity insurance however the premium attributable to the trustees' indemnity insurance element is not separately identifiable.

The clergy and clergy stipends are not included within the BDBF's staff costs, as they are not employees of the BDBF. The BDBF is merely responsible for the central administration and payment of the stipends on behalf of the parishes. However, the BDBF paid an average of 125 (2020: 123) stipendiary clergy as office holders holding parish or diocesan appointments in the CofE Birmingham, and the costs were as follows:

	2021 £'000	2020 £'000
Stipends	**3,523**	3,461
National Insurance contributions	**283**	273
Apprenticeship Levy	**16**	15
Restructuring costs	**48**	120
Pension costs – current year	**1,056**	935
Pension costs – deficit funding provided	**231**	380
TOTAL	**5,157**	**5,184**

14 Net income before transfers and other recognised gains / (losses)

	2021 £'000	2020 £'000
NET INCOME IS STATED AFTER CHARGING:		
Depreciation – owned assets	**76**	70
Net gain on disposal of fixed assets	**332**	315
Auditor's remuneration – audit of financial statements	**21**	19
Auditor's remuneration – other services	**1**	1

15 Tangible fixed assets

	Freehold Properties (see analysis below) £'000	Computer equipment £'000	Office equipment £'000	TOTAL £'000
COST / DEEMED COST OR VALUATION				
At 1 January 2021	23,701	215	324	**24,240**
Additions	161	14	-	**175**
Disposals	(632)	-	(92)	**(724)**
AT 31 DECEMBER 2021	**23,230**	**229**	**232**	**23,691**
ACCUMULATED DEPRECIATION				
At 1 January 2021	-	173	239	**412**
Charge for the year	-	22	41	**63**
Disposals	-	-	(79)	**(79)**
AT 31 DECEMBER 2021	**-**	**195**	**201**	**396**
NET BOOK VALUE				
AT 31 DECEMBER 2021	**23,230**	**34**	**31**	**23,295**
AT 31 DECEMBER 2020	23,701	42	85	**23,828**

All the above assets are used for charitable purposes.

NOTES TO THE ACCOUNTS

15 Tangible fixed assets (continued)

	2021 cost or deemed cost	2020 cost or deemed cost
	£'000	£'000
FREEHOLD PROPERTIES		
ENDOWMENT FUNDS		
Benefice houses fund:		
Parsonage houses	17,604	17,598
Glebe funds:		
Housing of team vicars, curates and others	660	660
UNRESTRICTED FUNDS		
Corporate property:		
Housing of senior clergy, curates and others	1,109	1,741
Other corporate property	3,857	3,702
TOTAL FREEHOLD PROPERTIES	**23,230**	**23,701**

16 Investments held as fixed assets

	Glebe	Endowment fund	Unrestricted fund	TOTAL
	£'000	£'000	£'000	£'000
A) INVESTMENT PROPERTIES				
At 1 January 2021	1,526	890	190	**2,606**
Disposals	(36)	-	-	**(36)**
AT 31 DECEMBER 2021	**1,490**	**890**	**190**	**2,570**

Properties were valued by Bruton Knowles (Chartered Surveyors) on an open market existing use basis as at 31 December 2020. The BDBF's policy is to seek formal professional valuations of its investment properties every five years with trustee review in the intervening period. The next review will be carried out as at 31 December 2025.

	1 January 2021	Sales	Purchases	Change in market value	31 December 2021
	£'000	£'000	£'000	£'000	£'000
B) OTHER FINANCIAL INVESTMENTS					
ENDOWMENT FUNDS					
Listed investments	4,262	(471)	452	413	**4,656**
Unlisted investments	576	-	-	36	**612**
	4,838	**(471)**	**452**	**449**	**5,268**
OTHER RESTRICTED FUNDS					
Listed investments	242	-	-	38	**280**
Unlisted investments	4,667	(25)	-	636	**5,278**
	4,909	**(25)**	**-**	**674**	**5,558**
UNRESTRICTED FUNDS					
Designated funds:					
Unlisted investments	71	(20)	3	(4)	**50**
Undesignated funds:					
Listed investments	1,149	(130)	126	137	**1,282**
Unlisted investments	1,713	-	-	244	**1,957**
	2,933	**(150)**	**129**	**377**	**3,289**
TOTAL	**12,680**	**(646)**	**581**	**1,500**	**14,115**

Unlisted investments consist of freely marketable shares in The Central Board of Finance Investment Fund and COIF administered by the CCLA Fund Managers. The historic cost of listed investments as at 31 December 2021 was £4,582,000 (2020: £4,462,000) and £5,388,000 (2020: £5,471,000) for unlisted investments.

17 Debtors

	2021 £'000	2020 £'000
RECEIVABLE WITHIN ONE YEAR		
Parish loans (concessionary loans)	11	17
Other loans (concessionary loans)	1	7
Prepayments and other debtors	799	668
Accrued income	107	43
Other debtors	215	-
	1,133	735
RECEIVABLE AFTER ONE YEAR		
Parish loans (concessionary loans)	58	71
Other loans (concessionary loans)	3	7
Other debtors	664	946
	725	1,024
TOTAL DEBTORS	1,858	1,759

18 Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Other loans – Church Commissioners (concessionary loan)	20	20
Other loans – Gloucester Diocesan Board of Finance (concessionary loan)	-	68
Trade creditors	240	264
Other creditors	801	714
Pension fund deficit – church workers pension scheme	41	39
Pension fund deficit – clergy pension scheme	235	221
Accruals and deferred income	509	470
	1,846	1,796

Other loans (Church Commissioners) relate to advances from the Church Commissioners for house purchases and parish 'back to back' loans from the Central Board of Finance. The loans are variable interest loans at the rate of the Central Board of Finance (Church of England) Deposit Fund rate plus 0.55%.

The loan from the Gloucester Diocesan Board of Finance was a restricted purpose loan for the building works in connection with the Resourcing Church project. The loan was an interest free, unsecured arrangement with repayments over a five-year period, although the final repayment due in 2020 was deferred to 2021 as a result of the pandemic.

19 Creditors: amounts falling due after more than one year

	2021 £'000	2020 £'000
Pension fund deficit – clergy pension scheme	-	228
Pension fund deficit – church workers pension fund	204	238
Other loans – Church Commissioners (concessionary loan)	50	90
	254	556

The maturity of the above loans may be analysed as follows:

	2021 £'000	2020 £'000
Between one to two years	20	20
Between two to five years	30	60
In five years and more	-	10
	50	90

Other loans (Church Commissioners) relate to advances from the Church Commissioners for parish 'back to back loans' from the Central Board of Finance. The loans are variable interest loans at the rate of the Central Board of Finance (Church of England) Deposit Fund rate plus 0.55%.

NOTES TO THE ACCOUNTS

20 Analysis of assets and liabilities between funds

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2021	Total funds 2020
	£'000	£'000	£'000	£'000	£'000	£'000
TANGIBLE ASSETS						
Other fixed assets	18,260	20	-	5,015	**23,295**	23,828
INVESTMENTS – FIXED						
Investment properties	2,380	-	-	190	**2,570**	2,606
Other	5,268	5,558	50	3,239	**14,115**	12,680
DEBTORS						
Due within one year	-	193	203	737	**1,133**	735
Due after one year	-	58	-	667	**725**	1,024
Cash at bank	3,642	2,684	4,498	(2,821)	**8,003**	7,553
CREDITORS						
Due within one year	(2)	(734)	(284)	(826)	**(1,846)**	(1,796)
Due after one year	-	-	(204)	(50)	**(254)**	(556)
NET ASSETS	29,548	7,779	4,263	6,151	**47,741**	**46,074**

	Restricted funds		Unrestricted funds		
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2020
	£'000	£'000	£'000	£'000	£'000
TANGIBLE ASSETS					
Other fixed assets	18,258	22	-	5,548	**23,828**
INVESTMENTS – FIXED					
Investment properties	2,416	-	-	190	**2,606**
Other	4,838	4,909	71	2,862	**12,680**
DEBTORS					
Due within one year	(2)	160	233	344	**735**
Due after one year	-	74	215	735	**1,024**
Cash at bank	3,587	2,708	3,858	(2,600)	**7,553**
CREDITORS					
Due within one year	(1)	(716)	(263)	(816)	**(1,796)**
Due after one year	-	-	(466)	(90)	**(556)**
NET ASSETS	29,096	7,157	3,648	6,173	**46,074**

21 Movements in funds

	1 January 2021	Income	Expenditure	Transfers	Capital movements	31 December 2021
	£'000	£'000	£'000	£'000	£'000	£'000
ENDOWMENT FUNDS						
Glebe Fund*	6,055	-	(11)	-	139	6,183
Birmingham Diocesan Endowment Fund*	5,145	4	(16)	+	287	5,420
Parsonage Houses Fund	17,598	-	-	-	-	17,598
Bishop Brown Legacy Endowment Fund	298	9	(1)	-	41	347
	29,096	13	(28)	-	467	29,548
OTHER RESTRICTED FUNDS						
Sites and Buildings Fund	971	2	-	-	-	973
Church Schools Fund	5,640	230	(229)	-	627	6,265
Action in the City Fund	42	1	(16)	-	3	30
Malawi Partnership Fund	356	52	(45)	-	44	407
St Luke's at Gas Street – Fabric Fund	111	68	-	(150)	-	29
Training for Ministry Fund	17	282	(241)	-	-	58
Strategic Ministry Fund - Curates training	-	139	-	(139)	-	-
Shaping the Future (1)	-	286	(484)	198	-	-
Shaping the Future match (2)	7	-	(6)	-	-	1
Empowering Disciples Fund	6	-	-	-	-	6
Historic England – Places of Worship Officer	-	16	(47)	31	-	-
Allchurches Trust NECN	-	6	(6)	-	-	-
People & Places Capacity Fund	(1)	95	(96)	-	-	(2)
People & Places Development Fund	8	911	(918)	-	-	1
Church Planting (Shirley & Pype Hayes) Fund	-	72	(72)	-	-	-
Context Ministry & Church Planting Development Fund	-	76	(76)	-	-	-
St Martin's Youth Grants	-	4	-	-	-	4
Giving Advisor	-	40	(33)	-	-	7
	7,157	2,278	(2,270)	(60)	674	7,779
UNRESTRICTED FUNDS						
DESIGNATED FUNDS						
Pastoral Fund	1,374	11	(22)	-	(4)	1,359
Pensions Reserve	(804)	-	229	-	(24)	(599)
Growing Younger Fund (2)	229	-	-	-	-	229
Strategic Investment Fund	2,012	-	(174)	779	-	2,617
Communications Hub	-	-	-	20	-	20
Sustainability Grant (Church Commissioners)	837	-	-	(200)	-	637
UNDESIGNATED FUNDS						
General Fund*	6,173	9,385	(9,249)	(539)	381	6,151
	9,821	9,396	(9,216)	60	353	10,414
TOTAL	46,074	11,687	(11,514)	-	1,494	47,740

NOTES TO THE ACCOUNTS

21 Movements in funds (continued)

	1 January 2020	Income	Expenditure	Transfers	Capital movements	31 December 2020
	£'000	£'000	£'000	£'000	£'000	£'000
ENDOWMENT FUNDS						
Glebe Fund*	5,610	7	(20)	-	458	6,055
Birmingham Diocesan Endowment Fund*	5,289	(11)	(15)	-	(118)	5,145
Parsonage Houses Fund	17,598	-	-	-	-	17,598
Bishop Brown Legacy Endowment Fund	272	8	-	-	18	298
	28,769	4	(35)	-	358	29,096
OTHER RESTRICTED FUNDS						
Sites and Buildings Fund	970	1	-	-	-	971
Church Schools Fund	5,562	241	(218)	-	55	5,640
Action in the City Fund	44	2	(3)	-	(1)	42
Malawi Partnership Fund	362	45	(48)	-	(3)	356
St Luke's at Gas Street – Fabric Fund	111	-	-	-	-	111
Strategic Restructuring Fund	-	35	(35)	-	-	-
Training for Ministry Fund	-	251	(234)	-	-	17
Strategic Ministry Fund - Curates training	-	21	-	(21)	-	-
Shaping the Future (1)	5	391	(542)	146	-	-
Shaping the Future match (2)	7	-	-	-	-	7
Allchurches Trust Mission Apprentice Fund	22	5	(62)	35	-	-
Empowering Disciples Fund	7	-	(1)	-	-	6
Historic England – Places of Worship Officer	-	15	(42)	27	-	-
Allchurches Trust NECN	4	19	(23)	-	-	-
People & Places Capacity Fund	-	88	(89)	-	-	(1)
People & Places Development Fund	6	650	(648)	-	-	8
Church Planting (Shirley & Pype Hayes) Fund	-	18	(18)	-	-	-
Context Ministry & Church Planting Development Fund	-	9	(9)	-	-	-
	7,100	1,791	(1,972)	187	51	7,157
UNRESTRICTED FUNDS						
DESIGNATED FUNDS						
Pastoral Fund*	1,400	11	(40)	-	3	1,374
Pensions Reserve	(1,183)	-	369	-	10	(804)
Growing Younger Fund (2)	240	-	(11)	-	-	229
Strategic Investment Fund	1,216	-	-	796	-	2,012
Curate Fund	14	-	-	(14)	-	-
Sustainability Grant (Church Commissioners)	-	1,000	-	(163)	-	837
UNDESIGNATED FUNDS						
General Fund*	6,736	9,450	(9,301)	(806)	94	6,173
	8,423	10,461	(8,983)	(187)	107	9,821
TOTAL	44,292	12,258	(10,990)	-	515	46,074

The funds denoted with * include the following revaluation reserves:

	2021	2020
	£'000	£'000
WITHIN ENDOWMENT FUNDS		
Glebe Fund	1,045	1,024
Birmingham Diocesan Endowment Fund	99	99
	1,144	1,123
UNDESIGNATED FUNDS		
General Fund	1,140	1,140
TOTAL	2,284	2,263

21 Movements in funds (continued)

Details of the major funds are as follows:

Endowment Funds

Glebe Fund Under the terms of the Endowment and Glebe Measure 1976, all historic parish Glebe land holdings were transferred to the respective Diocesan Boards of Finance, which were required, in return, to ensure that all clergy within their diocese received at least the agreed minimum stipend for the year. It represents Glebe assets and the accumulated sale proceeds of Glebe property. Capital funds may be used for the purchase, improvement and maintenance of glebe property and benefice property. Besides Glebe property, the funds may be invested in investments or cash held on deposit. All clear income derived from these investments is transferred to the General Fund as a contribution towards the cost of clergy stipends.

Birmingham Diocesan Endowment Fund This fund was also established under a scheme of the Charity Commissioners (dated September 1906), promoted by the Worcester diocese, with the object of providing a permanent capital endowment, the income derived from which was to be available to the diocesan trustees for the purpose of augmenting the incomes of clergy serving in the 'poorer areas' of Birmingham. In 1963, the Charity Commissioners approved a variation to the scheme appointing the BDBF as joint trustees of the charity, together with the Birmingham Diocesan Trustees Registered. The objects were varied slightly by a Birmingham Commissioners Order dated August 1981, following the implementation of the Endowment and Glebe Measure, confirming that any clear income of the charity is to be applied in augmenting stipends of the clergy in the CofE Birmingham. Subsequent to the ***Fresh Start*** re-organisation of 1993, the BDBF transferred certain property and fiscal investments previously held in the General Fund into the Endowment Fund.

Bishop Brown Legacy Endowment Fund This fund was established from the estate of the late Bishop Brown (Bishop of Birmingham 1969-1977). His will gave a legacy to the BDBF to establish an endowment fund for the benefit of ordinands in training in the CofE Birmingham. The income derived from the capital endowment may be used to contribute to the maintenance grants of those in training.

Parsonages House Fund This fund represents the carrying value of all the benefice houses (parsonages) in the CofE Birmingham.

Restricted Funds

Sites and Buildings This fund was originally created under a scheme of the Charity Commissioners by the Worcester diocese in November 1906, when Birmingham was first being established as an independent diocese (Birmingham being formed mostly from parishes previously part of either the diocese of Worcester or Lichfield). The objectives of that fund were to assist the proposed new diocese in providing sites for and building new churches and mission rooms. The fund was absorbed into the Annual Reports of the CofE Birmingham during the years following the First World War and in 1951 the Charity Commissioners' consent was obtained to replacing individual trustees by the Birmingham Diocesan Board of Finance. This fund continues to be used to provide income for making grants to PCCs for the maintenance or extension of churches, and loans at reduced interest rates for new churches or (more usually) major repair projects.

Church Schools Fund This fund comprises the accumulated capital proceeds arising from the sale of closed Church Schools. Under section 86 of the 1944 Education Act (now section 554 of the 1996 Act), part or all of the proceeds arising on the sale of closed schools will have been directed to this fund under a Determination Order by the Secretary of State for Education. These proceeds in Birmingham are held under the terms of a Uniform Statutory Trust. The income deriving from the deposits and investments (mainly Common Investment Funds) is applied for the benefit of existing voluntary aided schools by way of grants and or loans for building projects and repairs.

Action in the City Fund This fund is the surplus funds raised by churches in the CofE Birmingham against the target set to create the endowment fund that set up the Church Urban Fund (CUF). CUF was set up in response to the ***Faith in the City*** report in the wake of the social unrest that manifested itself in the England's inner cities in the early 1980s. Its residual capital and income continue to be used to support parishes engaged in community regeneration activities.

The Malawi Partnership Fund This relates to monies raised by individuals and parishes across the CofE Birmingham to provide support to link dioceses and their parishes in Malawi.

Growing Younger Fund (1) This fund relates to our ***Growing Younger*** strategic programme which is being part funded by a Strategic Development Funding grant from Church Commissioners with match funding from our own resources. This fund relates to the restricted monies from Church Commissioners and other external funding sources.

St Luke's at Gas Street – Fabric Fund This fund is the specific donations raised to fund the building works at the Mission Resourcing Church at Retort House, Gas Street, Birmingham.

Strategic Restructuring Fund This fund relates to transitional monies received from Church Commissioners in respect of restructuring activities necessitated by changes in Church Commissioners allocation methodology for the funding of dioceses.

Shaping the Future Fund (1) This fund relates to our ***Shaping the Future*** strategic programme which is being part funded by a Strategic Development Funding grant from Church Commissioners with match funding from our own resources. This fund relates to the restricted monies from Church Commissioners.

Shaping the Future Fund (2) This fund relates to our ***Shaping the Future*** strategic programme which is being part funded by a Strategic Development Funding grant from Church Commissioners with match funding from our own resources. This fund relates to the restricted monies from other external funding sources.

Training for Ministry Fund This fund relates to the Resourcing Ministerial Education Block Grant that the BDBF receives from Archbishop's Council to fund training costs of ordinands.

Strategic Ministry Fund – Curates Training This fund relates to funding received from Archbishop's Council to support the training of additional curates.

Allchurches Trust Mission Apprentices Fund This fund relates to the Mission Apprentices Programme which is being funded by the All Churches Trust.

Empowering Disciples Fund This fund relates to donations collected at the annual ordination service which is then available to make small grants to further vocations and discipleship.

Historic England – Places of Worship Officer Fund This fund relates to match funding provided by Historic England towards our Places of Worship Support Officer.

Allchurches Trust NECN This relates to the National Estates Church Network (NECN) programme that we are partners in and which is being funded by All Churches Trust.

People & Places Capacity Fund This relates to our ***People & Places*** Strategic framework which is part funded by a Strategic Capacity Funding grant from the Church Commissioners, with match funding from a Church Commissioners Strategic Development Funding grant and our own resources. This fund relates to the restricted Strategic Capacity Funding monies from Church Commissioners.

People & Places Development Fund This relates to our ***People & Places*** Strategic framework which is part funded by a Strategic Development Funding grant from the Church Commissioners, with match funding from a Church Commissioners Strategic Capacity Funding grant and our own resources. This fund relates to the restricted Strategic Development Funding monies from Church Commissioners.

Church Planting (Shirley & Pype Hayes) Fund This relates to a Strategic Development Funding grant from the Church Commissioners to support the establishment of new church plants (and related infrastructure) within the CofE Birmingham in the specific areas of Shirley and Pype Hayes.

21 Movements in funds (continued)

Context Ministry & Church Planting Fund This relates to a Strategic Development Funding grant from the Church Commissioners to support the development of our strategic approach to context ministry and church planting within the diocese as part of our wider transformational vision for the CofE Birmingham.

Giving Advisor Fund This relates to a grant from the Church Commissioners to support the roll-out of the National Giving Strategy over five years starting in 2021. This programme funds a Giving advisor who works with individual parishes to develop parish-focussed approaches to giving including the facilitation of contactless giving.

Unrestricted funds

Pastoral Fund The CofE Birmingham pastoral fund represents the proceeds of redundant churches. The funds may be used for the acquisition and development of parsonages and other clergy houses and the provision, restoration, improvement and repair of churches once the legal obligations for redundant church buildings vested in the BDBF for disposal are met. When these funds have been used to purchase or improve property this has been charged to the Pastoral Fund in the year of expenditure. Proceeds of sale have been credited as income in the year of receipt. Where the BDBF has used the funds to purchase or improve properties in its corporate capacity, these have been included as fixed assets in these financial statements.

Pension Reserve This represents a designated or 'earmarked' fund in respect of possible BDBF obligations in respect of pension scheme arrangements.

Growing Younger Fund (2) This fund relates to our *Growing Younger* strategic programme which is being part funded by a Strategic Development Funding grant from Church Commissioners with match funding from our own resources. This fund relates to our own resources that we have designated towards the programme.

Strategic Investment Fund This is a designated fund that has been created using proceeds from property disposals. The fund will be used for intentional strategic mission investments such as further implementation of context ministry and match funding for our Church Commissioners grant-funded ***Shaping the Future*** and ***People & Places*** strategic programmes.

During 2020, as part of our response to the Covid-19 pandemic, Bishop's Council agreed a proposal to release back to general unrestricted funds from the Strategic Investment Fund such monies as were necessary to deliver a balanced budget on unrestricted activities. The receipt of Sustainability Grant funding from Archbishops' Council in 2020 meant that such a transfer was not necessary in either 2020 or 2021, although the proposal has been ratified again in respect of the 2022 unrestricted activities budget.

Sustainability Grant Fund This fund relates to a Sustainability Grant received from Archbishops' Council in 2020 to enable the BDBF to bridge the gap in their unrestricted budget as a result of the Covid-19 pandemic. There are no specific restrictions attached to this funding other than the general stated purpose of bridging any unrestricted financial gap arising as a result of the Covid-19 pandemic. Archbishops' Council have permitted the CofE Birmingham to hold over any funds granted in 2020 but not used in 2020 or 2021 for the same purpose in 2022 and beyond. Archbishop's Council will continue to monitor the need for such funds throughout 2022 and may seek repayment of any unused funds if it deems that they are no longer required.

Curate Fund This is a designated fund to help finance curate posts in future years.

Communications Hub This is a designated fund to create a communications hub within the BDBF offices to enable us to bring the production of new film and sound media in house to support our communications strategy. The funds were identified from an unrestricted legacy received during 2021.

General Fund The general fund is the BDBF's unrestricted, undesignated fund available for any of the Board's purposes without restriction.

Details of inter fund transfers in 2021 are as follows:

	Unrestricted general	Unrestricted designated	Restricted	Endowment	Total
	£'000	£'000	£'000	£'000	£'000
General Fund to Communications Hub Fund ❶	(20)	20	-	-	-
General Fund to Historic England – Places of Worship Officer Fund ❷	(31)	-	31	-	-
General Fund to Strategic Ministry Fund Curates Fund ❸	139	-	(139)	-	-
General Fund to Strategic Investment Fund ❹	(977)	977	-	-	-
Strategic Investment Fund to *Shaping the Future* Fund ❺	-	198	(198)	-	-
CC Sustainability Fund to General Fund ❻	201	(201)	-	-	-
Gas Street Fabric Fund to General Fund ❼	150	-	(150)	-	-
TOTAL	**(539)**	**599**	**(60)**	**-**	**-**

❶ *This represents the designation of unrestricted funds for the Communications Hub.*
❷ *These represent the transfer of unrestricted funds to cover deficit in restricted funds.*
❸ *Transfer of curates' costs from unrestricted funds to restricted fund to help fund 2021 curacies.*
❹ *These represent the transfer of property disposal proceeds to the Strategic Investment Fund to fund intentional strategic mission investments.*
❺ *This represents the transfer of designated funds to cover restricted costs not covered by grant receivable.*
❻ *This represents the use of the Sustainability Fund to cover shortfall in unrestricted funds.*
❼ *This represents the transfer of restricted funds to cover costs met by unrestricted funds in prior years.*

Details of inter fund transfers in 2020 were as follows:

	Unrestricted general	Unrestricted designated	Restricted	Endowment	Total
	£'000	£'000	£'000	£'000	£'000
Curate Fund to General Fund ❶	14	(14)	-	-	-
General Fund to All Churches Trust Mission Apprentice Programme Fund ❷	(35)	-	35	-	-
General Fund to Historic England – Places of Worship Officer Fund ❷	(27)	-	27	-	-
General Fund to Strategic Ministry Fund ❸	21	-	(21)	-	-
General Fund to Strategic Investment Fund ❹	942	(942)	-	-	-
Strategic Investment Fund to *Shaping the Future* Fund ❺	-	(146)	146	-	-
CC Sustainability Fund to General Fund ❻	163	(163)	-	-	-
TOTAL	**(806)**	**619**	**187**	**-**	**-**

❶ *This represents the transfer of early curacy end stipend savings previously saved to help fund 2020 curacies.*
❷ *These represent the transfer of unrestricted funds to cover deficit in restricted funds.*
❸ *Transfer of curates' costs from unrestricted funds to restricted fund to help fund 2020 curacies.*
❹ *These represent the transfer of property disposal proceeds to the Strategic Investment Fund to fund intentional strategic mission investments.*
❺ *This represents the transfer of designated funds to cover restricted costs not covered by grant receivable.*
❻ *This represents the use of the Sustainability Fund to cover shortfall in unrestricted funds.*

22 Commitments

At 31 December 2021 the BDBF had £160,000 of capital commitments which were contracted for but not provided in the financial statements (2020: £Nil).

The BDBF has no parish loan facilities approved during the year which have not been drawn down by the parishes concerned as at 31 December 2021 (2020: £Nil).

23 Pension costs

Employees – Church Workers Pension Fund

The BDBF participates in the Church Workers Pension Fund (CWPF) for lay staff. The Fund is administered by the Church of England Pensions Board, which holds the assets of the fund separately from those of the employer.

The 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 section (DBS) of the CWPF provides benefits to lay employees based on final pensionable salaries.

For funding purposes, the 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 FRS102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Pool, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. This 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 include contributions payable towards benefits and expenses accrued in that year (2021: £6,967 2020: £6,500), plus any impact of deficit contributions payable, giving a total charge of £40,609 for 2021 (2020: £38,963).

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 on the advice of the Actuary.

A valuation of the DBS is carried out once every three years, the most recent having been carried out and finalised 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 Pool. This increased the Employer contributions that would otherwise have been payable. The overall deficit in the DBS was £11.3m. The next actuarial valuation is due at 31 December 2022.

Following the valuation, the BDBF has entered into an agreement with the CWPF to pay expenses of £7,200 per year. In addition, deficit payments of £41,432 per year have been agreed for 7 years from 1 April 2021 in respect of the shortfall in the Employer sub-pool. In accordance with Section 28.11A of FRS101, this obligation has been recognised as a liability within the BDBF financial statements.

The movement in the provision is set out below:

	2021 £'000	2020 £'000
Balance sheet liability at 1 January	277	302
Deficit contributions paid	(41)	(39)
Interest cost	1	4
Remaining change to the balance sheet liability*	8	10
BALANCE SHEET LIABILITY AS AT 31 DECEMBER	245	277

** Comprises change in agreed deficit recovery plan and change in discount rate 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:

Discount rate	31 December 2021	1.50% pa
	31 December 2020	0.50% pa
	31 December 2019	1.40% 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

With effect from April 2012, it was agreed to make all future non-clergy pension arrangements through the Pension Builder section (PBS) of the CWPF.

For eligible salaried employees who commenced employment after 1 January 2006 the BDBF participates in the PBS, the assets of which are held separately from those of the BDBF and the other participating employers.

The PBS is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefit schemes. The BDBF contributes to the Pension Builder Classic section. The 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. Pension contributions are recorded in an account for each member. Discretionary increases may also be added, depending on investment returns and other factors. There is no requirement for the Board to grant any bonuses. The account, plus any bonuses declared, is payable from members' Normal Pension Age.

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 FRS102. 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 Statement of Financial Activities in the year are the contributions payable (2021: £245,795 (2020: £239,960)).

A valuation of the scheme is carried out once every three years. The most recent scheme valuation completed was carried out as at 31 December 2019. This 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

23 Pension costs (continued)

current time. The next valuation is due as at 31 December 2022.

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 BDBF also contributes to a Group Personal Pension Plan organised by Friends Life for certain employees. This is a defined contribution, money purchase arrangement. The pension cost for the year shown in the financial statements is equal to the total contributions. The total contributions for the year were £718 (2020: £2,085).

Stipendiary Clergy

The BDBF participates in the Church of England Funded Pensions Scheme for stipendiary clergy, a defined benefit pension scheme. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes 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 specific Responsible Bodies and this means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pension costs charged to the Statement of Financial Activities in the year are contributions payable towards benefits and expenses accrued in that year (2021: £1,056,000, 2020: £935,000), plus the figures highlighted in the table below as being recognised in the Statement of Financial Activities, giving a total debit of £1,073,000 for 2021 (2020: £922,000 charge) plus any impact of deficit contributions.

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at 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:

- RPI inflation of 3.4 % pa (and pension increases consistent with this);
- Increase in pensionable stipends 3.4% pa; and
- Mortality in accordance with 95% of the S3NA_VL tables, with allowance for improvements in mortality rates in line with the CIMI2018 extended model projections, 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

Following the valuation of the Scheme as at 31 December 2018, a recovery plan was put in place until 31 December 2022, and the deficit recovery contributions payable (as a percentage of pensionable stipends) are as set out in the following table:

% of pensionable stipends	January 2018 to December 2020	January 2021 to December 2022
Deficit recovery contributions	11.9%	7.1%

As at 31 December 2021, 31 December 2020 and 31 December 2019 the deficit recovery contributions under the recovery plan in force were as set out in the above table. For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme rules.

Section 28.11A of FRS102 requires the agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out in the following table:

	2021 £'000	2020 £'000
Balance sheet liability at 1 January	449	842
Deficit contributions paid	(231)	(380)
Interest cost	1	7
Remaining change to the balance sheet liability (recognised in the SoFA)*	16	(20)
BALANCE SHEET LIABILITY AS AT 31 DECEMBER	**235**	**449**

** Comprises change in agreed deficit recovery plan and changes 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. In general, these are set by reference to the duration of the deficit recovery payments but as at 31 December 2021, under accounting rules the payments are not discounted since the remaining recovery plan is less than twelve months. No price inflation assumption is needed since pensionable stipends for the remainder of the recovery plan are already known.

	Discount rate	Price inflation	Increase in pensionable payroll
31 December 2019	1.1% pa	2.8% pa	1.3% pa
31 December 2020	0.2% pa	3.1% pa	1.6% pa
31 December 2021	0.0% pa	n/a	-1.5% pa

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

24 Commitments under operating leases

At 31 December 2021 the charity was committed to making the following payments under non-cancellable operating leases:

	Land and buildings 2021 £'000	Land and buildings 2020 £'000
OPERATING LEASES WHICH EXPIRE		
Within one year	127	263
Within one to two years	-	127
	127	390

The Birmingham Cathedral and the Birmingham Diocesan Multi-Academy Trust contribute to the above operating lease commitments in respect of shared offices.

25 Reconciliation of net expenditure to net cashflow from operating activities

	2021	2020
	£'000	£'000
NET INCOME / (EXPENDITURE) FOR THE YEAR ENDED 31 DECEMBER	**1,691**	1,239
Depreciation charges and asset write-offs	**76**	70
Dividends, interest and rent from investments	**(618)**	(668)
Interest on payable loans	**1**	1
Interest on clergy pensions liability	**2**	11
(Profit) on sale of fixed assets	**(332)**	(315)
(Profit) / loss on sale of investment properties	**(18)**	2
(Profit) on sale of investments	**(7)**	(2)
(Increase) / decrease in debtors	**(140)**	15
(Decrease) in creditors	**(170)**	(137)
Rental income deferred	**-**	(5)
Change in fair value of investments	**(1,500)**	27
NET CASH (USED IN) / PROVIDED BY OPERATING ACTIVITIES	**(1,015)**	**238**

26 Analysis of cash and cash equivalents

	At 1 January 2021	Cash flow	At 31 December 2021
	£'000	£'000	£'000
Cash in hand and at bank	2,471	(395)	**2,076**
Cash held on deposit	5,082	845	**5,927**
	7,553	**450**	**8,003**

Cash held on deposit is that with notice of less than three months to access.

27 Analysis of changes in net debt

	At 1 January 2021	Cash flow	Other non-cash changes	At 31 December 2021
	£'000	£'000	£'000	£'000
Cash in hand and at bank	2,471	(395)	-	**2,076**
Cash equivalents	5,082	845	-	**5,927**
Loans falling due within one year	(88)	68	-	**(20)**
Loans falling due after more than one year	(90)	40	-	**(50)**
	7,375	**558**	**-**	**7,933**

NOTES TO THE ACCOUNTS

28 Related party transactions

No trustee received any remuneration for services as a director. The trustees in their role as trustees received travelling and out of pocket expenses totalling £nil (2020: £nil). Three trustees received travelling and out of pocket expenses (2020: 4) totalling £2,609 (2020: £2,323) in respect of duties as archdeacon or area/women's dean. These amounts are in line with the BDBF usual practice and are not in relation to their roles as trustees.

The BDBF is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the CofE Birmingham, other than bishops and cathedral staff. The BDBF is also responsible for the provision of housing for stipendiary clergy in the CofE Birmingham, including suffragan bishops but excluding diocesan bishop and cathedral staff. The following table gives details of the trustees who were in receipt of a stipend and housing provided by the BDBF during the year:

	Stipend	Housing
The Bishop of Aston	No	Yes
The Archdeacon of Birmingham	Yes	Yes
The Archdeacon of Aston	Yes	Yes
The Revd Alison Cozens	Yes	Yes
The Revd Chris Hobbs	Yes	Yes
The Revd Douglas Machiridza	Yes	Yes
The Revd Claire Turner	Yes	Yes
The Revd Bamidele Sotonwa	Yes	Yes
The Revd Canon Priscilla White	Yes	Yes
The Revd Rebecca Stephens	Yes	Yes
The Revd John Routh	Yes	Yes
The Revd Canon Catherine Grylls	Yes	Yes

The stipend of the Suffragan Bishop was funded by the Church Commissoners. The annual rate of stipend funded by the BDBF, paid to Archdeacons in 2021 £37,567 (2020: £36,830) and for other clergy who were trustees the diocesan stipend rate was £26,653 (2020: £26,130).

The Cathedral shares office space with the BDBF and an amount of £10,960 (2020: £23,250) was payable for this space for the year ended 31 December 2021.

The Cathedral paid Common Fund of £49,735 to the BDBF for the year ended 31 December 2021 (2020: £49,735).

The Birmingham Diocesan Multi-Academy Trust ("the Trust") shares office space with the BDBF and an amount of £19,260 (2020: £19,260) was payable for this space for the year ended 31 December 2021. During 2020, the Trust purchased at cost the services of the Diocesan Board of Education School Improvement Officer, the Church School Distinctiveness Adviser and the Education Support Manager for clerking duties at a cost of £683. The Diocesan Board of Education (as incorporated within the Diocesan Board of Finance) made a grant of £15,000 to the Trust during the year ended 31 December 2021 (2020: £nil) to fund the creation of a chapel at the new secondary academy established by the Trust during the year.

The BDBF contributed £3,000 (2020: £3,000) towards the office costs of Thrive Together Birmingham, the Church Urban Fund joint venture with the Bishop of Birmingham and BDBF.

Three clergy trustees received continuing ministerial development grants to support study and development needs and resettlement and removal grants totalling £3,826 (2020: £5,904 for five clergy trustees) during the year ended 31 December 2021. These grants were unconnected with their role as BDBF trustees.

For the purposes of this disclosure note, transactions with parochial church councils where there may be a relationship between members of Bishop's Council as they are trustees of these bodies, have not been included.

29 Funds administered as agent

	2021 £'000	2020 £'000
Government grants received in respect of school capital projects	**809**	959
Contributions from Church School governors for school capital projects	**95**	133
Total received in	**904**	1,093
Amounts paid out on school capital projects	**(1,028)**	(1,125)
NET POSITION FOR THE YEAR	**(124)**	**(32)**

The Board of Education (as incorporated within the Diocesan Board of Finance) receives contributions from governors of church schools in the CofE Birmingham in connection with major repair and capital projects to Church Schools and also government grants in connection with the same. The Board of Education administers these monies as managing agent and makes the appropriate payments to contractors for work carried out. The monies do not belong to the Board of Education and as such the receipts and payments are not treated as incoming resources or resources expended in the Statement of Financial Activities. Any monies held or due at the balance sheet date are recognised within the balance sheet and contained within the Church School Fund.

The BDBF holds and manages parsonage decoration funds on behalf of its parishes. The monies do not belong to the BDBF and as such the receipts and payments into and out of the funds are not treated as incoming resources or resources expended in the Statement of Financial Activities. Any monies held at the balance sheet date are recognised within the balance sheet as a creditor. The funds as at 31 December 2021 stood at £108,787 (2020: £99,898).

30 Prior year comparative statement of financial activities

	Note	Restricted funds: Endowment funds £'000	Restricted funds: Other funds £'000	Unrestricted funds: Designated funds £'000	Unrestricted funds: Undesignated funds £'000	Total funds 2020 £'000
INCOME						
INCOME AND ENDOWMENTS FROM						
Donations:	2					
Parish contributions		-	27	-	4,926	**4,953**
Archbishops' Council		-	1,462	1,000	1,948	**4,410**
Other donations		-	26	-	954	**980**
Charitable activities	3	-	67	-	364	**431**
Other trading activities	4	-	19	-	480	**499**
Investments	5	4	190	11	463	**668**
Other income	6	-	-	-	315	**315**
TOTAL INCOME		**4**	**1,791**	**1,011**	**9,450**	**12,256**
EXPENDITURE ON						
Raising funds	7	35	-	-	140	**175**
Charitable activities	8	-	1,972	(329)	9,160	**10,803**
Other	9	-	-	11	1	**12**
TOTAL EXPENDITURE		**35**	**1,972**	**(318)**	**9,301**	**10,990**
Net income before investment gains and losses		(31)	(181)	1,329	149	**1,266**
Net (losses) / gains on investments		32	51	3	(113)	**(27)**
Net gains / (losses) on investment Property		326	-	-	207	**533**
NET INCOME		**327**	**(130)**	**1,332**	**243**	**1,772**
Transfers between funds	21	-	187	619	(806)	**-**
Other recognised gains	23	-	-	10	-	**10**
NET MOVEMENT IN FUNDS		**327**	**57**	**1,961**	**(563)**	**1,782**
Total funds brought forward	21	28,769	7,100	1,687	6,736	**44,292**
TOTAL FUNDS CARRIED FORWARD	21	**29,096**	**7,157**	**3,648**	**6,173**	**46,074**

THE CHURCH OF ENGLAND BIRMINGHAM



Aston & Sutton Coldfield
Coleshill & Polesworth
Handsworth & Central
Kings Norton, Moseley & Shirley
Warley & Edgbaston
Yardley & Solihull

THE CHURCH OF ENGLAND BIRMINGHAM

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The Church of England Birmingham

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THE BIRMINGHAM DIOCESAN BOARD OF FINANCE

England & Wales - Charity number 249403

Accounts

Birmingham Diocesan Board of Finance Limited

Annual Report

THE CHURCH OF ENGLAND BIRMINGHAM



The trustees, who are also directors for the purposes of company law, present their trustees report together with the financial statements and auditor's report of the charitable company – the Birmingham Diocesan Board of Finance Limited (BDBF) for the year ended 31 December 2020. The financial statements comply with current statutory requirements, the Statement of Recommended Practice for Charities 2015 ('SORP2015') and the Companies Act 2006.

This report is set out as follows:

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Chairman's Statement 5

Annual Report of the Trustees comprising:

Strategic Report 6

Strategic and Operating Review 36

Summary information about the structure of the Church of England 43

Independent Auditor's Report 44

Financial Statements 45



**It should be noted that the Annual Report gives narrative on the activities of Birmingham Cathedral, Birmingham Trustees Registered, Church Schools, CIGB, Thrive Together Birmingham and individual parishes to give an overview of all Diocesan activities. However, the financial information of these entities is not included in the BDBF financial statements. They have their own financial statements as separately constituted organisations. (See page 42 for details of the structure of The Church of England.)*

The members of the Bishop's Council set out below have held office during the period from 1 January 2020 to the date of this report, unless otherwise stated.

EX-OFFICIO

Bishop of Birmingham
The Rt Revd David Urquhart
Chair of the Diocesan Board of Finance
Mr Steven Skakel
Suffragan Bishop of Aston
The Rt Revd Anne Hollinghurst
Dean of Birmingham Cathedral
The Very Revd Matt Thompson
Archdeacon of Aston
The Ven. Simon Heathfield
Archdeacon of Birmingham
The Ven. Jennifer Tomlinson
Chair of the Diocesan Synod House of Clergy
The Revd Canon Priscilla White
Chair of the Diocesan Synod House of Laity
Mr Trevor Lewis

ELECTED – HOUSE OF CLERGY

The Revd Douglas Machiridza
The Revd Bamidele Sotonwa
The Revd Becky Stephens
The Revd Claire Turner
The Revd Richard Walker-Hill *(until 31 March 2020)*

ELECTED – HOUSE OF LAITY

Miss Jennifer Clark
Mr Jonathan Goll
Mrs Gill Gould
Mr Michael Hastilow
Mrs Deirdre Moll
Mr Julian Phillips
Mr Wayne Simmonds *(until 6 August 2020)*

NOMINEES

Mr Geoff Shuttleworth
The Revd Canon Catherine Grylls
The Revd Chris Hobbs
The Revd Alison Cozens
The Revd John Routh

DIOCESAN SECRETARY

Dr Jan Smart

COMPANY SECRETARY

Ms Melanie Crooks *(until 31 March 2020)*
Dr Jan Smart *(from 1 April 2020)*

DIOCESAN DIRECTOR OF FINANCE

Ms Melanie Crooks *(until 30 April 2020)*
Ms Karen Preece *(from 1 May 2020)*

DIOCESAN REGISTRAR

Ms Vicki Simpson

REGISTERED OFFICE

1 Colmore Row, Birmingham. B3 2BJ

AUDITOR

Haysmacintyre LLP,
10 Queen Street Place, London. EC4R 1AG

BANKERS

Bank of Scotland,
125 Colmore Row,Birmingham. B3 3SF

INVESTMENT ADVISERS

Smith and Williamson
Investment Management Limited,
9 Colmore Row, Birmingham. B3 2BJ

PROPERTY AGENTS

Bruton Knowles, Embassy House,
60 Church Street, Birmingham. B3 2DJ







Bishop's Foreword



This has been an extraordinary year for the Church, the region and the nation, as the global pandemic changed patterns of life beyond everything that was recognised as normal. The adaptability and resilience people have shown has been awesome and I am deeply grateful for the work of so many who have enabled community to flourish, worship to continue and the most vulnerable to be cared for.

Covid-19 and its variants have revealed some hard truths too. It has been a year of 2020 vision as the stark reality of world-wide inequality has been revealed again. In England, the impact of the virus has hit some communities disproportionately. Online worship and engagement has further highlighted the digital divide and food poverty has revealed how precarious life is for so many.

On top of this, responses to the brutal murder of George Floyd crossed the Atlantic and laid bare the framework of systemic racism that is limiting the lives of Black people inside and outside of church. The Archbishops' Task Group has now published its report, 'From Lament to Action' and here in Church of England Birmingham, there is now a concerted effort to address issues of racial justice. This is much more than a knee-jerk response to a moment. I am committed, with colleagues, to the mainstreaming of racial equity in all CofEB strategies and initiatives.

At the same time, through the Living in Love and Faith process, the whole Church of England is being asked to consider attitudes to gender and sexuality, aiming to find ways of being church together in our 21st century context. This work will continue through 2021 as groups and parishes engage in the study material, with biblical, theological, scientific, cultural and moral perspectives.

While much of our attention has shifted to the immediate impact of the pandemic, the issue of climate change continues to be urgent and pressing as humanity considers its relationship with the planet and all of creation. As you will read, targets for zero emissions are being taken seriously and churches across the region are engaging with the Eco-Church initiative.

All these opportunities, issues and challenges bring me back to my understanding of the central Christian idea that God took flesh and dwelt among us (Gospel of John 1: 14). Christian faith is earthed in flesh, clothed in humanity and walks on soil. So too must Christian mission and ministry connect with the world around us in all its complexity, in joy and sorrow, in life and death.

Across the diocese of Birmingham, people are asking deep questions about life, relationships, purpose and belonging. They have stories to tell. This Annual Report gives a glimpse of Church of England Birmingham stories that I trust will resonate beyond any echo chamber or comfort zone.

John's Gospel goes on to say that we have seen the glory of God the Father reflected in the Son, Jesus Christ.

As society navigates the challenges of 2021, Church of England Birmingham, a Transforming Church, will seek to connect to our neighbours, learning to tell the story of God's glory afresh.

I pray that all disciples of Jesus Christ, empowered by the Holy Spirit, may do so, full of grace and truth.

+David Birmingham

The Rt Revd David Urquhart
Bishop of Birmingham



Chairman's Statement



As I write this in April 2021, I have been in office for just over a year, with the COVID-19 global pandemic dominating our lives since March 2020. Our principal activity is to have growing churches at the heart of every community, and we have adapted incredibly well, offering much of what we do online.

From a financial perspective, we have been blessed with continued generous giving underpinned by the national church's generosity. Later in this report, you will find a financial overview of the year including details of the impact and our response to COVID-19. However, such was the scale of the challenge facing The Church of England Birmingham and other dioceses that the national church assisted our cash flow by bringing grants forward and by creating a sustainability fund that we were able to draw on.

Our 2020 income of £12,256,000 was slightly higher than the prior year, however, there is a considerable impact relating to the disposal of redundant assets as documented in the Financial Review. Common Fund was considerably lower at £4,926,000, 12.2% less than 2019, but substantially better, given the circumstances. I want to take this opportunity to thank everyone who generously supported the Church of England Birmingham's ministry, an amazing and blessed outcome.

Our clergy, lay and ordained leadership have adapted to new ways of working that we would never have believed possible a few years ago. We hope that gradually 2021 will see the return of congregational gathering in our churches and a resumption of many aspects of ministry that have been paused.

In this report, you will find a detailed account of the work our staff and clergy continue to do delivering on our promises under the Shaping the Future programme and the People & Places framework, which contributed £1,155,000 to our income during 2020. Much of this work has continued throughout the pandemic, albeit there have been delays in what we had hoped to achieve in some areas. I hope you are as encouraged as I am about what is being achieved.

The big question that none of us can answer with certainty is how our income will evolve to reflect the passing of the COVID-19 peak. Understandably, this makes future planning more difficult. We expect that 2021 will be a year of two halves, with a slow start and then a gradual recovery as the year progresses. That said, we are planning for a significant deficit before calling on the sustainability grant mentioned above and by redesignating some of our Strategic Investment reserves. Whatever the outcome, we will adjust our costs to achieve a sustainable Church of England Birmingham in 2022 and beyond.

In February 2020, The General Synod voted to set a net zero emissions target for 2030, which aligned with the recommendation of our own Synod who had agreed the same target in November 2019. We are now working to deliver on a four-point plan to achieve net zero by 2030.

To finish, I would like to thank the many volunteers throughout Church of England Birmingham who give so much of their time both in the parishes and across the whole diocese.

Steven Skakel

Steven Skakel
Chair of Birmingham Diocesan Board of Finance



TRANSFORMING CHURCH

VISION

Growing churches at the heart of each community

‘More, and more confident Christians’

STRATEGY

Transforming Worship
Drawing us into the presence of the Living God

Transforming Relationships
Finding healing, encouragement and challenge through our life together

Transforming Discipleship
Enabling us to grow as confident followers of Jesus

Transforming Leadership
Releasing and harnessing the gifts of all God’s people

Transforming Presence
Living out God’s love in our communities and the wider world

Transforming Outreach
Leading others to believe in Jesus and belong to his Body

Transforming Partnerships
Working together with people of goodwill to see God’s purposes

GOALS

Growth
To grow the number of adults, young people and children within the worshipping Christian community year on year.

Seasonal
To make the most of opportunities presented by the occasional offices, the church calendar and invitational events

Communications
To develop an understanding of communications in every parish, promoting a church that is visible, welcoming and accessible

Growing younger
To develop a spiritually-enriching children’s and youth ministry in every parish and church school, encouraging clustering where appropriate

Core beliefs
To ensure that a Christian Basics course of some kind is offered in every parish at least once a year

Discipleship
To implement in every parish an appropriate strategy for making confident, prayerful disciples in their daily life

Generosity
To encourage an increasing number of worshipping Christians to take tithing seriously, and to give at least 5% of their income to the local church

Partnership and Initiatives
To increase the number, range and spiritual fruitfulness of partnerships and initiatives for social and environmental justice and community building across the diocese and the world

Diversity
To increase the number of leaders of all ages, and drawn from every ethnic group, who are trained and deployed in the church and wider community

Interfaith
To encourage every parish community to think through the challenges of relating constructively to those of other faiths

FRAMEWORK

PEOPLE & PLACES

PEOPLE & PLACES is the framework in which The Church of England Birmingham operates, enables its leaders, and lives out its vision for ‘growing churches at the heart of each community’.

The traditional model of every church led by a single ‘vicar’ is not solely sufficient to serve the people of our diverse, urban and rural region.

Instead, every Christian community will have a trained leader, some of whom may be clergy people, who is the focus for a ministry team. This team encompasses the range of required roles as identified by any expression of church. Leadership and resources are no longer allocated by parish boundaries. The new framework enables them to be shared more fairly across all our worshipping communities and form a supporting network.

It is a model than enables **growth**, recognises and equips all God’s people to be **capable** disciples and leaders. It allows us to be **fair** and generous in our distribution of resources and for a **sustainable** future to be built for all the people and places of The Church of England Birmingham.



INTERCULTURAL

LIFE TOGETHER



After a year that has disproportionately impacted the UK minority ethnic communities of Birmingham, efforts toward being more intentional about inclusion were further galvanised by the killing of George Floyd in May. Many minority ethnic Anglicans were affected resulting in an increase in requests for pastoral support.

As a consequence of the Black Lives Matter protests, several meetings were held to discuss institutional racism and issues of racial injustice - one of which entitled 'Courageous Conversations' - was hosted by the Bishop of Birmingham. Handsworth and Central Deanery organised a walk of witness culminating with a service of lament at the Cathedral.











Unconscious Bias Training

While there has been a significant increase in the uptake of Unconscious Bias Training (UBT) in 2020 by lay people, the number of UBT facilitators has decreased. To cope with increased demand, the training has been revised to form two elements: a written online module followed by a face-to-face Zoom session.

Black, Asian and Minority Ethnic Reference Group

During the summer, the BAME Reference Group chaired by Revd Bamidele Sotonwa was formed. The group's aim is to support the CofE Birmingham in issues of racial equity and justice, gather consensus from minority ethnic Anglicans across Birmingham, and collaborate with white brothers and sisters to promote racial reconciliation. Working closely with the Dean of BAME, the group is helping to develop a CofE Birmingham wide racial equity policy.

A number of online materials for use in parishes were produced for Black History Month (October) and Racial Justice Sunday (February).

2021 Priorities

Racial reconciliation is essential to our witness of Christ's love. It can only be achieved with courage to reflect equal participation in the Church. To that aim, To that aim, the hope in the next year, is for a progression to:

1. A Racial Equity Policy that will prioritise representation and participation at all levels with all ethnic groups.
2. The establishment of a register to record racial incidents and a dedicated process for mediation.
3. Race awareness training for clergy and other licensed ministers.
4. Theological materials to support diversity and inclusion.





The Rt Revd Anne Hollinghurst
Suffragan Bishop of Aston

Changing Church – Changing World – Faithful God

2020 was not the year any of us planned, yet amidst the challenge and loss, change and chance, we experienced God at work. We began to see, perhaps more clearly than before, the nature of the task that God calls us to at this time and what kind of church God is calling us to be.

As my own ministry was turned upside down, my first and foremost activity of 2020 was offering support and pastoral care to our clergy and lay leaders, just as they in turn offered care and support in magnificent ways to their people and parishes. As the necessity of rapid response turned more to reflection, one of my contributions was an online Mid-Week Session which invited all those involved in church leadership to share stories and reflect on how mission and ministry were changing as a result of COVID-19 and all that we were learning. This covered themes of what it meant to be both a gathered and sending church, responding to the challenge of inequality and reshaping society, finding new rhythms for life and ministry, renewing communion and deepening community. The contributions were rich and spoke of many practical and hope-giving ways that our churches were serving their communities, and of a deepening understanding of what it means to 'live out God's love in our communities and the wider world' – one of our key areas of transformation.

After initial crisis mode, it was remarkable how many threads of on-going ministry and development continued. The regular monthly meetings that I facilitate to draw together directors and diocesan officers engaged in leading across the areas of discipleship, vocations, mission and ministry, went online like everything else. The work of supporting, resourcing and re-imagining mission and ministry to undergird our People & Places framework continued, albeit in new ways. The breadth and depth of change that is required to support this has meant that it has been even more vital for all our directors and officers to collaborate closely. I pay tribute to all my colleagues who worked through the disorientation and restrictions to continue to progress their ministry and objectives in such effective ways.

There have been significant developments within the wider Church of England during 2020, as the national church has also sought to respond to the new challenges and changing landscape. As the national vision and strategy have continued to develop, it has been encouraging to find that our own focus has been in step. One strand of this has been our work towards developing deeper discipleship, more confident leadership and witness of the whole people of God. One of the national commitments I have held over the last few years, as a member of the Faith and Order Commission, came to fruition in two publications by the group I chaired. The first of these was a short report and practical theological workbook – 'Calling all God's People', and the second a fuller theological publication – 'Kingdom calling', on the nature of vocation, discipleship and ministry. The theological work in these publications has fed into our own reimagining of ministry and discipleship here in Birmingham. I was also delighted to sponsor a Birmingham team led by our Director of Learning for Discipleship and Mission, who participated in an inter-diocesan Setting God's People Free Learning Community. As a result of this, there are plans in progress for some pilot parishes to work on embedding a culture of 'everyday faith' supporting our aim of transforming discipleship.

Many other areas supporting mission and ministry have been ably led by colleagues and will be detailed elsewhere in this report. Among many I could highlight, I would particularly like to draw attention to the new Local Ministry pathways. A first pilot cohort has seen a number of vocations to local ministry, lay and ordained, tested through local discernment. This is a key element in supporting our People & Places strategy and my thanks go to all my colleagues who have worked hard in this area of transforming leadership.

Our diocesan areas of transformation and our transforming church goals span across the Anglican Communion's Five Marks of Mission and include our commitment to partnerships and initiatives for social justice, to transforming partnerships and transforming outreach.

Having been asked to be one of two suffragan bishops supporting the lead bishop on modern slavery / human trafficking in the House of Lords, and sustaining a long term concern in this area, in the early months of 2020, I convened a small focus group to look at how we could encourage greater awareness of the issues in the CofE Birmingham. Meetings were held with a range of partner organisations such as Adavu, The Children's Society, the Clewer Initiative, and the West Midlands Anti-Slavery network. Plans were in place to work towards supporting our parishes in awareness of issues with a focus on resources for Freedom Sunday in September. The pandemic hit and plans were put on pause. These are being picked up for 2021.

Looking ahead to 2021, questions are ever sharper as to what kind of church God is calling us to be. Our response to the report of Archbishop's Commission on Housing, Church and Community and the Church of England's new vision for Further and Higher Education offer two key opportunities to play our part in rebuilding our society and its values, and to be a transforming presence at the heart of our communities. I am looking forward to playing my part in developing our response as together we seek to keep in step with the Spirit, trusting in our faithful God.







PARISH MISSION SUPPORT

PARISH MISSION SUPPORT

2020 began as anticipated for PMS team with the annual Growing with God conference, hosted at St Peter & St Paul where around 100 children and youth workers gathered to celebrate and explore mission and ministry with children, families and young people as part of our shared commitment to Growing Younger. This event held very early in 2020, feels like a distant memory of a different universe now as we reflect on the conversations around missional stay and play groups, youth worship, community based missional presence and whether it was 'overkill' to provide hand sanitiser...

We are grateful to God for his protection at an event that preceded the emergence of COVID-19 by a matter of weeks.

Almost immediately, we entered a 'rubber hits the road' season for the Parish Mission Support team in our commitment to support and resource parishes with mission in their local context as we navigated alongside parishes in the subsequent months of constant change requiring frequent and exhausting decision making in all contexts.

The remainder of 2020 re-framed support for parish mission with young adults, young people, children and families as the team supported parishes engaging in online worship for the first time, opened bi-weekly online Zoom drop ins to connect face to face and be fully available to parishes whatever the week might bring. We have been privileged to pray with, laugh with, cry with and listen to many parishes as they navigated their way through such complicated times with perseverance, commitment and faithfulness.

There have been team furloughs, a restructure with a small number of necessary redundancies alongside new expressions of creativity and central offerings in response to parish need.

The expertise, courage and agile creativity of the team enabled development of online holiday clubs, hub gatherings and small groups for young people including the Bishop's Youth Synod – who were instrumental in creating and leading both the summer and Advent holiday clubs.

Resources were developed for a community Light Trail in the autumn which saw hundreds of people follow trails of lit up windows proclaiming 'Light in the Darkness' in the complex season of Remembrance and All Souls.

Working closely with the Communications team, the Online Chapel was launched with 24 hours of prayer, followed by central offerings at Remembrance and Advent seeking to both reduce pressure on parishes by offering a time to be together with reduced planning burdens and also explore the possibilities of online worship and mission in an increasingly parallel world.

Three online Christingle services offered parishes the opportunity to participate together without the stress of organising outreach in new and unfamiliar territory. Over 300 household groups enjoyed Christingle services hosted by Bishop David and local parishes in Weoley Castle and Banners Gate.







Our annual pilgrimage to Taizé was not possible in person, but became 'Taizé at Home'. In partnership with the dioceses of St Albans and Worcester, we hosted online worship, 'attended' Taizé online and celebrated socially together. This has developed into an online Taizé group that meets for worship monthly.

Our Youth Synod has flourished as they navigate online gatherings. The group has been involved with creating and leading holiday clubs and launching new youth led cells as part of the SDF youth project.

The youth project saw a short period of furlough in the initial months of the pandemic, but in the second half of the year has been reviewed and redefined to serve the current season. New youth cells are emerging, with a focus on supporting young people as they navigate home schooling and mental health challenges in this season.

In the midst of the pandemic challenge, plans are emerging for the second cohort of Children and Families Missioners (CFMs). Consultation is underway with the three appointed Area Deans with a view to placing three deanery CFMs in 2021, with the remaining three coming on stream in 2022 when the further three Area Deans are in post.

Transforming Church Action Planning (TCAP) continues to be a significant process for parishes across Church of England Birmingham. The process of reflecting on parish identity, community connection and future calling is becoming recognised as a vital part of the toolkit of underpinning decision making under pressure. Parishes that have a well-defined understanding of their priorities are able to respond most effectively to the constantly changing landscape as the pandemic unfolds.

2020 also saw a brief period of furlough for the team in response to parishes needing to focus internally in the early months of the pandemic, but the team quickly returned and are working with an ever increasing number of parishes as they explore the areas God is calling them to focus on for the coming season.

TCAPs remain living documents that lay out vision for the future – whatever the immediate practicalities demand. The process of prayer, listening, and reflection frame action linked with the wealth of resources available from staff 'formally based at 1 Colmore Row' and now in the main working from home.

There is no doubt that this has been a difficult and complicated year for the parishes we serve, and we are grateful for the commitment, faithfulness and partnership of so many lay and ordained leaders and colleagues. We remain grateful for the ongoing support of the Church Commissioners for both their financial support, and willingness to receive adaptations to our original project proposals.

2021 Priorities

Support for parishes will adapt and respond as we seek to discern how God is leading in the midst of political, economic, social and environmental change.

We will continue to support and develop new expressions of mission, creating and releasing resources and online events to support mission and discipleship, placing three deanery CFMs, and recruiting a further three for 2022. Our online offerings will respond to changing circumstances in a parallel online/in-building context.

The TCAP team will seek to engage every parish at a time and a pace appropriate to the local context.







Interfaith

The year started by working with Revd Paul Hinton, Head of Ministry Formation, to deliver two interfaith experience days for curates and new incumbents. This included visits to a Mandir and Mosque, visiting different parish contexts and hearing from clergy and parishioners about their mission and ministry amongst people of different faiths. Soon after this, the first lockdown was announced, and the work changed dramatically. Despite the challenges of online working, interfaith activity continued, adapted and even flourished throughout the year. The basis of most interfaith work is meeting and relationship, so we have been learning how to create meaningful activity online using the ubiquitous Zoom meetings.



The Birmingham Conversations is a dialogue project that has been running since 2014 and we decided to use that brand and run a regular series of meetings online throughout the first lockdown. These ran weekly from the end of March until the start of June and attracted participants from all the major faith communities. Each week we looked at a theme that related to the situation we found ourselves in and explored it from different faith traditions. The experiment of moving dialogue to the online sphere worked well and was appreciated by all those who attended. We learnt much about how to create an environment for discussion and the best way to use the technology. In July, we ran a three-week series of the Conversations focused on prayer. Each week, two people would talk about a prayer from their faiths and what it meant to them. This would then be used to open up conversation between the attendees. We discovered much that we had in common but also significant differences in the way we pray and what it means to us. There is a now a Birmingham Conversations YouTube channel with films of the speakers available through the Faiths, Neighbours, Changemakers (FNC) website and a new logo designed to help promote future events. Leading interfaith dialogue online opens up new possibilities and challenges. To further understand these, Andrew Smith, the Director of Interfaith Relations, wrote a paper on 'Dialogue During Lockdown' which was subsequently published in The Journal of Dialogue Studies.

At the start of the pandemic, Andrew was asked to join a task group with West Midlands Police to help advise on how faith communities were responding to and coping with the pandemic. This has led to a strong working relationship with WMP helping officers understand the diversity and nuances of the faith communities in Birmingham.

The Presence and Engagement (P&E) group has continued to meet, looking at how we can support churches to develop and grow their children's work. Despite having to change plans, we have been developing and collecting resources that reflect the ethnic,





geographic and national diversity of the Church of England in Birmingham. We want children to feel welcome by seeing images, hearing stories and taking part in activities that reflect their background and culture. We also want children across the region to grow up knowing that the church is truly diverse and that everyone can be a disciple and contribute fully to the life of the Christian family. To this end, we produced a short film for churches that featured six people sharing how they celebrated Christmas and what it meant to them. They came from Iraq, Sudan, India and the Caribbean and all live and worship in Birmingham.



Fr Julian Sampson, the Catholic Lead on Interfaith Relations, writes: *"Most parishes of the catholic tradition are in P&E areas for historic reasons and, once again this year, the focus of my work has been to support and encourage our parishes to reach out to neighbours and friends of other faith traditions. As a member of the National P&E steering group, it has been useful to explore good practice, and to share some of the innovative work we are developing in Birmingham.*

Our greater reliance on digital platforms for meeting people is an opportunity for P&E parishes. At Christmas, I sought to encourage parishes to think about the ways in which the Christian story could be shared with people of other faith traditions online.

I was pleased to contribute to Interfaith Engagement days for Curates, and to share some of the joys and opportunities that ministry in a P&E context brings."

2021 Priorities

Fr Julian will oversee the continued development of our P&E catholic learning community, with meetings taking place online.

The Birmingham Conversations will be continuing, and Andrew Smith is undertaking further research into the effectiveness of online interfaith activity working in collaboration with the Centre for Trust, Peace and Social Relations at Coventry University.

A second film will be made by the Children in P&E parishes group, this time hearing the stories of how and why people celebrate Easter.

PARISH HIGHLIGHT:
Transforming Worship



Ascension, Hall Green

The Arabic church started in September 2019 to provide a spiritual home for the Arabic speaking Christians in the city of Birmingham. The people of the Arabic church have become part of the Church of the Ascension during 2020, and one is training as a Reader. We no longer call them the Arabic church, but they are referred to as the 4 O'clock Congregation.

Parish Finance

The ethos of the Parish Finance team is to help and support those involved in the delivery of the mission and ministry of the Church. Many parishes employ staff, either full-time or part-time. We have been providing a payroll bureau service for over 20 years and currently work with 91 employers, paying around 350 employees each month. During 2020, we supported many of them to claim government job retention scheme funding efficiently as they adjusted to the effects of the pandemic on their activities.

At the start of 2020, we launched our Parish Bookkeeping service (supported by People & Places Strategic Development Funding), supporting parishes from recording their day-to-day transactions through to preparing monthly and year-end accounts and helping with budgets. We tailor our service to meet their individual needs.

"The Bookkeeping Service has been invaluable to St Michael's Church. At a time when the church accounts were manually maintained and needed to be brought up to date, the offer of help was a real lifeline. A professional and supportive service, with time being taken to understand St Michael's functional and financial set up, training given to enable input of our own data with ongoing consultancy support. Additional benefits have been attendance at PCC meetings to present accounts, sharing of best practice, introduction of useful contacts and of course financial (having the service provided free of charge)" - St Michael, Boldmere

We look forward to 2021 to introduce our Generous Giving facilitator (funded by Church Commissioners) who will extend our support to parishes in growing and nurturing generosity as well as providing practical resources to grow and develop in new ways.



Human Resources (HR)

The Human Resources (HR) Team provides a comprehensive HR service across The Church of England Birmingham; helping to recruit, retain and develop the right people, lay and ordained in the right roles, contributing to our shared vision of Transforming Church.

As part of the Parish Support Services stream of People & Places, we provide support and guidance to any parishes that employ, or are considering employing staff; aiming to reduce the apprehension and administrative burden of being an employer. We have had a very busy year, supporting parishes in navigating the COVID-19 pandemic through the Job Retention Scheme, restructuring of staff teams and recruitment. We are always available to answer parishes employment-related queries, using our understanding of the parish context to assist with recruitment, contracts of employment, policies, procedures, handbooks and much more.

We continue to provide HR expertise to the CofE Birmingham in a range of matters, ensuring that all roles are effectively aligned to our strategic priorities. Our main focus this year has been to ensure that individual staff members, teams and the CofE Birmingham wider-team come through the pandemic 'well' and are able to effectively undertake their roles in supporting the mission and ministry of our worshipping communities.

Over the coming year, we are planning on continuing to run drop-in sessions, as well as offer new workshops on some key skills and areas of knowledge that will assist our parishes who employ staff.

Property

The COVID-19 pandemic did not stop the Property Team from supporting parishes and contributing to the strategy of the CofE Birmingham. Part of the year was spent modifying the way we work to enable the team to provide advice to parishes on their building responsibilities during lockdown including advice on building closures and insurance obligations through to re-opening procedures and risk assessments around COVID-19.

The Clergy Housing (Residential) Surveyor, Richard Hall successfully oversaw the ingoing works for our new clergy despite the budget challenges and the reduction in available materials. The Parish Building Surveyors, Jan Bakewell and Andy Schofield, reached a milestone in being in contact with over 100 parishes and providing essential support under the People & Places programme. Jan and Andy have effectively overseen several projects on church property including reactive repairs and maintenance on behalf of PCCs, which has involved managing a wide range of suppliers and building contractors.

The CofE Birmingham received further great news in 2020 when Historic England confirmed that they would support the Places of Worship Support Officer (PoWSO) role for a further three years until 2024. This is a result of Ian Simpson and his predecessor, Ben Smith being directly or indirectly involved with the generation of £1.5M of funds within the first three years of the role, in addition to having a significant impact in training and supporting parishes in relation to their capital projects, maintenance and fundraising.

Communications

During the COVID-19 pandemic, working closely with CofE Birmingham staff and parishes, the Communications Team forged new paths. Offering daily Parish FAQ Zoom meetings, Mid-Week Sessions, and varied resources through social media, including a filmed weekly message from Bishop David, helping to communicate the God that we know and see, at work in all our lives, our churches and across our diocese.

In the autumn, Jenny Thurston was appointed as the full time Director of Communications and, at the very end of 2020, we welcomed Andrew Waddams to the role of Production Manager. The Communications Team continue to support parishes and the diocesan teams by developing all areas of communication through on-going conversation, seeking to enable relationships across the CofE Birmingham, exploring and refining understanding of our Transforming Church Goal 03: To develop an understanding of communications in every parish, promoting a church that is visible, welcoming and accessible.



SAFEGUARDING

The Safeguarding team of five officers has worked throughout the year to improve and increase the advice and support we offer to parishes with concerns, recruitment, policy, good practice, and training. All policies are being reviewed and revised by the national team along with working groups which have included Diocesan staff.

During this past year, we have had to adapt our training and contact due to the pandemic. We have increased our accessibility through regular Parish Support Zoom meetings. The training is now conducted through the Zoom facility and it has been a success. Obviously, it does not replace face to face, but we have been able to continue with the training programme when we were unable to physically meet. We have made substantial progress this year with the training and safer recruitment of ordained and lay ministers and officers and introduced some changes to our online Disclosure & Barring Service check process to improve our service to parishes. To increase awareness of our safer recruitment processes, we've developed an online training pack for our parish identity verifiers.

Unfortunately, our annual resource day has had to be cancelled this year due to social distancing guidelines. However, we are due to hold six Deanery support events in May 2020/21 with all the safeguarding co-ordinators in an attempt to replace the resource day until we are able to hold this event again.



Brief Guides for leaders and helpers on safeguarding children and young people, vulnerable adults, safeguarding ourselves in pastoral relationships and the categories of abuse continue to be available on our website. There is also a guide for children and young people to let them know how the adults who lead their activities should behave.

The team have managed to continue with parish 'visits' via Zoom and reassured many churches about to begin a leadership vacancy of the safeguarding support available for them. To assist parishes with concerns, we have also helped with governance and safe practice and have developed induction packs for, and met (via Zoom) with, new parish safeguarding co-ordinators and new incumbents to ensure they are briefed on safeguarding arrangements in our diocese.

The team have contributed to the National Past Cases Review (PCR1) and an independent reviewer has been engaged and is reviewing all safeguarding cases relating to a church officer role. This review has been included on our website and contact details for survivors who wish to contribute to the review have been made available. It is anticipated that will complete mid-year.

safe spaces
Supporting survivors of church-related abuse

Safe Spaces, which was launched in 2020, is a service delivered by victim support and funded by the Church Of England and The Catholic Church of England and Wales. It is a confidential service for survivors of abuse within a church setting. We have promoted this service and encouraged persons to make self-referrals where needed.

Bishop's Safeguarding Adviser:
Steph Haynes
Tel: 07342 993 844 Email: StephH@cofebirmingham.com

Hospital Chaplains



Hospital chaplains were integral to the NHS response to the COVID-19 pandemic in 2020. University Hospitals Birmingham NHS Trust saw one of the highest numbers of deaths from COVID-19 in the country, and chaplains supported patients, relatives and staff in this extraordinary time. Whilst the challenge was immense, new ways of offering support emerged. The value of teamwork – ecumenical and interfaith – was reinforced, and some deeper connections with Church of England Birmingham were also fostered. Those working in the Birmingham Women's and Children's NHS Trust are particularly aware of the long-term impact of the pandemic on families which will continue to be the focus of attention.

Two long serving and much valued chaplains – Denise Jones and David Harrison - stood down from their roles at the end of the year; there are currently four employed chaplains who are licensed by the Bishop of Birmingham.

Women's Ministry



The pandemic has meant that we have not been able to offer specific training for women clergy in 2020. However, we hope to resume this in 2021 and we are liaising with the Pathways team in order to make this possible. With that aside, this year has seen some great development in Women's Ministry, locally and nationally.

In November 2019, the Deans and Advisers in Women's Ministry were invited to spend the day in Lambeth Palace where we were led by the chairs of NADAWM, WATCH and the Transformations Steering Group. Bishop Anne also attended the day and Bishop David was able to be there for some of the discussions. NADAWM (National Association of Deans and Advisers in Women's Ministry) have been reflecting on this gathering throughout 2020, carefully considering the outworking of the five Guiding Principles, representation of women among clergy, and Clergy Wellbeing regarding issues particularly affecting women.

The Family Friendly policy has been particularly welcomed by NADAWM as it has created a visible policy for maternity/paternity leave. The document addresses issues which had previously made planning a family complex. It includes advice on parental leave for ordinands and how incumbents might arrange cover. We have been delighted to support women in Birmingham as they have become mothers in training and during their curacy. Congratulations to you all.

Women and the Church (WATCH) has again produced data, which shows that of all stipendiary clergy in Birmingham, still only 28% are women. We are continuing to address this and have been pleased to welcome a further eight deacons this year who are women, five of whom are training for primary responsibility. We have also seen a growth in the number of women who have become Training Incumbents. We are delighted that two of our Area Deans are women and that we continue to be blessed by the ministries of Bishop Anne, Canon Josephine, and Archdeacon Jenny.

We are acutely aware that, among those ordained in Birmingham, women of colour and those with disabilities are severely underrepresented. To address this, women in our congregations were invited to attend The Deborah gathering which aims to encourage and enable women, particularly women of colour. NADAWM are appointing someone to oversee the national development of ensuring greater equality among clergy. Any learning opportunities we can take from this will be shared with our Dean of BAME and Adviser in Disability in CofEB.



Finally, we have been delighted this year to have enabled a member of clergy to be a part of the Leading Women Programme and hope that this will be an opportunity to offer further training events in CofEB. The course will run again next year, and the bishops will have the opportunity to nominate candidates for selection.

Licensed and Commissioned Ministries



Staying faithful… Learning Online… Deepening Prayer… Being Grounded

These phrases sum up the powerful experience of supporting licensed and commissioned ministers through 2020 as we adapted to the challenges and opportunities of the pandemic.

Staying faithful: we sustained and extended our work in nurturing the call, training and continuing formation of licensed and commissioned ministers, lay and ordained.

Learning Online: we discovered new ways of teaching and learning through IT so that our programmes continued to engage a wide range of participants in becoming more deeply rooted in God's wisdom through theological study and reflecting on Holy Scripture.

Deepening Prayer: we used new media to sustain and enrich our lives of personal and corporate prayer and worship.

Being grounded: we remained present to one another and to God as we supported ministers and Christian communities to grow and change through the strange new realities of mission and ministry in pandemic.









Vocations Development and Discernment 2020

In Church of England Birmingham, vocation continues to flow from the Transforming Church goal of making confident, prayerful disciples in daily life. In 2020, as a nation we witnessed the army of essential workers providing care and service during the COVID-19 pandemic. Many of these essential workers were not recognised in the right way until the pandemic crisis.

It is a privilege to speak with people exploring vocations in the widest sense, wanting to serve God and the community they are a part.

Lay pioneers and teachers are among the many areas people have been exploring with the DDO and team of Vocation Advisers.

A number of Vocation Advisers and Examining Chaplains work with the DDOV in supporting vocations and advising the Bishop on discernment.

18 people were recommended for training after attending a Bishop Advisory Panel that discerned their sense of vocation to ordained ministry.

Training for Ordained Ministry: Initial Ministerial Education Phase 1

There are currently 22 people in training within the following training institutions: Queens Foundation, Birmingham; Ridley Hall, Cambridge; St Mellitus, London and East Midlands; Trinity, Bristol; Cranmer Hall, Durham; St Stephen's House, Oxford; Wycliffe Hall, Oxford.

Ordinations 2020

In 2020, the Bishop ordained ten deacons and seven priests. These were much smaller services due to government COVID-19 guidelines but were not lacking the usual awe in worship and commitment of an ordination service. Each service captured the gracious call of God and the celebration of ministry of the whole people of God.

The future, 2021 and beyond

The aim over the next three years will be working towards seeing growth in vocations through:

- Cultivating a broad sense of vocation development
- Nurturing lay vocations
- Consolidating local discernment and assessment panels
- Increasing younger vocations, particularly to ordained ministry
- Recruiting more people to discern vocations as Vocation Advisers.



Initial Ministerial Education Phase 2: 2020

During the summer of 2020, ten new Deacons arrived in parishes across CofE Birmingham to emerge into new ministries in a time of great challenge. Their ordinations were delayed until Michaelmas and it is a tribute to them and their Training Incumbents that they were able to creatively engage in ministry so fully. In all, 30 Curates were placed with experienced Training Incumbents in parishes in a range of contexts around CofEB for up to 42 months. Their formation programme is overseen by the Revd Paul Hinton. Seven Curates completed their initial formation and moved into new posts of responsibility in Birmingham and other dioceses. Regular monthly training events for Curates included the annual January retreat at Holland House, Cropthorne, whose Warden Revd Ian Spencer, led a programme exploring the theme of Christ at Play in Body, Mind, Breath and Community. We continue to be very grateful for the wide range of expertise and wisdom which supports Curates in their formation, including the work of two new IME2 Associate Advisers, Revd Ivor Lewis and Revd Gary Birchall who joined the team with Revd Sharon Jones and Revd Hazel White. We are also indebted to our lay assessor, Miss Mary Edwards. Thanks are extended to the Revd Dr Andrea Russell from the Queen's Foundation, for crucial work in educating Training Incumbents, as well as to Harriet O'Hara for her ongoing administrative support.

Clergy Continuing Ministerial Development 2020

- CofE Birmingham continues to support the flourishing in ministry of clergy at every stage of their ministry, through Continuing Ministry Development and Ministry Development Review, directed by Revd Canon Dr Mark Pryce.
- Bishop's Study Mornings at the Cathedral:

  June 2020 Lament, Witness, Hope: Theological Reflections in a time of pandemic, focusing on the meditations of Julian of Norwich and a range of reflections on Scripture, Prayer, Song and Experience from ministers engaged in mission and pastoral care in parishes and local communities.

  November 2020 Mark's Gospel - Unfolding the Scriptures for Clergy, Lay Ministers and Readers led by Dr Emma Ineson, Bishop of Penrith and former Principal of Trinity College Bristol.
- Clergy and lay theologians shared theological research insights at regular Round Table Theology seminars, including Jon Tattersall's MA thesis: 'Wheelchairs and stuff' – An exploration of how Pentecostal and Charismatic Constructions of the Eschaton impact those living with disability; Naomi Nixon's doctoral research 'What is the Soul of FE Chaplaincy?' Geoff Lanham's MA Thesis 'A critical exploration of kenosis in relation to the place of self-love in the Christian faith'; and Dr John Barnett's doctoral study 'Christian Sikh?' An experiment in multiple religious participation.



- A number of clergy enjoyed sabbaticals and extended study leave to enrich their on-going ministry, and over 20 clergy received grants for retreats and ministry development courses, including training in Spiritual Direction and Accompaniment as part of the West Midlands Spiritual Directors' Forum course.
- Design proposals for new pathways in training for licensed ministry are in process, responding to pastoral and mission opportunities opened-up through the People & Places programme.

Initial Training for Reader Ministry 2020

Thirteen Readers in Training from ten parishes completed their first phase of formation during 2020, all of whom were Admitted and Licensed in April 2021 by Bishop David. This formation was accomplished thanks to skillful and committed tutoring by Moira Johnson and Stephanie Hayton, working with the Revd Paul Hinton as Director of Reader Training. During the course, we moved from 'in person' sessions to working together on Zoom. It is a huge tribute to tutors and the whole cohort that this seamless transition enabled a high quality of teaching and learning to continue. Our thanks are extended to parishes, incumbents and other Readers who mentored and encouraged them in their formation and to Marlyce Bryan who has so ably supported with administrative back up. One of the consequences of the pandemic has been that the new course, which would normally begin in October, was delayed until January 2020. A new cohort of seven Readers in Training began their initial phase of formation without yet meeting each other in person. Drawn from a wide variety of social and educational backgrounds, bringing vast life experience to this most valued of ministries. Newly licensed Readers have the opportunity to continue developing their ministry through the NEXT programme, which is led with wisdom and insight by course co-ordinator, Revd Nick Ross, and joined by Revd Sam Gibson as a co-leader. We are grateful for their attentiveness to this continuing phase of training.



Reader Ministry 2020

- Reader Ministry across The Church of England Birmingham is overseen by Revd Canon Catherine Grylls, Warden of Readers. Catherine is joined by three Assistant Wardens: Ian Crockford, Michelle Granelle and Maggie Farrel together with Deanery Wardens.



- Over 200 Readers in CofE Birmingham share in leading God's people in mission and ministry in a wide variety of parishes and in chaplaincy ministry. They bring an extraordinary range of gifts into mission and ministry in Christ's name: preaching the Gospel, leading study groups, assisting in pastoral ministry, connecting a world of work and social need with worship, drawing on insights from their daily lives and varied experiences.
- Readers are vital members of Ministry Teams. Two Readers serve as Ministers-in-Charge, and a number of Readers are key members of teams during interregnums in parishes. Readers in the diocese range in age from 30s–90s, and in length of experience of Reader ministry, from 0–40 years. During 2020, another thirteen people were Admitted and Licensed.
- The leadership team was widened, with a team of three Assistant Wardens of Readers commissioned by the Bishop to work with the Warden of Readers (all Readers themselves) and a new team of Deanery Wardens of Readers beginning to be established as the new full-time Area Deans come into post. We are shaping a leadership team which models collaboration between ordained and lay licensed ministers, and aims to build up confidence as disciples in all lay people, and to encourage gifts and confidence in lay leadership.
- Every licensed Reader in the diocese is automatically a member of the Birmingham Readers' Association. The Association provides a forum for consultation and discussion on the practice of Reader Ministry, and offers a supportive community, through which Readers can provide help and share wisdom with one another. In 2020, the Executive Committee has been engaging in a process of review, with the intention of re-shaping the Birmingham Readers' Association to better support Readers in ministry, and to contribute more effectively to the outworking of the Transforming Church vision and the embedding of the People & Places framework.
- 2020 was a year like no other. Here is a patchwork of comments from Readers:

  'I have provided various resources to a WhatsApp Group... I must say preparing all of these has inspired me and kept my focus on Jesus at this really difficult time.'

  'During April to September I took the lead with organising an online Evening Prayer on a Monday evening... Looking back, the style of online evening prayer evolved over the course of the lockdown… Upon reflection seeing a need and taking the initiative with trying out a new approach to worship (looking for solutions using technology) brought a sense of the familiar/certainty in the uncertain times.'

  'We have had for many years a habit of saying Morning Prayer on weekday mornings at 9.30am... With the advent of lockdown, this moved to Zoom which cut out a couple of regulars but made it more accessible to some at a distance… As we were hosting a Food Hub with reclaimed food and donations, we prayed a lot for that. From mid-May, the Hub made available slips of paper where visitors could request prayer... We sometimes wrote cards back to those who had written requests, some of whom have increased contact with the church but most of the pray-ers wouldn't know them if they passed us in the street!'

  'We have had a weekly mid-week online service since March. I led and actively streamed the first of these but this dual role was soon being shared by colleague Readers… Numbers tuning in has varied. Initially we were getting maybe 20 joining us... We are aware that we have some who join us who are not parishioners… I started this with no experience in this type of operation… I have discussed with our Vicar the possibility of making this a focus of my ministry as we can see initially the need to continue for some time but also a usefulness even when we return to a more normal operation.'

  'I'm part of the team running our Alpha Course and that's gone online too… This pandemic does seem to have stirred some spiritual yearnings in people and courses like Alpha are one way for people to explore the Christian faith. Not everyone can engage with church online and lockdown is disproportionately hard on those without access to the Internet, who are often those of more advanced years. Similarly others have not been able to work due to the restrictions and are facing hardship. These and other consequences of the pandemic mean that the shape of my pastoral care has needed to change too.'

2021 Plans

Seven people took part in the annual Discernment and Selection Day 2020, and training began in January 2021.





Local Ministry Pathway 2020

- Leaders from inner urban and estate churches completed a foundation year of leadership training in the new formation pathway for Local Ministry.
- This is a pilot programme led by Revd Canon Andy Delmege, training the leaders for churches and Fresh Expressions, grant-funded by Allchurches Trust.
- The discernment and formation of participants for service and leadership as Local Ministers continues in 2021 and 2022.
- Diocesan Synod welcomed the Pathway and proposed training for local authorised ministries.



Commissioned Lay Ministry Offering Pastoral Care and Community Skills 2020

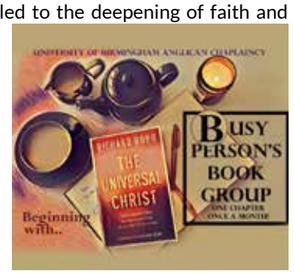
The scheme continues to equip Lay Pastoral Teams who are commissioned to work with Clergy and Readers in the mission and ministry of congregations across CofEB. A new approach to training which enables teams to be commissioned after the first phase of formation – by completing the Learning to Listen and Listening to Communities modules.

Delays caused by Covid-19 have not prevented two new teams – at St Hilda, Warley Woods and St Bernard, Hamstead – complete training together, joining 40 lay pastoral teams across the diocese. More than 65 people from these teams came together for an Annual Away Day in March (just days before the national lockdown), entitled Wisdom for Pastoral Care in Turbulent Times with keynote speakers including the Revd Canon Dr Sharon Prentis and theologian and bible scholar, Ann Conway-Jones. The scheme continues to be supported by CME Advisers and volunteer tutors with particular skills and expertise. We depend upon their wisdom and insight.

Our thanks are particularly extended to Allannah Brenan who stepped down as a CME Adviser after many years.

Higher Education (HE) Chaplaincy 2020

- The Anglican Chaplaincy at the University of Birmingham moved to working on Zoom the day after the first lockdown began. Much needed pastoral support, prayer and services continued relatively uninterrupted as staff and students adjusted to the new restrictions.
- New modes of communication connected the chaplaincy with international students, postgraduates and staff not normally able to take part in activities, including weekly online worship and a full programme of ecumenical Holy Week Services.
- A new online book club has led to the deepening of faith and relationships.



- Regular Midday Prayer and meditation have provided staff and students with a space in which to relieve stress and reconnect with God and each other.
- At Christmas, with funding from the Anglican Chaplaincy Trust, the Chaplain distributed a Christmas care package for students who would be in halls over the festive period. The bags contained fairy lights and treats as well as the Church of England's Christmas at Home booklet and details of local in-person and online Christmas Services.
- The University Christmas Carol Service was streamed to Facebook and had tens of thousands of hits as alumni from all over the world tuned-in to celebrate the Birth of Christ.
- Vocations continue to grow and flourish at the Chaplaincy, with one student going on to become a parish assistant, one staff member about to go to a Bishop's Appointment Panel and one who has just entered the vocations process. Even in lockdown Christ has called and the faithful have responded!
- Looking ahead: work is continuing to develop a new scheme of HE Chaplaincy provision across the city, connecting HE institutions with local church communities and building on the substantial relationship Church of England Birmingham has with this vibrant and growing sector.

Religious Life and Religious Communities

- Birmingham continues to be blessed by a number of Anglican Religious Communities – women and men living vowed lives of prayer and service, singly or in small communities, including the Sisters of St John the Divine in Marston Green who have a special commitment to support People & Places in prayer.
- The work of Anglican Franciscan brothers supporting asylum seekers and refugees in Birmingham parishes was specially featured in the international Franciscan journal, which has been a spiritual source of prayer and renewal through 2020.
- Religious life in the CofE is a unique connection with other Anglican provinces around the world, and with ecumenical partners.
- Each year at Candlemas 2020, Anglican Religious women and men join Roman Catholic brothers and sisters in renewing their vows, and those celebrating 'jubilees' in the vowed life receive special prayers and congratulations.
- Brother Edmund SSF of the Society of St Francis celebrated 50 years in religious life. *(Below right: Br Edmund SSF with Archbishop Bernard Longley at St Chad's Roman Catholic Cathedral Birmingham 2020)*





Changes in key personnel in 2020:

- Revd Dr Sam Gibson joined as part-time Associate Ministry Development Adviser, working with Nick Ross in the continuing development of newly licensed Readers and Andy Delmege in leading the Local Ministry formation Pathway.
- Revd Gary Birchall and The Revd Ivor Lewis joined the team of Associate IME2 Advisers supporting Curates in their formation.
- John Restall and Revd Saskia Barnden joined the team of CME Advisers supporting commissioned pastoral teams in parishes.

PARISH HIGHLIGHT:

Transforming Outreach



God's Heart for Longbridge (GHfL) Chaplaincy

GHfL was established during the early stages of Longbridge Town Centre development to develop ways to create a visible (ecumenical) Christian presence without a church or community building. In 2020, unable to hold events, we have posted stories and photographs from previous events, and reminders that we are praying for our community, especially those who have lost loved ones during the pandemic, those who are struggling with financial difficulties or are anxious about their jobs or businesses, and for our schools and colleges.





Pathways

Lifelong discipleship; Flexible learning; Flourishing teams.

Pathways came into being at the start of 2020 within the Transforming Church vision to grow churches at the heart of each community. Pathways is aligned with the six Deaneries within the People & Places framework, supporting the growth of disciples and lay leaders who are exploring and discovering opportunities to serve and lead in new ways. Through the flexibility of the new learning Pathways, we are seeking to provide opportunity for every Christian and church community in the Church of England Birmingham family to grow in their capacity to live out the Good News of Jesus, equip them for serving Him and be servant leaders in every sphere of life.

We began the year with a re-imagining of learning for ordained and lay missional leadership across our diocese and what the new Pathways could look like. From March, we ran a recruitment process for a Pathways team of six and, despite the restrictions of lockdown, were successful in recruiting and appointing a creative and passionate team who have been working together to develop learning pathways, mentoring and coaching. Over the past few months, the team have been building relationships with people in parishes and Deaneries. We have been seeking to listen well and understand the learning needs of those in ministry and who are exploring leadership and it has been exciting to work together as a team to connect the learning and support with different ministry areas.











The concept of learning Pathways focuses on bespoke mentoring and modular learning pathways to deepen faith and to raise skills, confidence, ability and commitment. Pathways is about leadership development and training in new skills and approaches to meet the challenges of mission and ministry in a changing culture. It builds on Flex, the original pilot for Pathways, which is a learning pathway with many learning opportunities for all interested in mission and ministry with young people, children and families and young adults. Over the past year we have worked collaboratively with clergy, lay leaders, youth and children's workers, Readers, Curates, Area Deans and Theologians to create content and develop ideas for learning in new ways. We now have a growing network of Tracks, Paths and Ways on the Pathways learning platform including Unconscious Bias, Safeguarding, Intercultural Awareness, Flex, Reader Ministry, Unfolding the Scriptures and the Psalms. These can be accessed through a simple registration process by going to *birmingham.learn.anglican.org*.

Pathways enables learning in all kinds of ways and that includes gathered sessions. However, the rapid switch to digital platforms and video conferencing during lockdown gave us a tremendous opportunity to begin exploring different ways of learning with people who were quickly adapting to the new online environment. This fully enabled people around CofE Birmingham to access learning which is relevant to their context and ministry, in their own time and at a pace to suit them.

We have recently appointed an organisation to partner with us who will develop the coaching training and the individual coaching for those in new leadership ministry roles. This coaching will be embedded with the values of diversity and inclusivity as will the mentoring offered to all those on a learning journey.

2021 Priorities

The coming year will bring challenges that we had not envisaged at the beginning of 2020. The challenges to our leaders and the opportunity to change and adapt leadership roles and styles have never been greater. So, Pathways is designed to be flexible and agile so that the shape and content of the learning Pathways are responsive to the needs of emerging ministry areas. New pathways will include Oversight Ministry, Local Ministry, Coaching, Mentoring, Induction, Finance for Treasurers, Working with Volunteers and Servant Leadership. At the same time, we will be developing a network of learning mentors to come alongside those on leadership pathways so that they are supported on their learning journey. In this way, every Christian community in CofE Birmingham will have a trained and supported pastoral minister and a well-equipped, flourishing team which is reflective of the local community.



Learning for Discipleship and Mission

We give big thanks to God that in 2020 there were four moves towards building the culture of 'confident disciples and leadership' which undergird every aspect of our strategy to be a Transforming Church.



Firstly, the on-going development of an accessible and robust discipleship resource, known as 'Way of Discipleship'.

Second the development of a foundational servant-leadership journey known as 'Way of Servant-Leadership', delivered through Pathways.

Third, mentoring for Intentional Discipleship (MID) of 20 people in small groups every three to four weeks.

And lastly, engagement with the national church initiative 'Everyday Faith', through a team joining a national learning community with other dioceses.

The four 'Way of Discipleship' modules began in September with an initial online pilot. 13 facilitators trained and seven groups ran across CofE Birmingham, and with 60 participants in total. In 2021, it will be available on its own web platform and app.

The modules aim to create confidence, by emphasising change in lived experience. They offer a Trinitarian approach to transformation. The course resource can be used in whole, or in part, by anyone anywhere, making discipling others as easy and robust as possible.

One of the aims of MID groups is to encourage people, in their confidence of discipling others, so that groups are multiplied. Towards the end of 2020, three further groups started to take shape.

In 2021, two new MID groups have been proposed and in Autumn 2021, an 'Everyday Faith' learning community will begin, offering at least ten parishes opportunity to journey together through exploring culture that affirms everyone's ministry and giftings.





Mission Apprentices

Our eight Mission Apprentices (MAs) did incredibly well in adapting to the new pandemic circumstances, and were able to share stories of God's grace and perseverance in their end of project reflection presentations. As well as blessing some of our parishes, they themselves have developed in their ministries and gifting.



We were deeply saddened to learn of the death of Sian Mehlmann, who had served with such grit and love at St Luke's Gas Street in a time of transition. We hold her family in our prayers with love.

The MA programme proves the incredible value of investing in individuals, and seeing how much God brings fruit into their lives. Our thanks to AllChurches Trust for supporting this project, and to Lizzie Gawen for her faithful and loving stewardship as its coordinator.



Community Regeneration

In partnership with Thrive Together Birmingham (Thrive), the primary aim of the Community Regeneration team is to encourage and support people who are motivated by their faith to tackle poverty and build community. Our priority is to see Anglican churches playing their part in helping their neighbourhoods to flourish and doing so in collaboration with other faith communities and people of good will and common values.

We are part of a wider movement of people in Birmingham and the wider West Midlands who are motivated to make a difference in their neighbourhoods, communities and the lives of people who are marginalised.

Despite the challenges that have faced the whole country as a result of the COVID-19 pandemic, we have been able to stay connected and active.

2020 began with an opportunity to celebrate!

Places of Welcome

The Places of Welcome movement began in Birmingham in 2014 with 70 opened in the city prior to the pandemic and around 400 across the country. The national network is now supported by Church Urban Fund and Thrive continues to employ a Development Worker to support and develop Places of Welcome around the West Midlands. In February 2020, we were able to hold an event to celebrate the 5th Anniversary with groups from across Birmingham, Solihull and Sandwell gathered at St. Martin's in the Bullring to share the launch of an art installation to which their groups had contributed. Sadly, COVID-19 meant that Places of Welcome had to close although some groups were able to stay connected via social media.

Rising to the challenges of COVID-19

During the COVID-19 lockdown, the team supported a number of churches in using their resources to respond to the challenges of the pandemic particularly providing emergency food in their local communities. We worked in partnership with other Third Sector organisations to try to ensure that the needs of people across Birmingham and the wider diocese were addressed through local and centralised provision.

Through these connections, we identified a significant shortage of available food and so set up the Feed Birmingham campaign in partnership with the Edgbaston Foundation, Edgbaston Cricket Ground and West Midlands Police. Over four months we ran weekly public collections of food, baby supplies, cleaning materials and toiletries which were then distributed to 24 neighbourhood-based organisations who were running emergency support provision. An appeal and online donation campaign was set up to receive financial donations with all money raised going to food provision.

In the autumn, we were asked to repeat this model to collect toys for children whose parents could not afford to buy gifts. Working with the Edgbaston Foundation and Birmingham PlayCare Network, we set up the Toys4Birmingham campaign and organised three collection days at Edgbaston Cricket Ground receiving over 16,500 new toys and books from the public. Donations were distributed to 53 frontline groups across Birmingham, including Children's Centres, who were offering direct support to families.

Throughout the year most of the community activities that Thrive supports and encourages were forced to cease. Instead of furloughing our staff, roles changed so they could engage in the activity previously described but also to ensure contacts were maintained with activity leaders and their networks. As a result, in the autumn, colleagues saw the need to set up a Community Restart programme bringing practitioners together online to share their Covid experiences, their hopes and anxieties, and to explore practicalities for re-opening activities. The Thrive team had real concerns that much of the pre-COVID-19 volunteer-led activity might not restart in 2021. From the initial sharing sessions, Thrive staff have gone on to develop a programme of training covering COVID-19 advice updates for safely operating groups, COVID-19 Money Advice, mental health and wellbeing and Mental Health awareness.

'Body, Mind and Spirit Partnership'

Thrive manages the Body, Mind and Spirit Partnership (BMSP) which is a collaboration of 13 churches and Christian projects funded by a grant from Birmingham City Council to employ Development Workers to provide preventative activities for older people to enable them to live independently in their local communities. Together, the partners facilitate activities for around 2,000 older people in neighbourhoods around Birmingham. Despite COVID-19 curtailing regular gatherings for activity, the Development Workers have risen to the challenge of staying connected to older people to try to alleviate an even greater threat of loneliness and isolation. They have been innovative in their approach developing new telephone contact, connectivity through ICT and creating and delivering art activity packs. Thrive has played a key role in co-ordination, training, skills and idea sharing and developing innovative approaches through ICT in order to overcome COVID-19 restrictions.

A new partnership has been developed with Linking Lives, a national charity specialising in providing connection to older people through telephone support. Through support from the National Lottery, a pilot has been run to encourage churches to develop telephone support services.

Funding has also been secured for a pilot programme to explore how to develop ICT skills with older people with no previous experience of using computers.





Near Neighbours

Funding from the government through the Ministry of Housing, Communities and Local Government has enabled us to sustain our Near Neighbours work bringing people with different backgrounds together to build friendships and community connections. Despite COVID-19 restrictions, our Development Worker has delivered another small grants programme which has supported new groups to develop activities in their local neighbourhoods. Sadly the usual events bringing people from different backgrounds together for learning and celebration had to be cancelled although some online events were held to retain connection and share COVID-19 experiences.

Your Local Pantry

Thrive is partnering with Church Action on Poverty (CAP) to employ a Development Worker to develop the Your Local Pantry model in the West Midlands. Your Local Pantry is a community food membership scheme run on a franchise basis by volunteers for the benefit of their local communities. Rather than providing emergency food as a Food Bank would, they focus on the security of a weekly affordable food offer at a reduced price with some choice of staple food items. They aim to help people make their money go further by reducing food shopping bills, providing advice and support, and developing volunteers. By the end of 2020, nine Food Pantries were open in Sandwell, Birmingham and the Black Country with nine more in the pipeline planning to open in 2021. As a result of this success and growing interest, plans are being put in place by CAP to extend the partnership with Thrive with funding for a further two years.

Safe Spaces for Young People

Recognising the lack of support and meeting places for many young people in Birmingham, Thrive continues to collaborate with Christian youth work organisations in Birmingham to encourage churches and Christian organisations to set up Safe Spaces for young people in neighbourhoods around the city. In effect, these are Places of Welcome specifically for young people hosted by Christian youth workers and volunteers. By March 2020, a network of 85 neighbourhood-based Safe Spaces was operating across Birmingham supporting over 2,000 young people a week and involving over 300 volunteers. Support was provided by a part-time Safe Spaces Co-ordinator contracted through Thrive.

With the onset of COVID-19, most groups had to close but youth workers were keen to retain contact with young people and support them through the multiple challenges caused by the pandemic. Thrive secured funding from the Heart of England Foundation 'Doing Things Differently Fund' to develop a programme of support which included an advice and support line for Safe Space partners and youth workers providing up to date information and guidance around COVID-19 restrictions, commissioned youth workers to offer support and coaching particularly around developing detached youth work and delivery of a range of online support/idea sharing/networking sessions to support youth workers to feel less isolated and to share ideas and good practice in potential new ways of working.









**The narrative on the activities are shown here to give an overview of all Diocesan activities. However the financial information of these entities is not included in the BDBF financial statements.*

PARISH HIGHLIGHT:
Transforming Outreach



Ascension, Stirchley

Inspired by two other local churches, in 2019 a number of people connected to Ascension Stirchley knitted a nativity scene for our new Stay and Play, Little Pineapples. In 2020, we created a 'Knitivity Trail' with the figures, on the windowsills of seven local homes. On Christmas Eve, the figures journeyed to the crib, brought to a 20 minute outdoor 'crib' service, at the front of the Church of the Ascension. A large number of families came, suitably distanced, of course, including some of those who had played with the figures at Little Pineapples, and many who have never been to a service before.

Estates

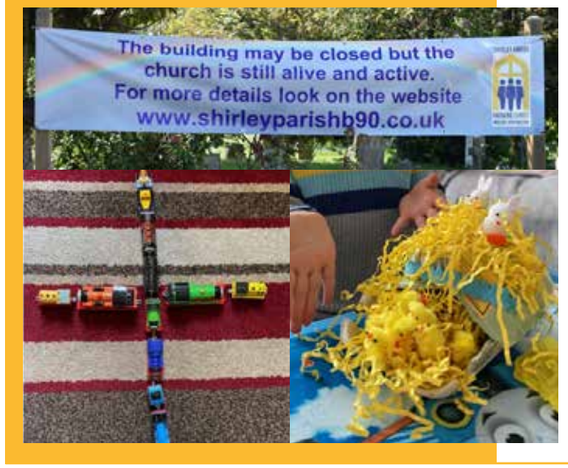


Due to the pandemic, all of our engagement in 2020 has been online. We continued with some morning meetings via Zoom with urban-based colleagues, and enabled the NECN conference to go ahead in July under the banner of Claiming our Place: Local Leadership in Estates Churches. The number and nature of our gatherings tried to hold a balance between nurturing colleagues and not overwhelming them.

Andy Delmege stepped down from his enabler role to take up the post of Canon Missioner at the Cathedral. We are very grateful to Andy and to God for all his work in helping to build fruitful and forward-looking ministry across Birmingham over many years, and for the links he has been able to provide between national and regional networks.

NATIONAL ESTATES CHURCH NETWORK
Claiming Our Place:
Local Leadership in Estate Churches

PARISH HIGHLIGHT:
Transforming Worship



Shirley Parish

Before lockdown, the celebration of the Eucharist was the main focus for worship, but we have become familiar with Morning Worship on Sundays, midweek Bible reflections, and monthly Reflective Worship – all available on YouTube, on the phone and off the page. We've built a pastoral care network to look out for everyone, share news and pick up any concerns.

Zoom has hosted our weekly prayer meetings and social events – coffee mornings, bingo afternoons, Summer and Christmas Fairs. Zoom Tea and Toast has helped us to maintain some personal contact with Messy Church at Home families. We have even had a couple of online Healing services.

Many of the changes have become integral to church life and will remain with us. We are currently planning ahead, confident that we are now in a much better position to witness to the gospel in a world that is changing.

World Community: Bolivia Link



As in all relationships across the world, the COVID-19 pandemic has substantially affected the link we have with Bolivia. Any exchange of visits has of course been impossible. Providentially though, our level of communication with our Bolivian brothers and sisters has in some significant ways increased. An outstanding Zoom conference brought together members of our Bolivia task group with clergy and lay leaders in Santa Cruz, La Paz, Cochabamba and Tarija. Even with differences in language there was a very free sharing of news and joining in prayer. This exchange has prompted more frequent 'Zooms' with individual churches in Bolivia and our congregations active in this partnership.

A matter of deep concern has been the impact in Bolivia of COVID-19 upon the poorest people, and indeed how it has affected the financial support church members have been able to provide for their pastors. From Birmingham, money gifts have been sent both to help in the financial support for the clergy, and for the congregations in their provision of food for people in desperate need. In the accompanying picture help is being given by the Revd David Antezana to young and old members of the local community in La Paz.



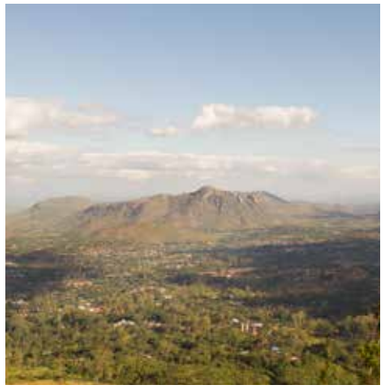
Along with other priorities, leadership training remains vitally important. Bishop Raphael Samuel has delegated to two of his ordained colleagues, Walter Toro and David Antezana, responsibility in this area. A new programme of training begins in March 2021, and through Zoom we are being invited to contribute to it.

World Community: Malawi Partnership



Last October we reported that COVID-19 as a health issue had not affected Malawi to any very significant extent. At that time, official statistics suggested fewer than 200 people had died. Just before Christmas that began to change and, through January and early February, the South African variant caused a major spike in cases. Schools were shut and other restrictions imposed. However, the news is that these measures have stabilised the situation once more. The present official death toll is now 1,100 -1,200 and officially death figures average 4-5 per day – not good and almost certainly an under-estimate but, compared to Europe and the Americas, the situation is very encouraging indeed.

Nevertheless, schools shutting in 2020 led to many girls becoming pregnant and not returning to their education. So, although schools have now returned in Malawi, the January/February break is likely to have led to a further reduction in the number of girls in education. As it is, only 8% of children complete secondary school and most are boys. COVID-19 will have reduced these numbers still further.



In addition, because of COVID-19, by the end of 2020 even more Malawians than usual were facing financial hardship and food poverty. It is too early for statistics but this year's restrictions will have impacted still further on the economy and on the state of people's lives.

A huge thank you to every person and every parish that responded to last October's update. Through November and December the congregations of Birmingham gave more than £27,000 for Malawi – given our own COVID-19 challenges a very impressive figure. As a result we were able to support the church and its ministry significantly more than we had anticipated - as well as supporting church schools in becoming more COVID-19 secure.

PARISH HIGHLIGHT:
Transforming Presence



St Michael's, Baddesley Clinton

In 2020, St Michael's again achieved Carbon 'net zero'. We include emissions arising from car travel by the congregation coming to church and all who make the church function, including tradespeople, as well as paper consumption etc. We made a payment of £40 (1.5 rounded up to 2T @ £20/T) to Climate Stewards, an organisation who will apply this money to projects certified to reduce Carbon emissions.

Eco



Net Zero

Following on from the Birmingham Diocesan Synod in November 2019 setting a target for all parts of the diocese to achieve net zero emissions by 2030, in February 2020 similar targets were set by the General Synod for the whole CofE. As a national clarification as to the scope of net zero was completed, a CofE Birmingham Environmental Board was established to oversee environmental projects, including the project to deliver net zero emissions. The Board, chaired by Bishop David, includes senior staff representing all parts of the diocese. It met for the first time in June 2020 and subsequently twice a year. The Board has established a working group (NZEG - Net Zero Environment Group) made up of diocesan staff and volunteers under the leadership of Daniel Mayes, Property Director. Links to the parishes will mirror the People & Places framework and be nurtured through environmental champions at deanery level. Most of the diocesian carbon footprint is in parishes and schools, which are not directly managed by CofEB. A communications plan has been developed to encourage and facilitate churches and schools in working towards net-zero.

Energy Footprint Tool

An immediate priority for the net zero project is to calculate a baseline carbon footprint for the CofEB against which progress towards net zero can be measured. In 2020, all churches were encouraged to submit their 2019 energy consumption data via the national Energy Footprinting Tool accessed via the 'Parish Returns' website. Almost half of the churches in our diocese took part, and this can be built upon in future years.

Eco Church

In December 2019, CofEB was close to Eco Diocese silver accreditation. A Rocha UK then spent 2020 reviewing the criteria for silver, and in February 2021 published revised criteria, which are far more demanding. CofEB will continue to work towards the silver award but will need more parishes to engage with Eco Church through progress has been made even through lockdown. 62 churches have now registered, 22 have gained bronze award and six have gained silver. Those churches gaining bronze in 2020 are St Mary, Lapworth, The Church of the Ascension, Stirchley, St James the Great, Shirley, St Laurence, Northfield, St Nicholas, Kings Norton, St Andrew, Chelmsley Wood, Holy Trinity, Sutton Coldfield, St Francis Bournville and St Andrew, Barnt Green. Those gaining silver are St Mary, Wythall, St Mary Magdalene, Tanworth in Arden, St Christopher, Springfield and St George, Edgbaston.

Aims

The diocese will continue working towards net zero by 2030 with renewed emphasis on the Energy Footprinting Tool, Eco Church and Eco Diocese. Churches will be encouraged to prepare for the UN COP26 conference (Glasgow, November 2021) by holding a 'Climate Sunday' themed service before 5th September 2021.



The Diocesan Advisory Committee for the Care of Churches (DAC)

The Diocesan Advisory Committee for the Care of Churches (DAC) provides advice to the Diocesan Chancellor and the Archdeacons on the effective stewardship and development of church buildings; church architecture, archaeology, art and history; conserving historic fabric and furnishings; and liturgy and worship, while giving due regard to the mission and worship needs of parishes and congregations.

The DAC is constituted by experienced specialists, appointed by the Bishop's Council, who provide a senior consultant level of advice on a voluntary basis. It also includes the Archdeacons, two members of the Diocesan Synod and nominees from Historic England, the National Amenity Societies and a Local Government Association, giving each parish access to a very wide range of experience and input.

Highlights of the year

In 2020, the Diocesan Chancellor granted faculty permission for 48 applications for works to church buildings, while 34 projects were given permission by the Archdeacons under List B. The DAC was involved in:

- 118 separate cases that covered everything from the installation of a protective screen to a historic wall painting to the relandscaping of a churchyard;
- Nine projects to reorder church spaces (of a wide variety of scales and at a full range of stages, from the formulation of initial ideas to approaching final completion) and develop the buildings as significant centres of worship, mission and community engagement. This included major projects at St Peter & St Paul, Coleshill and St Cyprian, Hay Mills;
- a wide range of everyday yet vital repair and improvement projects at churches, such as installing new heating systems, introducing new lighting, carrying out general building repairs and managing churchyard trees.
- a variety of projects focusing on reducing energy usage and associated carbon emissions from church buildings through the installation of more efficient heating and lighting systems, use of renewable energy, improved maintenance and draughtproofing.



PARISH HIGHLIGHT:
Transforming Presence



Holy Cross, Billesley Common

While we were still getting used to being 'locked down', we thought that we could mark the 75th Anniversary of VE Day with art across the railings outside the church and community centre.

We asked schools and Scouts and our local community to get involved and we had a really positive response, receiving contributions from Billesley Primary School, Swanshurst Girls School, The 325th Birmingham 1st Billesley Scout Group and local families.

It certainly helped to unite us as a community, when relationships were challenged through the pandemic. We were delighted to have such wonderful pictures to display. It really brightened up the road. We encouraged folk to come to the exhibition while on their daily walk by advertising the art work via the church Facebook, which we had begun to use more often and to focus on this as our main point of communication into the community.

"As we were putting the art work up yesterday evening (maintaining social distancing) we created a lot of interest from passing cars, exercisers and dog walkers. We hope this continues over today and the weekend. Come and see!"

Planting, Revitalising and Training



Recently, we were asked, 'how do you plant churches in a pandemic'? The answer, we gave was… *"Differently"*. We have had to think differently in the New Christian Communities department this year and with God's help we have managed to start some superb initiatives that stick closely to our Transforming Church vision of Growing Churches at the heart of each community.

Planting

Incredibly, we have managed to start two new church plants in 2020. St Andrew's Chelmsley Wood is home to our Pioneer Minister, The Revd Andi Thomas and we asked Andi how he has developed his church planting work during the Pandemic. He responded by giving a snapshot of his ministry which this year has included: launching 'church on the wood' with approximately 25-30 people attending online; starting a baby bank in partnership with another local church; supporting local schools through assemblies; and ministering to several families who have experienced relationship breakdown.

Living close to Andi is Ricky Sandiford, a former Mission Apprentice who felt called by God to start a new church in his local area of Smithswood. Ricky is a lay church planter and works part-time to support his ministry. He was encouraged by his sending church, St Clements Castle Bromwich, and their Vicar, Stuart Carter, to expand into an unchurched part of the parish. Ricky, along with a core team of four, has run a men's discipleship group, helped residents with shopping needs, and led bible studies in the park. He also has links with Birmingham City Football Club and has plans to run coaching clubs on the estate when restrictions allow.

PARISH HIGHLIGHT:
Transforming Relationships



Holy Trinity, Smethwick

"This year for me personally has seen the renewed sense of the place of the Church of England and its critical role as leader or facilitator when it comes to civic, health and interfaith issues. Add to that a grey beard and grey hair and the respect one is held in is humbling. The Church of England has more to offer than we sometimes think.

Over 2020 we saw the release of new ministries in the church and the re-launch of BCP Evening Prayer on Zoom! Six people have together made probably thousands of telephone calls binding the congregation together, being a vital conduit for prayer and pastoral ministry. The Hope Tree outside church was created, a building was sold, proceeds invested and the re-development of the inside of Holy Trinity was taken forward.

What stopped in 2020 at Holy Trinity Smethwick? Actual meeting together. What continued… the life and ministry of every part of Holy Trinity… looking forward, working hopefully and trusting ever more closely that Jesus never leaves or forsakes, God through the Holy Spirit is always at work to create new demonstrations of love and mercy and service."

On behalf of the people of the Parish of The Resurrection, Smethwick, Revd David Gould



Revitalising

This year has also seen the launch of a church revitalisation project – St Mary's Pype Hayes. The church has been faithful to the community it has served for many years and was open to reimagining what ministry might be for the next season. After prayer and conversation, the wonderful folk at St Mary's were happy to engage in a revitalisation process. As a result, they have welcomed The Revd Trevor Meardon and his family to become a church planting incumbent. Pype Hayes is in the eastern district of Erdington and has undergone significant regeneration over recent years. It has a large residential population that includes many young families in the area. Trevor is working with the existing congregation to reach out to this emerging community. This project is being supported by Gas Street Church.

Training

We recognise the importance of training for effective leadership and were delighted that both Andi and Ricky were able to join the Church Planting Course that was held online by the Gregory Centre for Church Multiplication. The training course is an initiative led by the Bishop of Islington and gives a comprehensive overview of church planting. Moreover, in June, we were encouraged that at least ten CofEB representatives attended the online church plant conference, Multiply X and were able to benefit from the wide variety of conference speakers.

2021 Priorities

Plans for 2021 will be focused on supporting the development of New Christian Communities across our six new deaneries under the People & Places framework. We will be working closely with our new Area Deans and deanery project teams to identify new opportunities for ministry. We will encourage and support our churches to consider how they can engage in New Christian Communities, perhaps by starting a fresh expression as these are often feasible, manageable projects that could help kickstart new ministry after the pandemic eases. Another area of ministry we are exploring is related to sport. There are lots of people who are keen sports participants who are not part of any Christian community. Might it be that sport can be a channel for reaching out to new people? We will also continue developing church plants into strategic locations as well as supporting revitalisation projects where appropriate across CofEB. We also have an exciting project with the Church Army which is developing a centre of mission in the parish of St Michael and St John, Langley, a large urban area of circa17,000 people in the Black Country.

PARISH HIGHLIGHT:
Transforming Outreach



Hope on Smith's Wood

The Hope on Smith's Wood new church plant has been busy establishing itself as a presence in the community through lots of missional activity over it's first three months.

They hosted a free football coaching club for young people, suppling free lunches to the 19 children who attended and BCFC supplied the coaching!

There was also an excellent Christmas Toy Drive teaming up with local schools family support worker and with social services to identify and bless as many families.

This new church has also initiated or supported with the following missional activities:

- Giving out 21 gift packs for elderly or isolated people.
- Delivering 13 emergency food parcels over the Christmas week.
- Posting 160 Christmas Cards.

Great connections have been made with St Clements Church, the Kingfisher food bank and Warwickshire rotary club who's support have been significant.

We are really celebrating how, even under these restrictions, they have come together in the community with lots of new projects and prayerful support of one another. We believe great seeds of love and community have been sown and the church are excited at being able to meet together in person soon.

Diocesan Board of Education (DBE)



As the Birmingham Diocesan Board of Education, we link our key priorities for the three years of the board into the wider diocesan strategy, mindful of the responsibilities that are bestowed on to us through the statutory 'Education Measure 1991'. The key priorities for the DBE, as outlined in our business plan are:

1. Support schools to have a strong identity in terms of Christian roots and values
2. Ensure the DBE is effective and relevant to its schools and to the wider Birmingham Church of England
3. Support schools to be inclusive in their admissions and provision
4. Support schools to be SIAMS/Ofsted good or better because they have secure leadership and good teaching
5. Support and develop DBE Structural Strategy re Academies and MATs.

We have an ongoing regular cycle of events to deliver our goals, which include conferences and training programmes. These have become increasingly popular and provide additional income to the budget. In addition, the board develops specific pieces of guidance and position statements on related matters. In 2020, the board produced a piece articulating the contribution Church schools make to the wider Church of England mission; recognising that 18,000 young people attend a daily act of Collective Worship, and through their time attending a Church of England school come to understand who the person of Jesus is.

Church schools have a requirement to deliver education through a theologically based vision. We have developed guidance for our foundation governors on the skills and characteristics a Church School leader might need, to be able to deliver this, as well as providing individual support for schools as they reflect and relaunch their vision statements.

We have celebrated the commitment of our school teams during these last months. During our Senior Leader Conference in early March 2020, we challenged our leaders to be the person who 'stands in the gap' (Ezekiel 22:30). Who knew what this would mean in the pandemic months that have followed. Our school leaders have truly been a source of consistency and support for their communities. This time has been challenging for many, including our own team as we have moved our work to virtual support. The team of officers have embraced the challenge, and we remain close to all our schools.

2021 priorities

- To meet the KPIs identified in the three year business plan.
- Develop our equalities work, with particular focus on Black and Minority ethnic and LGBT+ matters.
- Plan for supporting our schools to achieve the Carbon Zero target of 2030
- To open our brand new secondary school: Christ Church, Church of England Secondary Academy.
- In light of the expected revision to the 'Measure legislation,' the review of the DBE and the need to reconstitute, we will be reviewing our ways of working and core purposes.













**The narrative on the activities are shown here to give an overview of all Diocesan activities. However the financial information of these entities is not included in the BDBF financial statements.*

Chaplains

During COVID-19, our Workplace Chaplains were alongside Bus Drivers carrying on their daily work; Council Social Workers trying to resolve elderly care needs while working from home with family; staff at Birmingham Airport as jobs were being been cut; Retailers coming back to the High Street but wondering what the future holds. Our places of work are holy ground.

Workplace Chaplaincy CIGB grew out of the economic crises of the 1970s and 80s. Over 40 years later, the quality of our 60 Chaplains means that we are a trusted soul-friend to businesses. As an Ecumenical charity, we were honoured that Church of England Birmingham continued to invest in this mission into 24-7 faithful living, reflecting the national vision that sees Chaplaincy as a Christ-centred, Jesus-shaped arm of God's Church. While we keenly felt the disruptions to our usual visiting chaplaincy pattern because of COVID-19, we created new channels of engagement and encountered growing desire to reflect on profound needs.

Highlights:

- At Birmingham City Council, the Chaplaincy expand their online support for social workers, teachers and administrators. Chaplains set up Daily Mindfulness Meditations, 1-1 calls and creative Chaplaincy Resources for spiritual wellbeing
- We set up new ecumenical team worship meetings, to bless our dispersed chaplains in prayer and to hold before God the hard times in our workplaces, hospitals and society.
- The work of one of our volunteers in a local supermarket, and her faith understanding in that context, was the central reflection in the national 'From Field to Fork' Harvest Worship from the Church of England. She spoke alongside farm workers and lorry drivers about the significance of food supplies.

2021 Priorities

- To launch our Job Clubs across Birmingham and Solihull combining job hunting with emotional support: 'Chaplaincy to the Unemployed'. We are working with Jericho Ignition and grant funders to help partner churches respond to unemployment in their local community.
- To build on the deeper Chaplaincy relationships and higher priority within businesses for staff wellbeing, with new volunteer Chaplains and refreshed engagement.
- To restructure our core staff to respond to church funding reductions.



Birmingham Cathedral

Birmingham Cathedral is a house of prayer and the seat of the Bishop of Birmingham.

Built in 1715, it is Grade 1 listed and one of the oldest buildings in the city still used for its original purpose.

2020 saw a change to our regular rhythm of worship. With the doors closing for part of the year, the cathedral continued to 'Pray. Serve. Grow.' digitally and later with social distance restrictions in place.

Highlights included:

- First project stage support from The National Lottery Heritage Fund was agreed for the cathedral's 'Divine Beauty Project' to conserve and interpret windows designed by Pre-Raphaelite artist Edward Burne-Jones
- The cathedral joined with other churches across the city to lead in prayer for wholeness and healing for #pray24brum
- Charles Francis joined the Music Department as Organ Scholar for 2020/21
- A Lent reflection area 'We are Pilgrims' was installed inside the cathedral including a pod carved from wood
- Daffodil crosses budded in Cathedral Square for the fifth year since school children planted bulbs 'Growing Younger'
- Bishop David, Dean Matt and the clergy team began to celebrate the Eucharist behind closed doors and offered up prayers for our city, region, nation and world via 407 services that were streamed or pre-recorded via the cathedral's YouTube channel. Online services ran daily and included Holy Week and Easter, Pentecost and Corpus Christi
- A series of storytime films were launched featuring Canon Josephine, the cathedral's Canon Precentor



- We were pleased to install the Revd Canon Andy Delmege as our new Canon Missioner
- The cathedral doors reopened in July for private prayer and socially distanced, ticketed services. Members of the cathedral team attended peaceful protests in the city in support of #BlackLivesMatter
- The Big Sleepout with St Basils went ahead with a twist. Participants were asked to sleep in their back gardens
- The Music Department released a selection of choral settings of texts to comfort during the COVID-19 pandemic
- Deacons and Priests were welcomed into ministerial life with socially distanced ordination services
- In October a Walk of Witness organised by the Deanery of Handsworth and Central, highlighting and addressing issues of racism and discrimination in the church and wider community. Social distanced participants from representing our diocese converged at the Cathedral





Supporting the mission

The Church of England Birmingham through the Birmingham Diocesan Board of Finance (BDBF) aims to promote, facilitate and assist with the work and purposes of the Church of England for the advancement of the Christian faith in the Birmingham diocese and elsewhere. This includes the provision of facilities for public worship, pastoral care and spiritual, moral and intellectual development, together with the promotion of Christian values and services by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

In this, the BDBF acts as the financial executive for the Diocesan Synod in the administration of The Church of England Birmingham's interests.

The BDBF helps to facilitate the pursuit of our Ten Diocesan Goals by its ongoing objective to maintain a sound financial structure that resources the needs determined by Diocesan Synod and informed by local and national church institutions. This financial structure includes supporting clergy through the payment of stipends, managing parsonages and other ministerial houses, and also by providing other facilities and resources in the support of the ministry of both clergy and lay people in parishes across the diocese.

Constitution

The BDBF is established under the Diocesan Boards of Finance Measure 1925. It is a company limited by guarantee and subject to its own Memorandum and Articles of Association. The BDBF is also a registered charity.

The BDBF is constituted as the financial executive of the Diocesan Synod, each member of which is also a member of the BDBF. Trustees are appointed by the members on a triennial basis. The BDBF acts as the Parsonages Board and the Diocesan Mission and Pastoral Committee for the purposes of ecclesiastical legislation.

The BDBF, which meets four times each year, is the principal policy making body. It takes advice from its Board of Trustee Directors, constituted as the Bishop's Council, which examines issues in detail and makes recommendations. The Council also takes executive action in certain matters and deals with day-to-day issues. The membership of the Bishop's Council is contained on page 3 of this report.

Delegation of day-to-day delivery The Trustees and the sub-committees which assist them in the fulfilment of their responsibilities, rely upon the Diocesan Secretary and colleagues for the delivery of the day-to-day activities of the company. The Diocesan Secretary is given specific and general delegated authority to deliver the business of the BDBF in accordance with the policies framed by the Trustees. The Diocesan Secretary and key staff during 2019 were:

Dr Jan Smart	Diocesan Secretary
Ms Melanie Crooks (to 30 April 2020)	Director of Finance
Miss Karen Preece (from 1 May 2020)	Director of Finance
Mrs Sarah Smith	Director of Education
Mr Daniel Mayes	Property Director

Recruitment and training of trustees

Trustees are recruited through a mixture of ex-officio positions, elections and nominations. Elections take place every three years at the first meeting of the new Diocesan Synod (itself elected every three years). The trustees have the power to co-opt members according to their assessment of the needs of the BDBF in terms of required skills and experience.

Induction for new trustees consists of a one-day course designed to ensure that all trustees are familiar with the BDBF's governing document and its aims and objectives. They are also given relevant literature which explains the role and obligations associated with their role as a director and trustee of the BDBF. Trustees then receive ongoing training as appropriate. This training is tailored to the individual needs of the trustees and may include introductions to church, company and charity law, an overview of current programmes and plans of the diocese and an introduction to any special areas with which they will be working such as the Board of Education. Trustees are encouraged to visit Diocesan operations.

All trustees are required to maintain their entry in the register of declarations of interests.

Some senior staff have job titles incorporating the title 'Director' but they are not directors of the company (for the purposes of company law) and therefore are not 'charity trustees'.

Charity Governance Code

The BDBF welcomes the 'Charity Governance Code' and is working on its application. The trustees had intended to undertake a 'self-audit' review during 2020 to be overseen by the Finance, Investment and Property Subcommittee. Covid-19 has delayed this review and it is now expected to be completed in 2021.

Management structure

The BDBF is assisted in its work during the year by a number of committees:

Board of Education The Diocesan Board of Education is a statutory body whose financial responsibilities are reported as part of the BDBF. The Board is also responsible for the Diocesan Church Schools' Fund (restricted fund).

Finance, Investment and Property Subcommittee (FIPS) Acts in all finance matters, including audit, remuneration of BDBF staff, the management of BDBF investment property and fiscal investments and parsonage maintenance issues, and makes recommendations to Bishop's Council.

Transforming Church Roundtable Aims to facilitate multi-disciplinary focus and working on strategic mission initiatives in line with our Transforming Church goals. This is delivered through proactive working groups who are accountable for Progress, Issues and Plans (PIPs) in specific strategic areas.

Other organisations with which the BDBF co-operates in achieving its objectives

Within the ministry of The Church of England Birmingham, the BDBF plays an important role in co-operation with other persons and charities which form part of the Church. Under the oversight of the Bishop of Birmingham, who shares the cure of souls with clergy and lay workers across the diocese, the day by day responsibility for the funding of clergy stipend costs, providing clergy housing, training clergy and other diocesan costs falls to the BDBF. Some of these clergy are trustees of the BDBF and they are listed on page 3.

The BDBF has important relationships with the national institutions of the Church of England, specifically:

The Archbishops' Council to which it pays grants based on an apportionment system for funding national training of ordinands and the activities of the various national boards and councils, as well as General Synod.

The Church Commissioners from which the BDBF receives grants and which acts on behalf of clergy with HM Revenue and Customs. The BDBF pays clergy stipends through the Church Commissioners.

The Church of England Pensions Board which provides pensions for clergy and the BDBF's lay staff. It also offers schemes to provide housing for clergy in retirement.

At local level key relationships include:

Parochial Church Councils (PCCs) which are the main income source for the BDBF through the Common Fund system. PCCs are independent charities and operate under the Parochial Church Councils (Powers) Measure 1956. They are able to influence decision making within the BDBF and at Diocesan Synod level through representation to those bodies and through the input of their Deanery Synods.

Church Urban Fund (CUF) Joint Venture the Bishop of Birmingham, the BDBF and CUF are the founding members of a subsidiary of CUF, Thrive Together Birmingham. This is a company limited by guarantee with charitable status. The BDBF Director of Community Regeneration, an employee of BDBF, has oversight of the work of development workers who are employed by Thrive Together Birmingham.

The Diocese of Birmingham Educational Trust which is a charity set up in response to the challenge of a large number of Church of England Schools converting or otherwise becoming Church of England Academies under the Academies Act 2010. The charity operates as a sponsor or co-sponsor of Church of England Academies in the diocese as required and supports Academy Trusts to both fulfil their responsibilities and provide a challenge to governors in this regard.

Birmingham Diocesan Multi Academy Trust which is the Diocesan multi academy trust that was established during 2017. The six sponsored academies which were under the umbrella of The Diocese of Birmingham Educational Trust transferred to this multi-academy trust on 1 September 2017. The trust now has seventeen schools.

Birmingham Cathedral with whom there is now an established pattern of close collaborative working, including the sharing of offices and associated resources.

St Martin's Trust and other local trusts which generously provide financial support to the diocese's most economically deprived parishes.

Other Christian Denominations with and through whom the BDBF resources matters of workplace chaplaincy and ecumenical relations, notably through Churches & Industry Group Birmingham, Churches Together Birmingham and Local Ecumenical Partnerships.

Interfaith bodies, such as The Feast, as part of our cross-community work to promote good interfaith relations.

Birmingham Diocesan Trust (BDT) which is the custodian trustee for properties and permanent endowments on behalf of parishes and schools. BDT is a separately registered charity.

Volunteers

The Church of England Birmingham is dependent on the huge number of people involved in church activities both locally and at Diocesan level. We believe that the number of active volunteers (or volunteer hours) given to the mission and ministry of the church is a key indicator of the health of a church. The service provided to a community through church volunteering also has a significant impact on people's relationship to the church, particularly at times of crisis.

Within this, the BDBF greatly appreciates the considerable time given by all the committee members across the diocese in pursuit of the mission of The Church of England Birmingham.

Estimating the 'in-kind' value of volunteer time to the operations of the BDBF is particularly difficult to measure in a meaningful way. It is for this reason that no estimate of the value of this time has been included in the financial statements.

Public benefit

The Church of England Birmingham through the BDBF reviews its work each year and considers outcomes and plans for the future. It takes account of the Charity Commission's general guidance on public benefit when reviewing its purpose and in considering how planned activities will meet that aim.

How our activities deliver public benefit

Our main activities aim to deliver public benefit in the following ways:

- ***Clergy*** Providing parish and other clergy to offer Christian services and spiritual oversight
- ***Parochial Church Councils*** Assisting PCCs to provide churches, sacred spaces and worship services
- ***Parish Mission*** Assisting parishes particularly through the *Transforming Church* strategy and the *Growing Younger* initiative
- ***Education*** Contributing to the spiritual and moral education of children and young people in over 50 church schools
- ***Social action*** Contributing to and assisting in social action in parishes and elsewhere, such as food banks and night shelters
- ***Training*** Providing training and assistance in order that parishes have clergy and volunteers who are competent, for example, to assist clergy in providing Christian services, visiting the sick, and comforting the bereaved
- ***Grants*** Making grants to enable the national church institutions to function and have a positive wider influence
- ***World Mission*** In part through links with the Anglican dioceses in Malawi and Bolivia

Who benefits from our services?

We aim to make our services open to as wide a section of the public as possible. For example:

- Everywhere in the diocese is part of a Church of England parish that has a member of clergy who has concern for the spiritual welfare of the individuals who reside in it
- Parishes in wealthier areas generally contribute somewhat more than the cost of their clergy in order that clergy can also be provided in less wealthy areas
- Training courses are offered at reduced or no cost where appropriate, in order that ability to pay is not a barrier to participation

Fundraising

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. The legislation defines fundraising as *"soliciting or otherwise procuring money or other property for charitable purposes"*. The BDBF does not undertake fundraising from the general public but from time to time does apply for grant funding from grant-awarding charities. Any such amounts receivable are presented in the financial statements as 'voluntary income' and include legacies and grants.

In relation to the above we confirm that all solicitations are managed internally, without involvement of commercial participators or professional fundraisers, or third parties. The day-to-day management of all income generation is delegated to the executive team, who are accountable to the trustees. The BDBF is not bound by any undertaking to be bound by any regulatory scheme. The BDBF has received no complaints in relation to fundraising activities. Its terms of employment require staff to behave reasonably at all times; as the BDBF does not approach individuals for funds, contracts of employment do not particularise this requirement for fundraising activities nor does the BDBF consider it necessary to design specific procedures to monitor such activities.

Financial overview of the year and response to COVID-19

In March 2020, the daily life of The Church of England Birmingham was changed beyond recognition as a result of the COVID-19 pandemic. The doors of our churches were closed and services in many instances became virtual. Our pastoral support was and still is being delivered at a safe social distance and key events in the life of the church, including Easter and Christmas, have looked very different.

This annual report looks to give a flavour of how The Church of England Birmingham family has responded to these challenges. Many have accepted new roles and direction to support those that are in need as a result of the pandemic. However, there has been a significant financial impact on our own resources as a direct result of church doors being closed. Throughout this report, there is much detail explaining this both in relation to 2020 and looking forward to 2021.

As a diocese our single largest source of income is parochial contributions – otherwise known as Common Fund. These funds are remitted to us by our parishes out of their income, which substantially comes from two key sources: voluntary giving and the rental of church halls and other property. Both income streams were badly hit by lockdown and this had (and continues to have) a substantial and direct impact on our collection of Common Fund.

We revisited our costs and our operating structures early in the pandemic in order to make financial savings. We took advantage of government assistance through the COVID-19 Job Retention Scheme and we have received support from the National Church through early payment of many already agreed grants and sustainability funding amounting to £1,000,000. This was gap funding for 2020 only and we are continuing to work hard to manage the shortfall in income that we expect to continue into 2021 and beyond.

We have worked closely with our parishes to support them where we can in order to maintain our Common Fund income as far as possible. However, we expect that this will be difficult to do for a much longer period than any of us could have imagined. Even after the doors of our church buildings eventually re-open, our parishes will need time to rebuild their financial resilience.

We have forecast a significant shortfall in our 2021 finances and the Board has already made some difficult decisions around potential changes to the utilisation of the Strategic Investment Fund that had previously been designated to support the next stages of our evolution through the various *Transforming Church* programmes. Work will continue to minimise this re-allocation of funds alongside the planned programme of property disposals, which aims to further increase this fund and replace any funds utilised over the next few years to ensure that the transformation programmes still deliver on our vision.

Financial review

The 2020 headline income figure of £12,256,000 shows an overall increase in income of £15,000 compared to £12,241,000 in the prior year. However, if we remove the impact of significant gains on the disposal of redundant assets in 2020 (£315,000) and 2019 (£611,000), this gives us a greater real increase in income of £311,000. As is always the case, we need to dig deeper to understand the core underlying trends beneath the headlines.

Underpinning our day-to-day diocesan finances is our single largest source of income – parochial contributions or 'Common Fund' from our parishes. To complement the work, we are carrying out under the *People & Places* deployment framework, we implemented a new common fund methodology in 2019. Drawing inspiration from St Paul's writing of two communities that need to share, Common Fund is a powerful, practical application of God's generosity. The first gift is that of faith – this then inspires them to give to others who they don't really know but with whom they share the faith. In this spirit of generosity, we now ask our parishes to think about Common Fund in four separate ways; two financial (reflected in a core financial contribution and exceptional gifts) and two in more practical ways (reflected in gifts in kind and partnerships).

The core financial contribution aspect of Common Fund now comprises a calculated Sum Requested based on a parish's ability to pay from their unrestricted income (based on the latest available parish annual statutory accounts) and a gift of intentional generosity towards others. The gift is prayerfully discerned by the parish. The total calculated initial Sum Requested for 2020 was £5,527,000 with initial pledged gifts of £494,000.

The world in which our parishes actually made their contributions was very different from the world in which they made their 2020 commitments because of the Covid-19 pandemic. The generosity of our parishes and congregations has been severely tested over the last year; church and church hall closures have resulted in significant falls in cash giving and income through church hall and other lettings. This had a direct impact on their ability to meet their commitments and many have dipped into their reserves to continue to meet their commitments.

In 2020, our parishes therefore contributed £4,333,000 towards the calculated Sum Requested (£1,194,000 less than their commitments) although they gave £517,000 in gifts. Against the Covid-19 backdrop, we recognise that this was an heroic commitment from our parishes and again we are immensely grateful for their continued support.

This does mean that the budgeted Common Fund target was not met for a fifth year running. This would have been against a backdrop of a 2% increase in the diocesan stipend rate (in line with the rise in the national minimum stipend), although we took the decision early in 2020 to defer this budgeted increase.

2019 was the start of a transitional journey for the new Common Fund methodology, alongside the *People & Places* framework – events in 2020 have meant that the journey will take longer as we move out of the pandemic and navigate the post-Covid-19 world.

Remitted statutory fees from occasional offices (such as weddings and funerals) experienced a further fall of 8.1% on the prior year. This was a decrease for the fifth year running but the outcome for this year reflects a sharp fall in the numbers of weddings, offset largely by a significant increase in funeral numbers – a direct consequence of the pandemic in both cases.

We have continued to proactively let empty parsonages during parish vacancies and increased our housing rental income by £53,000 year on year, but our investment income over the year has fallen by £69,000 mainly as a result of the pandemic.

The BDBF continues to receive significant support from the Church Commissioners in the form of Lowest Income Communities funding based on the Index of Multiple Deprivation for each parish. We received £1,948,000 of this funding in 2020 – this was £24,000 lower than in 2019. This funding reduces each year for the next eight years with no inflationary increases. We have accessed the last tranche of Strategic Restructuring funding (£35,000) from Church Commissioners this year for specific activities which has helped to cushion the financial result for the year. In addition, in 2020 Church Commissioners (through their Strategic Ministry Fund) has introduced a new stream of funding to support dioceses to train more curates than they would normally be able to afford – for Birmingham, the 2020 grant provided 90% of the cost of each of two additional curates

We have continued to reap the financial benefits of Strategic Development and Capacity funding through a full twelve months of activity for the *Shaping the Future* programme and the *People & Places* framework contributing income of £1,155,000. However, these income sources are restricted in nature and can only be utilised for specific activities.

Our other restricted grant income to support resourcing and planting church initiatives along with mission apprentices, mission facilitators and our places of worship support officer role is £259,000 less than 2019 reflecting the end of some funded programmes. We are immensely grateful to Church Commissioners, Allchurches Trust, The Jerusalem Trust, Historic England and the many individual donors who share our mission vision.

Our 2020 income this year has been boosted by a one-off Sustainability Grant from Church Commissioners of £1,000,000 (with the unused balance of the funding received of £837,000 carried over to 2021 as a designated reserve) to bridge the impact of the pandemic on our expected result for the year. In addition, we received £191,000 of Job Retention Scheme income from the Government to cover salary costs for staff furloughed during the pandemic.

In summary, our 2020 income has been severely impacted by the pandemic (both through lost common fund and other trading income) which has been partially offset by one-off income in the form of the Sustainability Grant and the Job Retention Scheme as well as a range of targeted cost savings.

The 2020 headline expenditure figure of £10,990,000 when compared to the prior year figure of £11,350,000 shows a decrease in expenditure of £360,000. As noted within our income commentary, we need to again dig deeper to understand the core underlying trends beneath the headlines.

As noted in our key financial indicators below, we have experienced again this year a higher than expected parish clergy vacancy rate, which had implications for our ministry costs. We also focused on containing expenditure in other core unrestricted areas to counterbalance the expected loss in Common Fund contributions as a result of the pandemic – this was achieved though the deferral of all planned maintenance and improvement works to our clergy housing as well as the budgeted 2% increase in clergy stipends and lay salaries.

Outside of clergy costs, our main areas of investment expenditure have again been within our restricted grant income sourced *People & Places* framework and missional initiative programmes such as *Shaping the Future*, Church Planting, Allchurches Trust Mission Apprentices, together with restructuring and historical places of worship support. Our Mission Apprentices programme completed during the year.

On an overall funds basis, there is a surplus for the year of £1,266,000 (2019: £891,000 surplus) before considering unrealised losses on the year end revaluation of investments (£27,000), other recognised gains on disposal of £29,000 and a surplus on the revaluation of investment properties (£504,000) giving a net surplus for the year of £1,772,000.

The small decrease of £27,000 in the valuation of our investment portfolio year on year does not reflect the turbulence in worldwide stock markets over 2020 as a result of the pandemic and also Brexit. There have been no pension scheme actuarial valuations finalised during the year, which means that there has been limited adjustments to the financial statements in this financial year – a surplus of £10,000 compared with the 2019 surplus of £1,507,000 (arising from the actuarial valuation of the clergy pension scheme as at 31 December 2018). Both of these items are year-end financial statement adjustments which have no impact on the day-to-day running of and cash flows of the BDBF.

KEY PERFORMANCE INDICATOR	2020 ACTUAL	2020 BUDGET
Common Fund collection rate on sum requested amount %	80.0%	91.8%
Common Fund collection rate on pledged gifts amount %	100%	100%
Common Fund overall collection rate on budgeted amount %	89.1%	100%
Common Fund overall % rise year-on-year in cash terms	(12.2)%	(0.1)%
Parish clergy establishment posts	114	114
Parish clergy vacancy rate	16	10
Dividend yield on Smith & Williamson investment portfolio %	2.7%	3.8%
Dividend yield on CCLA investment portfolio %	3.8%	3.6%
Reserves policy met	No	No

Work has continued developing a five year and beyond, sustainable financial and organisation plan. This has been made especially difficult as we seek to assess the longer-term impacts of the pandemic as outlined in our risk assessment. However, it continues to be informed by a broad review of the key factors impacting on the BDBF financial outcomes:

- Ministry deployment: ordained and lay, paid and unpaid, parochial and pioneer
- Parish finances, including Common Fund contributions and parochial fees
- Centrally organised parish support services
- A continually evolving buildings strategy
- Possible additional funding streams

Balance Sheet position

The BDBF trustees consider that the balance sheet, together with details in note 20 to the financial statements show broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets, given the purposes for which the funds are held. While the net assets at the balance sheet date totalled £46,074,000 (2019: £44,292,000) it must be remembered that included in this total are properties, mostly in use for ministry whose value amounted to £23,701,000 (2019: £23,761,000). Much of the remainder of the assets shown in the balance sheet are held in restricted funds and cannot necessarily be used for the general purposes of the BDBF.

Significant Property Transactions

During the year, we have completed the sale of the two redundant churches and related parsonages and church halls. Although it took much longer than we had anticipated to complete the sales, they delivered net proceeds of £942,000. Following the decision of Bishop's Council in 2019, the proceeds from these sales have been added to the Strategic Investment Fund, which is a fund designated by the BDBF for intentional strategic mission investment over the next five years. It is still intended that proceeds from significant unrestricted property development transactions will in this way continue to be reinvested in the mission and ministry of the BDBF, subject to the need for funds to maintain the operations of the BDBF as a result of the pandemic.

We also made progress on our long-term property estate development plan, which aims to:

- Replace unsuitable properties;
- Accommodate the changing geographical deployment of clergy within the diocese;
- Realise development potential in some properties thereby using our resources more effectively for the mission and ministry of the Church.

Factors that may impact on future financial performance

There are a number of factors which can impact on the BDBF's ability to meet its objectives, but which are outside its control. Most important is the collection of the Common Fund from the parishes. Any significant shortfall in the amount collected could have implications for our mission objectives and deployment, as has been evidenced over 2020. The actions that have been taken this year such as the deferral of works to properties and the delay in recruitment of stipendiary clergy in particular would be repeated as a first action in the event of any significant shortfall in the collection of common fund in future years alongside steps to improve collection.

As is the case for all charities with historic endowment, the BDBF is vulnerable to changes in the value and returns upon its properties and stock market based (fiscal) investments. This is mitigated by employing specialist fund managers and advisers to help develop an appropriate investment policy.

As noted above, the BDBF receives significant support from the Church Commissioners and although we are one of the most

economically deprived dioceses within the Church of England, the level of support based on economic need is reducing over the next ten years, with no inflationary uplifts. This brings into focus our business planning activities as we 'reimagine' the shape of mission and ministry for the next generation.

Reserves Policy

Free reserves are maintained for the following purposes:

- To avoid bank borrowing if there is a temporary shortfall in income and/or surge in expenditure
- To provide for emergencies

The reserves policy of the BDBF is formulated in line with the recommendations of the Charity Commission of England and Wales. The basic policy statement is as follows:

"The BDBF aims to maintain the equivalent of at least three months operating expenditure in cash and readily liquid assets in the general unrestricted fund. This excludes all designated funds and loans. The policy is to be reviewed on an annual basis"

In arriving at the minimum amount, account has been taken of the Board's well-established effective income raising and budgeting process. Most income is now received in a steady stream throughout the year and performance against budget is monitored regularly. As at 31 December 2020, the reserves policy target is £2,551,000 representing three months unrestricted operating expenditure as budgeted for the forthcoming year. The trustees believe that such a reserves target will cushion the BDBF from short term revenue problems and will enable them to meet their legal requirements in case of serious financial problems.

The total unrestricted reserve stands at £9,821,000 and £6,173,000 for undesignated unrestricted reserves. However, the undesignated unrestricted reserve includes £5,548,000 of non readily realisable fixed assets, which leaves the BDBF with apparent free unrestricted reserves of £625,000, which would be below the target of £2,551,000 as at 31 December 2020. This is not considered to be a critical risk as there are designated funds which could be accessed if the need arises. Our 2021 budget already assumes that transfers of £1,259,000 will be required in order to balance the budget and Bishop's Council has formally approved that the necessary funds can be un-designated if and when they are required.

Designated funds

The BDBF may with the approval of the board, designate unrestricted reserves to be retained for an agreed purpose where this is considered prudent. Such designated reserves are reviewed on an annual basis and returned to the general fund in the event that the purpose of their destination is no longer considered adequate for their retention. A description of each reserve with the intended use of the reserve is set out in note 21. There are three significant designated funds, the first being the full provision for the payment of deficit contributions to the clergy and church workers pension schemes over the period to 31 December 2027. This amounts to £804,000 as at 31 December 2020. The second is the Strategic Investment Fund totalling £2,012,000 as at 31 December 2020, which has been created using the proceeds from unrestricted property disposals since 2019. The fund will be used for intentional strategic mission investments such as further implementation of context ministry and match funding for our Church Commissioners grant funded *Shaping the Future* and *People & Places* strategic programmes. However, as noted above, Bishop's Council approved a proposal in 2020 to un-designate such funds as are deemed necessary in order to deliver a balanced unrestricted outturn in light of the pandemic. The third is the Sustainability Grant of £837,000, which represents the balance of the funding received in 2020, which was not required to bridge the 2020 funding gap and has been held over for use under the same circumstances in 2021.

Restricted and endowment funds

As set out in note 21 the BDBF holds and administers a number of restricted and endowment funds. As at 31 December 2020 restricted funds totalled £7,157,000 (2019: £7,100,000) and endowment funds totalled £29,096,000 (2019: £28,769,000). Neither are available for the general purposes of the BDBF.

Investment policy

The BDBF maintains a review of its investments through its FIPS sub-committee, which also monitors performance against market benchmarks and considers the adequacy of its investment mix.

The overarching investment principles embedded in our Statement of Investment Principles are as follows:

- Implement a balanced asset allocation approach to the portfolio with a medium risk profile
- Portfolio to be well diversified to provide an appropriate base for both long term capital and income growth
- Performance to be in excess of the APCIMS Balanced Index benchmark with specific income target as agreed with the trustee
- Performance at least 2% better than the Retail Price Index
- The Church of England Ethical Investment Forum guidelines will be complied with

The portfolio is managed in the following manner:

- Direct property investments managed by Bruton Knowles
- Marketable investments actively managed by Smith & Williamson
- Remaining funds within CCLA / CBF funds on a self-managed basis

Investment funds within certain restricted funds (Malawi / Church Schools / Bishop Brown) are held within CCLA funds selected on the basis of the income/capital needs of the respective fund as appropriate.

The Covid-19 pandemic together with Brexit has meant that investment performance through 2020 has been very different from our expectations at the start of the year. We saw substantial turbulence in stock markets, although by the end of the financial year, our investment portfolio had broadly recovered back to our closing 2019 position. Unsurprisingly, investment performance on a total return basis over the last twelve months was only 3.2% compared with 18.1% in 2019, although this was still 1.3% higher than the performance of our benchmark portfolio. To put this in some context, the UK equities market was 13.2% down against 2019 – reflecting not only the turbulent year but also the UK weaker exposure in higher performing areas such as technology, which are better represented in the BDBF portfolio.

Investment management adviser performance for both direct property and marketable investments will continue to be robustly monitored in the forthcoming year. We plan to conduct a review of our published Statement of Investment Principles during 2021.

Grant making policy

The BDBF has established its grant making policy to achieve its objectives for public benefit (as detailed on page 37). We deliver our public benefit to the wider population in the Diocese by the work of our parishes. We support this work by grant programmes that help parishes to further engage and service their local communities. This may be mission activities, community regeneration, church maintenance, schools and world mission. All grant applications must be made in writing. Parish mission and delivery plans and available resources are taken into account in the distribution of available grants.

Remuneration of key management personnel

Emoluments of higher paid employees are determined by the Chair of the DBF with reference to regular appraisals, remuneration and salary benchmarking and consequent recommendation of changes.

Principal risks and uncertainties

The trustees of the BDBF have overall responsibility for ensuring that the charitable company has an appropriate system of controls, financial and otherwise. The systems of internal control are designed to provide reasonable, but not absolute assurance against material misstatement or loss. They include:

- An annual budget and five-year financial plan approved by the trustees
- Regular consideration of both financial results and other performance indicators
- Delegation of authority and segregation of duties

As part of this responsibility, the trustees are also required to ensure that effective and adequate risk management is in place to manage the major risks to which the BDBF is exposed. They have a clear mechanism for obtaining assurance on the management of risks.

The trustees agree the approach to risk including overseeing the process to identify and assess key risks and understanding how those risks are managed and mitigated.

To support the identification and evaluation of the BDBF's key risks, a risk assessment model has been developed which incorporates our activities towards the achievement of our strategic diocesan goals through the *Transforming Church* strategy alongside day to day operational activities. Risks are considered and presented as either Strategic or Operational risks within an active risk register. Strategic risks are significant risks that influence the achievement of the BDBF's strategic aims. These may include major internal risks, such as financial sustainability or compliance risks. Or they may be external events with high impact which the BDBF cannot control and for which the BDBF needs to develop response mechanisms. All strategic risks are mapped back to our ten *Transforming Church* goals and seven Areas of Transformation. During 2020, the trustees have spent a large proportion of their time in considering the new and significant strategic risks arising as a result of the Covid-19 pandemic. Principally this has involved the detailed assessment of the financial impacts on the sustainability of the BDBF as well as the impact of the changes in patterns of worship, engagement and mission arising from the closure of churches for much of the year. Operational risks are day-to-day risks and more likely to be internal, within the BDBF's control and with a higher level of probability of the risk event happening. The BDBF's focus of attention on these risks relates to how it can control, manage or transfer the risk to a third party.

Individual risks are then assessed using a scoring mechanism, with respect to the inherent likelihood of occurrence, severity of impact on the BDBF, the steps in place to mitigate the risk and the resulting impact on residual risk. Residual risks are ranked using a 'traffic light' scheme (red / amber / green). Each risk is allocated to a board committee who will oversee the management of that risk and the risk register notes the source of assurance that they will receive in respect of that risk management.

To embed risk management as an active and continuous process, risk is formally considered at each board and sub-committee meeting, with changes and progress noted within the risk register. The Finance, Investment and Property sub-committee oversees the detailed risk management process.

The strategic risks which are currently assessed as scoring highest, and the outline mitigating strategies to address them, are shown in the following table.

RISK	MITIGATION STRATEGY
The impact of Covid-19 Pandemic results in a significant financial loss (and possible loss of key personnel) for the BDBF that it is unable to sustain	• Monitoring of cashflow (and outturn) forecasts based on latest information to identify pinch points • Engagement with parishes throughout the year to ensure Common Fund budgets can be achieved • Sustainability Grant funding from National Church • Designated reserves identified to provide bridge funding to cover deficits arising on unrestricted fund activity in 2021
Failure to effectively embed the new Common Fund methodology leading to non-payment of Common Fund	• Clear biblical foundation to methodology with a clear and effective communication, generosity and discipleship plans • Monthly contribution discount incentives • Monthly review of contribution profile assisted by proactive discussions with parishes • Review of methodology in light of Covid-19 and roll-out of People & Places
The *People & Places* framework for mission and ministry does not deliver the required culture change in a timely manner	• Appointment of full time Area Deans to facilitate culture change • Supported by increased focus and support on Transforming Church Action Planning • Implementation of a new approach to clergy and lay learning and development • Effective monitoring and evaluation processes
Failure to grow the Church in its mission, especially at the speed required by Church Commissioners funding streams	• New governance structures for more effective monitoring and evaluation of mission goals and financial impact consequences
Dependency on Church Commissioners funding for missional growth support activities	• Effective management and delivery mechanisms on existing Church Commissioners funded programmes to ensure trust and confidence in delivery capacity • Longer-term financial planning to ensure core funding will be available to cover key cost elements in the long term
Reputational and financial risks associated with safeguarding of young people and vulnerable adults	• Comprehensive training programme for all parishes • Independent scrutiny group established • Safeguarding Management Group monitors Diocesan compliance.

Plans for future periods

Our vision to 'grow churches at the heart of each community' continues to be central to our plans for future periods. We want to:

- Grow a vibrant church
- Help Christians become more confident in their faith and mission
- Be sustainable
- Make sure resources are shared more fairly

We recognise that our pattern of ministry and mission needs to be relevant to each local context and will vary across locations. In 2021, the key activities that we will be focusing on include:

- Continuing the embedding of the *People & Places* deployment framework and associated culture change through the encouragement of lay and context ministry
- To continue to ensure all clergy appointments fit within the *People & Places* framework and support its strategic priorities in the parishes
- To develop a strategic approach to the development of New Christian Communities and the continued identification of new opportunities
- Continuing to embed our new Area Deaneries including the implementation of a structure of oversight ministry
- Focus on *Transforming Church* Action Planning to support churches to engage with their local communities and play their part in the transformation of their neighbourhoods

- Continuing the roll-out of our new approach to pathways for learning and discipleship that is accessible to all
- Continued reimagining of ministry, particularly to encourage the *Setting God's People Free* agenda
- Collaboration with the DBE to further deepen and promote the Christian Distinctiveness of our schools
- To scope and plan our response to our goal to achieve net zero emissions by 2030
- Embedding an ethos of diversity, inclusivity and generosity into everything that we do

Directors' report

Going concern

The lockdown and closure of church buildings as a result of the Covid-19 pandemic during 2020 and into 2021 has required the Directors to consider the question of going concern in significantly more detail than it would have done previously. Cash inflows to parishes as a result of church closures have been seriously damaged, which has had a negative impact on the level of Common Fund contributions into the BDBF over 2020 and is expected to do so again during 2021. The 2021 budget has been prepared on the basis that common fund income will continue to be lower than levels before the pandemic with reductions in overhead costs where deliverable. Bishop's Council has agreed to un-designate funds if required in order to deliver a balanced financial outturn for 2021. The planned property disposal programme to replace any designated funds used to fund unrestricted core activities is progressing as planned. Restricted activities are expected to continue as per their agreed programmes, albeit potentially at lower activity levels. A draft 2022 budget has been prepared to reflect latest expectations with regard to unrestricted income and overhead costs.

Based on the above, the trustees are satisfied that the BDBF has adequate resources to continue to operate as a going concern for the foreseeable future and have prepared the financial statements on that basis.

Charitable and political donations

No political contributions were made during the year. Charitable contributions have been made as part of the BDBF's objectives, mainly to projects sponsored under parish initiatives.

Taxation status

The BDBF is a charity having been established under the Diocesan Boards of Finance Measure 1925 and, as such, is not liable to income tax or corporation tax. The BDBF is also registered as a charity (reg. no. 249403).

Responsibilities of the trustees

The trustees are responsible for preparing the Trustees' strategic report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees 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 affairs of the company and of the incoming resources and application of resources, including the income and expenditure of the charitable company for that period.

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

- Follow the methods and principles of the Charities Statement of Recommended Practice
- Select suitable accounting policies and then apply them consistently
- Make judgments and accounting estimates that are reasonable and prudent
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

The trustees 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.

Statements as to disclosure of information to auditors

The trustees have taken all the necessary steps to make sure that they are aware of any relevant audit information and to establish that the auditors are aware of that information.

As far as the trustees are aware, there is no relevant audit information of which the charitable company's auditors are unaware.

Appointment of auditors

A resolution to re-appoint Haysmacintyre LLP will be proposed at the forthcoming annual general meeting.

The Board of Trustees approve their Annual Report and, in their capacity as company directors, also approve the Strategic Report incorporated therein on 17 June 2021 and signed on its behalf.

Steven Skakel

Mr Steven Skakel
Chair and Director of Birmingham Diocesan Board of Finance

The Structure of the Church of England

The Church of England is organised as two provinces, each led by an archbishop. The Archbishop of Canterbury leads the Southern Province and the Archbishop of York leads the Northern Province. Each province is comprised of dioceses of which there are 41 in England (42 including the diocese of Europe).

Dioceses, each under the spiritual leadership of a Diocesan Bishop, are the principal pastoral, financial and administrative resource of the Church of England. Each diocese is divided into parishes. Each parish is overseen by a parish priest, who is an Incumbent (Vicar or Rector) or Priest-in-Charge. From ancient times through to today, incumbents and their bishop are responsible for the 'cure of souls' in their parish.

Her Majesty The Queen, who is the Supreme Governor of the Church of England, appoints archbishops, bishops and some deans of cathedrals on the advice of the Prime Minister. The two archbishops and 24 senior bishops sit in the House of Lords.

The Church of England is episcopally-led, with 108 bishops including Diocesan bishops and assistant and suffragan bishops. It is governed by General Synod as its legislative and deliberative body at national level, making decisions on matters of doctrine, the holding of church services and relations with other churches. General Synod passes measures which, if accepted by Parliament, have the effect of Acts of Parliament. It is made up of three groups or 'houses' of members: the Houses of Bishops, of Clergy and of Laity. General Synod meets in London or York at least twice annually to consider legislation for the broader good of the Church.

The three National Church Institutions

The Archbishops' Council, the Church Commissioners and the Church of England Pensions Board are sometimes referred to as the three National Church Institutions.

The Archbishops' Council was established in 1999 to co-ordinate, promote, aid and further the mission of the Church of England. Its task is to give a clear sense of direction to the Church nationally and support the Church locally by acting as a policy discussion forum.

The Church Commissioners manage the historic assets of the Church of England, spending most of their income on pensions for the clergy. The costs of episcopal administration through the Diocesan and suffragan bishops are met by the Church Commissioners.

The Church of England Pensions Board was established by the Church Assembly in 1926 as the Church of England's pensions authority and to administer the pension scheme for the clergy. Subsequently it has been given wider powers, in respect of discretionary benefits and accommodation both for those retired from stipendiary ministry and for surviving partners of those who have served in that ministry, and to administer pension schemes for lay employees of Church organisations.

The Board, which reports to the General Synod, is trustee of a number of pension funds and charitable funds. Whilst the Church has drawn together under the Board its central responsibilities for retirement welfare, the Board works in close co-operation both with the Archbishops' Council and with the Church Commissioners.

The Diocese

The Cathedral Birmingham Cathedral is the Mother Church of the diocese and legally is constituted as a separate charity currently exempt from Charity Commission registration and supervision. Copies of its trustees' report and financial statements may be obtained from the Cathedral Offices, 1 Colmore Row, Birmingham, B3 2BJ.

Diocesan Synod The statutory governing body of the diocese is Diocesan Synod which is made up of broadly equal numbers of clergy and lay representatives elected from across the diocese together with the bishops and archdeacons. Its role is to:

- consider matters affecting the Church of England in the diocese
- act as a forum for debate of Christian opinion on matters of religious or public interest
- advise the bishop where requested
- deal with matters referred by General Synod
- provide for the financing of the diocese

Deanery Synod There is a Deanery Synod in each of the diocese's deaneries. Each Deanery Synod has two houses, laity and clergy, and Deanery Synod's role is to:

- Respond to requests from General Synod
- Give effect to the decisions made by Diocesan Synod
- Consider matters affecting the Church of England by drawing together the views of the parishes within the deanery
- Act as a channel of communication to express the views of parishes to Diocesan Synod and thence to General Synod
- Raise with Diocesan Synod such matters as it considers appropriate
- Elect members of the deanery to Diocesan Synod and of the diocese to General Synod

The Bishop's Council

Under the constitution of Diocesan Synod, Bishop's Council has the following functions:

- To plan the business of the Synod, to prepare the agenda for its sessions and to circulate to members information about matters for discussion
- To initiate proposals for action by the Synod and to advise it on matters of policy
- To advise the President (the Diocesan Bishop) on any matter
- Subject to the directions of the Synod, to transact the business of the Synod when the Synod is not in session
- Subject to the directions of the Synod, to appoint members of committees or nominate individuals for election to committees
- To carry out such functions as the Synod may delegate to it

Parochial Church Council (PCC) A PCC is the elected governing body of an individual parish which in general is the smallest pastoral area in the Church of England. Typically each parish has one parish church. A PCC is made up of the incumbent as chair, the churchwardens, and a number of elected and ex-officio members. Each PCC is a charity. All PCCs with gross income over £100,000 are required by law to register with the Charity Commission (as soon as practical after their gross income exceeds £100,000) unless the Charity Commission issues a written determination to the contrary. This may be possible in exceptional circumstances such as when gross income includes a substantial grant for a purpose that will not be repeated for the foreseeable future. If not required to register, PCCs are 'excepted' charities.

Other than where shown, the transactions of PCCs do not form part of the attached financial statements. Financial statements of an individual PCC can be obtained from the relevant PCC treasurer.

Parishes, Benefices, Deaneries and Archdeaconries A benefice is an ecclesiastical office in a parish or group of parishes normally served by an incumbent. Team ministries may have several clergy of incumbent status serving in one benefice. A deanery is a group of parishes over which an area dean has oversight and an archdeaconry is a group of deaneries for which an archdeacon is responsible.

The information in this appendix about General Synod, the Church Commissioners, the Archbishops' Council, Birmingham Cathedral and PCCs is included as background only. The financial transactions of these bodies do not form part of these financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BIRMINGHAM DIOCESAN BOARD OF FINANCE LIMITED

Opinion

We have audited the financial statements of the Birmingham Diocesan Board of Finance Limited for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 2020 and of the charitable company's net movement in funds, including the 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 charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions 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 Annual Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Annual Report have 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 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
- the charitable company 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 for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 42, 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.

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to safeguarding vulnerable beneficiaries, health and safety, and employment (including taxation), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011 and Church of England Measures.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fund accounting, including transfers between funds, and revenue recognition. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal postings by unusual users or with unusual descriptions;
- Challenging assumptions and judgements made by management in their critical accounting estimates;
- Testing transfers between funds; and
- Cut-off testing in respect of revenue.

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 the charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Adam Halsey (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP,
Statutory Auditor
24 June 2021
10 Queen Street Place, London EC4R 1AG

FINANCIAL STATEMENTS

Statement of financial activities

FOR YEAR ENDED 31 DECEMBER 2020
COMPANY NUMBER: 440966

	Note	Restricted funds: Endowment funds £'000	Restricted funds: Other funds £'000	Unrestricted funds: Designated funds £'000	Unrestricted funds: Undesignated funds £'000	Total funds 2020 £'000	Total funds 2019 £'000
INCOME							
INCOME AND ENDOWMENTS FROM							
Donations:	2						
Parish contributions		-	27	-	4,926	4,953	5,643
Archbishops' Council		-	1,462	1,000	1,948	4,410	3,169
Other donations		-	26	-	954	980	1,094
Charitable activities	3	-	67	-	364	431	537
Other trading activities	4	-	19	-	480	499	450
Investments	5	4	190	11	463	668	737
Other income	6	-	-	-	315	315	611
TOTAL INCOME		**4**	**1,791**	**1,011**	**9,450**	**12,256**	**12,241**
EXPENDITURE ON							
Raising funds	7	35	-	-	140	175	267
Charitable activities	8	-	1,972	(329)	9,160	10,803	11,021
Other	9	-	-	11	1	12	62
TOTAL EXPENDITURE		**35**	**1,972**	**(318)**	**9,301**	**10,990**	**11,350**
Net income before investment gains and losses		(31)	(181)	1,329	149	1,266	891
Net (losses) / gains on investments		32	51	3	(113)	(27)	1,208
Net gains / (losses) on investment Property		326	-	-	207	533	(1,874)
NET INCOME		**327**	**(130)**	**1,332**	**243**	**1,772**	**226**
Transfers between funds	21	-	187	619	(806)	-	-
Other recognised gains	23	-	-	10	-	10	1,507
NET MOVEMENT IN FUNDS		**327**	**57**	**1,961**	**(563)**	**1,782**	**1,733**
Total funds brought forward	21	28,769	7,100	1,687	6,736	44,292	42,559
TOTAL FUNDS CARRIED FORWARD	21	**29,096**	**7,157**	**3,648**	**6,173**	**46,074**	**44,292**

Transfers between funds

For analysis of transfers between funds, see note 21. All activities derive from continuing operations.

FINANCIAL STATEMENTS

Balance sheet

FOR YEAR ENDED 31 DECEMBER 2020
COMPANY NUMBER: 440966

	Note	2020 £'000	2020 £'000	2019 £'000	2019 £'000
FIXED ASSETS					
Tangible assets	15	23,828		23,942	
			23,828		23,942
INVESTMENTS:	16				
Investment properties		2,606		2,623	
Other investments		12,680		12,762	
			15,286		15,385
TOTAL FIXED ASSETS			39,115		39,327
CURRENT ASSETS					
Debtors	17	1,759		2,268	
Cash at bank		7,553		5,161	
		9,312		7,429	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	18	(1,796)		(1,652)	
NET CURRENT ASSETS			7,516		5,777
TOTAL ASSETS LESS CURRENT LIABILITIES			46,630		45,104
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	19		(556)		(812)
NET ASSETS	21		46,074		44,292
FUNDS					
Restricted income funds			7,157		7,100
Endowment funds			29,096		28,769
Unrestricted income funds:					
Designated			3,648		1,687
Undesignated			6,173		6,736
	21		46,074		44,292

The Statement of Financial Activities, Income and Expenditure Account, Cash Flow Statement and the Notes form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 17 June 2021 and signed on behalf of the Board by:

Steven Skakel

Mr Steven Skakel Chair

Income and expenditure account

FOR YEAR ENDED 31 DECEMBER 2020

	2020 £'000	2019 £'000
Total incoming resources	12,252	12,180
Resources expended	(10,955)	(11,318)
Net income before gains for the year	1,297	862
Net (losses) / gains on investments	(59)	624
Net gain / (loss) on investment property	207	(1,873)
NET INCOME / (EXPENDITURE) FOR THE YEAR	1,445	(386)
Other comprehensive income:		
Net assets transferred to endowments	-	-
TOTAL COMPREHENSIVE INCOME / (EXPENDITURE)	1,445	(386)

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.

Cash flow statement

FOR YEAR ENDED 31 DECEMBER 2020

	Note	2020 £'000	2019 £'000
NET CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES	25	238	(859)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends, interest and rent from investments		687	743
Interest paid		(1)	(2)
Proceeds from sale of:			
Tangible fixed assets / current assets for the use of the BDBF		375	358
Investment Properties		1,082	1,081
Other investments		563	479
Purchase of:			
Tangible fixed assets for the use of the BDBF		(16)	(37)
Investment Properties		-	(2)
Other investments		(508)	(915)
NET CASH PROVIDED BY INVESTING ACTIVITIES		2,182	1,705
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans repaid by BDBF		(7)	(101)
Loans repaid to BDBF		29	60
New loans made by BDBF		(50)	(10)
NET CASH USED IN FINANCING ACTIVITIES		(28)	(51)
CHANGE IN CASH AND CASH EQUIVALENTS IN THE REPORTING PERIOD		2,392	795
CASH AND CASH EQUIVALENTS AT 1 JANUARY		5,161	4,366
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	26	7,553	5,161

NOTES TO THE ACCOUNTS

1 Principal accounting policies

Basis of accounting

The financial statements have been prepared in accordance with the Companies Act 2006, Charities Act 2011, applicable accounting standards (FRS102), Charities SORP (FRS102), The Church of England Diocesan Annual Reports and Financial Statements Guide and under the historical cost accounting rules except that fixed asset investments, current asset investments and investment properties are included at fair valuation.

The BDBF meets the definition of a public benefit entity under FRS102.

Company status

The company is limited by guarantee, which is incorporated and registered in England and Wales (No. 440966). The members of the company are the Trustees named on page 3. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company. The company's registered office is 1 Colmore Row, Birmingham, B3 2BJ.

Going concern

The trustees assess whether the use of the going concern principal is appropriate i.e. whether there are any principal uncertainties, related events or conditions that may cast significant doubt on the ability of the BDBF to continue as a going concern. The worldwide Covid-19 pandemic had a significant impact on the work and the finances of the BDBF during the financial year and this is continuing into 2021. The Strategic and Operating Review on page 40 sets out the response of the BDBF to this unexpected and unprecedented change to the activities of the charity, and in particular the unrestricted income of the charity. The report briefly sets out the mitigating actions that have been taken and will continue to be taken to ensure that the BDBF can continue as a going concern. The trustees make this assessment in respect of the period of at least one year from the date of the authorisation for issue of the financial statements and have concluded that the BDBF has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the BDBF's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

The principal accounting policies and estimation techniques are as follows:

Income

All income is included in the Statement of Financial Activities when the BDBF is legally entitled to them as income or capital respectively, ultimate receipt is probable and the amount to be recognised can be quantified with reasonable accuracy.

Common Fund and income from parochial fees The principal source of income comes from voluntary giving in the form of parish contributions (Common Fund), which includes amounts received up to the 31 January following the year end. Common Fund income also includes any arrears received from previous years.

Grant income Income from the Archbishops' Council is accounted for on a receivable basis and represents the annual grant for Diocesan and parish mission, the funds for which originate in a block grant by the Church Commissioners to the Archbishops' Council. The annual grants from the Archbishops' Council may be used for either mission and ministry support for lower income communities (Lower Income Communities Fund), restructuring activities (Restructuring Fund) or a range of strategic development activities including the key *People & Places* and *Shaping the Future* mission programmes (Strategic Development Funding).

Other grant income is recognised when receivable. This includes a one-off Sustainability Grant from the Archbishops' Council, which has been made available to bridge the gap between the expected unrestricted outturn and the actual unrestricted outturn, arising from the impact of the Covid-19 pandemic on the DBF financial position. The total funds allocated and received have been held within a designated fund and any amounts not required for 2020 have been retained within the designated fund for similar purposes in 2021.

Rent and investment income Rent and investment income are recognised as income when receivable.

Gains on disposal of fixed assets for the BDBF's own use Gains on disposal of fixed assets for the BDBF's own use (i.e. non-investment assets) are accounted for as other income. Losses on disposal of such assets are accounted for as other expenditure.

Birmingham Diocesan Endowment Fund income The income from this fund is restricted for purpose of 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 Statement of Financial Activities for the sake of greater clarity and simplicity in financial reporting.

Glebe Fund income All clear income derived from its investments is transferred to the General Fund as contribution towards the cost of clergy stipends. It is on this basis that the income and the (normally much larger) related expenditure are both included in the unrestricted column of the Statement of Financial Activities for the sake of greater clarity and simplicity in financial reporting.

Expenditure

Liabilities are recognised as soon as there is a legal or constructive obligation committing the BDBF to pay out resources. Expenditure is included on the accruals basis under the following headings; all costs are allocated to a specific category.

Costs of raising funds These are the costs of managing the Endowment, Glebe and Unrestricted fund investments, plus the costs associated with letting the vacant parsonages and investment properties.

Charitable Expenditure Charitable expenditure is analysed between contributions to the Archbishops' Council, expenditure on resourcing mission and ministry and expenditure on education and Church of England schools in the diocese.

Resourcing ministry and mission includes the direct costs for the clergy and parishes, plus the costs of supporting the work of the parishes within the city and diocese of Birmingham. This principally includes the cost of clergy stipends, costs related to maintaining clergy housing in the parishes, the payment of grants to assist parish work plus the related staff costs and overheads.

Grants payable Grants payable are accounted for when authorised, when the award of the grant has been specifically communicated to the recipient and when the trustees have agreed to pay the grant without condition, or any condition attaching to the grant is outside the control of the BDBF. Grants offered subject to certain conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.

Support costs Support costs consist of central management, administration and governance costs. They are allocated to categories of expenditure (resourcing ministry and mission, raising funds and education) on the basis of the proportion of staff time spent on each area of activity.

Pension costs and other post-retirement benefits The BDBF contributes to the Church of England Funded Pension Scheme for clergy and the Church Workers Pension Fund for other staff. Both these schemes are multi-employer pension schemes. The pension costs charged as resources expended represent the BDBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding liabilities for the pension schemes in which the BDBF participates is recognised at the present value of contributions payable that arise from the deficit funding agreement. The liability is recognised in creditors distinguishing between contributions falling due within one year and after more than one year. Details of the schemes are given in note 23 to the financial statements.

Redundancy and termination benefits Redundancy and termination benefits are recognised as soon as there is a legal or constructive obligation committing the BDBF to pay out resources.

Tangible fixed assets and depreciation

Freehold properties and parsonages Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material, due to the very long expected remaining useful life in each case, and because their expected residual values are not materially less than their carrying value.

The BDBF 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.

Parsonage houses recognition The BDBF has followed the requirements of FRS102 in its accounting treatment for benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The BDBF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if declared redundant. The Trustees therefore consider the most suitable accounting policy to be to capitalise such properties as expendable endowment assets and to carry them at cost where known, otherwise at the deemed cost valuation of the midpoint of the relevant 1994 council tax band value.

Other non-investment properties The BDBF includes all other non-investment properties at cost where known, otherwise at the deemed cost valuation of the midpoint of the relevant 1994 council tax band value.

For properties that are jointly owned with a third party such as a parochial church council, only the proportion of the BDBF's investment in the property is accounted for within the financial statements of the BDBF.

Redundant churches are included at nil value.

Investment properties In accordance with FRS102, investment properties are carried at their fair value - this is considered by the Trustees annually and the aggregate surplus or deficit is recognised in the Endowment Fund and Glebe Fund. Investment properties were last professionally valued as at 31 December 2020, the results of which are included in these financial statements. If an asset changes category in the period under review then a professional valuation of the property is undertaken as the property changes category. The next professional valuation of properties is due as at 31 December 2025. No depreciation is provided on investment properties.

Non-Property fixed assets Tangible fixed assets costing more than £1,000 are capitalised and included at cost.

Depreciation Depreciation of non-property assets is charged by equal annual instalments at rates estimated to write off their cost less any residual value over the expected useful lives that are as follows:

Computer equipment	3 years
Office furniture and fittings	10 years or the end of the property lease if relating to tenant's improvements

Financial investments

Financial investments are stated at fair value. Realised gains or losses are recognised in the Statement of Financial Activities when financial investments are sold. Unrealised gains and losses are accounted for on revaluation of financial investments at the year end.

Critical accounting estimates and areas of judgement

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year.

Accounting estimates

The BDBF makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Valuation of investment properties The BDBF carries its investment properties at fair value, with changes in fair value being recognised in the Statement of Financial Activities. The BDBF engaged independent valuation specialists to determine fair value at 31 December 2020. Some of the key assumptions used to determine the fair value of these assets are based on the valuer's knowledge and experience of the market and values of similar properties, which could be deemed subjective.

Assumptions surrounding the clergy and church workers pension schemes The BDBF contributes to the Church of England Funded Pension Scheme for clergy and the Church Workers Pension Fund for other staff. Both these schemes are determined to be multi-employer pension schemes and as required under FRS102, the BDBF recognises its agreed deficit funding liabilities on its balance sheet. The key actuarial assumptions that underpin the required deficit funding contributions liability are based on the actuary's knowledge and experience. Any changes in these assumptions as given in note 23 could have a significant impact on the required deficit funding contributions and resulting balance sheet liability.

Areas of judgement

Current assets held for resale The BDBF carries its current assets held for resale at fair value, which includes the estimated realisable proceeds net of costs associated with selling the asset. The estimated net proceeds are based on the 'for sale' price and associated costs determined by an independent valuation specialist or an offer made by a buyer post year end.

Concessionary loans Concessionary loans (both made and received) are initially recognised at the amount received or paid, with the carrying amount adjusted in subsequent years to reflect repayments and any accrued interest and adjusted, if necessary, for any impairment. They are assessed for objective evidence of impairment at the end of each reporting period.

Non-depreciation of freehold properties and parsonages Depreciation is not provided on buildings as any provision (annual or cumulative) would not be material, due to the very long expected remaining useful life in each case, and because their expected residual values are not materially less than their carrying value.

All estimates and judgements 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.

Funds

Funds over which the BDBF's control is limited by statute or the terms of a trust deed, or which are restricted in their use, have been defined as 'restricted funds'. Funds which are controlled by the BDBF and over which there are essentially no restrictions as to their use (either by statute or trust) have been defined as 'unrestricted'. Designated funds are unrestricted funds that have been set aside by the BDBF for purposes designated by BDBF policy. Such designations may be set aside from time to time according to policy decisions.

Endowments

The Endowment Funds are those whose capital represent permanent endowment and are therefore not available for revenue expenditure. For two of the funds, the income derived from the properties and other investments is available for meeting the costs of clergy stipends:

Diocesan Glebe This represents those historic lands and buildings which were held by incumbents and formed part of the benefice prior to the Endowment and Glebe Measure 1976. Glebe investments are subject to regulations under this Measure and previous Acts of Parliament, the main provisions being that Glebe should be held only as land or property.

The Endowment Fund This is a local fund originally set up under a Charity Commissioners Scheme of 1906 (amended in 1930) and is available for investment at the discretion of the Board of Finance subject to general charities legislation.

Details of the other two endowment funds are given in note 21 to the financial statements, along with details of the other major funds held by the BDBF.

Operating leases

Rentals payable under operating leases are charged in the Statement of Financial Activities on a straight-line basis over the lease term. Where rent free periods are given as part of an operating lease, the impact of this rent-free period is reflected in the Statement of Financial Activities over the overall lease term.

Schools major repair and capital projects

The Board of Education (as incorporated within the BDBF) receives contributions from governors of church schools in the diocese in connection with major repair and capital projects to Church Schools and also government grants in connection with the same. The Board of Education administers these monies as managing agent and makes the appropriate payments to contractors for work carried out. The monies do not belong to the Board of Education and as such the receipts and payments are not treated as incoming resources or resources expended in the Statement of Financial Activities. Any monies held at the balance sheet date are treated as creditors on the balance sheet.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and short term deposits with any qualifying institution repayable within a three month notice period.

Financial instruments

The BDBF has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments' of FRS102 in full to all of its financial instruments.

Trade debtors which are receivable within 1 year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost being the transaction price less any amounts settled and any impairment losses.

Trade creditors payable within 1 year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less amounts settled.

Concessionary loans (both made and received) are initially recognised at the amount received or paid, with the carrying amount adjusted in subsequent years to reflect repayments and any accrued interest and adjusted, if necessary, for any impairment. They are assessed for objective evidence of impairment at the end of each reporting period.

2 Donations

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2020	Total funds 2019
	£'000	£'000	£'000	£'000	£'000	£'000
PARISH CONTRIBUTIONS						
Common Fund – current	-	-	-	4,918	4,918	5,572
Common Fund – prior	-	-	-	8	8	41
TOTAL COMMON FUND	**-**	**-**	**-**	4,926	**4,926**	**5,613**
Contributions to Malawi Fund	-	27	-	-	27	30
TOTAL PARISH CONTRIBUTIONS	-	27	-	4,926	**4,953**	**5,643**
ARCHBISHOPS' COUNCIL						
Strategic Restructuring	-	35	-	-	35	151
Strategic Development	-	1,067	-	-	1,067	735
Strategic Capacity	-	88	-	-	88	95
Strategic Ministry	-	21	-	-	21	-
Lowest Income Communities Funding	-	-	-	1,948	1,948	1,972
Sustainability Grant	-	-	1,000	-	1,000	-
Resourcing Ministerial Education Block Grant	-	251	-	-	251	216
TOTAL ARCHBISHOPS' COUNCIL	-	1,462	1,000	1,948	**4,410**	**3,169**
OTHER DONATIONS						
Stipend sources	-	-	-	544	544	626
Allchurches Trust	-	5	-	164	169	259
Other donations to Malawi Fund	-	5	-	-	5	24
Historic England – Places of Worship officer	-	14	-	-	14	17
Resourcing Church – fabric	-	-	-	-	-	68
Jerusalem Trust – *Growing Younger* Facilitators	-	-	-	-	-	30
Other donations	-	2	-	41	43	70
Other grants	-	-	-	205	205	-
TOTAL OTHER DONATIONS	-	26	-	954	**980**	**1,094**

2 Donations (continued)

The annual grants from Archbishop's Council may be used for either specific parish mission and development projects or for clergy stipends. The Strategic Development Funding is restricted to the *Shaping the Future*, *People & Places* and various Church Planting programmes of mission activities. The Strategic Capacity funding is restricted to the *People & Places* programme. Strategic Ministry Funding is restricted to supporting curates in training with the objective of increasing the number of curacies that the dioceses is able to offer in any one year. The Resourcing Ministerial Education Block Grant is to be used for approved clergy training pathways. The Strategic Restructuring Funding is restricted to activities that support diocesan strategic development work – the last of these funds were utilised during the current year. The Sustainability Grant is a one-off grant to bridge the gap between the expected and actual unrestricted outturn as a result of Covid-19.

3 Income from charitable activities

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2020	Total funds 2019
	£'000	£'000	£'000	£'000	£'000	£'000
Statutory fees	-	-	-	316	316	344
Parish training events	-	-	-	4	4	60
Insurance proceeds	-	-	-	2	2	11
Schools training events and services	-	66	-	-	66	80
Payroll Bureau service	-	-	-	12	12	11
Interest receivable on parish loans	-	1	-	30	31	31
TOTAL	-	67	-	364	**431**	**537**

Total income from charitable activities for the year ended 31 December 2019 of £537,000 was split between funds as follows: £83,000 in other restricted funds and £454,000 in undesignated funds.

4 Other trading activities

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2020	Total funds 2019
	£'000	£'000	£'000	£'000	£'000	£'000
Housing income	-	-	-	462	462	409
Recharges to other Christian organisations	-	19	-	15	34	31
Recharges to other charitable organisations	-	-	-	3	3	-
Recharges to Birmingham Diocesan Multi Academy Trust	-	-	-	-	-	10
TOTAL	-	19	-	480	**499**	**450**

Total income from other trading activities for the year ended 31 December 2019 of £450,000 was split between funds as follows: £27,000 in other restricted funds and £433,000 in undesignated funds.

5 Investment income

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2020	Total funds 2019
	£'000	£'000	£'000	£'000	£'000	£'000
Dividends and interest	8	180	11	248	447	501
Profit / (loss) on sales of investments	(4)	-	-	6	2	(6)
Rents	-	10	-	209	219	242
TOTAL	4	190	11	463	**668**	**737**

Total investment income for the year ended 31 December 2019 of £737,000 was split between funds as follows: £3,000 in endowment funds, £206,000 in other restricted funds, £14,000 in designated funds and £514,000 in undesignated funds.

6 Other income

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2020	Total funds 2019
	£'000	£'000	£'000	£'000	£'000	£'000
Gain on sale of fixed assets	-	-	-	315	315	611
TOTAL	-	-	-	315	**315**	**611**

Total other income for the year ended 31 December 2019 of £611,000 was split between funds as follows: £58,000 in endowment funds, £389,000 in designated funds and £164,000 in undesignated funds.

7 Fundraising costs

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2020	Total funds 2019
	£'000	£'000	£'000	£'000	£'000	£'000
Investment management costs	21	-	-	6	27	29
Property rental costs	14	-	-	134	148	238
TOTAL	35	-	-	140	175	267

Total fundraising costs for the year ended 31 December 2019 of £267,000 was split between funds as follows: £32,000 in endowment funds and £235,000 in undesignated funds.

8 Expenditure on charitable activities

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2020	Total funds 2019
	£'000	£'000	£'000	£'000	£'000	£'000
CONTRIBUTION TO ARCHBISHOPS' COUNCIL						
Training for ministry	-	-	-	189	189	189
National Church responsibilities	-	-	-	158	158	166
Mission agency pension costs	-	-	-	7	7	2
Retired clergy housing costs	-	-	-	68	68	65
Pooling of ordinands maintenance grants	-	-	-	42	42	13
TOTAL	-	-	-	464	464	435
RESOURCING MINISTRY AND MISSION						
Parish Ministry:						
Stipends and National Insurance	-	364	-	3,396	3,760	4,041
Pension contributions	-	121	(380)	1,161	902	842
Housing costs	-	-	-	1,111	1,111	1,219
Removal, resettlement and grants	-	33	-	227	260	220
Training for ministry tuition fees	-	207	-	-	207	192
Archdeacons, vocations, chaplaincy and other expenses	-	165	-	444	609	567
TOTAL	-	890	(380)	6,339	6,849	7,084
Mission grants	-	65	-	27	92	146
Support for parish ministry	-	798	51	2,143	2,992	2,952
TOTAL	-	863	51	2,170	3,084	3,098
EXPENDITURE ON EDUCATION						
Support for Church Schools	-	219	-	187	406	404
TOTAL	-	1,972	(329)	9,160	10,803	11,021

Total expenditure on charitable activities for the year ended 31 December 2019 of £11,021,000 was split between funds as follows: £1,780,000 in other restricted funds, £(222,000) in designated funds and £9,463,000 in undesignated funds.

9 Other expenditure

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2020	Total funds 2019
	£'000	£'000	£'000	£'000	£'000	£'000
Interest payable on other loans	-	-	-	1	1	2
Interest charge on pension liabilities	-	-	11	-	11	60
TOTAL	-	-	11	1	12	62

Total other expenditure for the year ended 31 December 2019 of £62,000 was split between funds as follows: £60,000 in designated funds and £2,000 in undesignated funds.

10 Analysis of expenditure including allocation of support costs

	Activities directly undertaken	Grant funding of activities	Support costs	Total 2020
	£'000	£'000	£'000	£'000
Raising funds	175	-	-	175
Charitable activities:				
Contributions to Archbishops' Council	-	464	-	464
Resourcing parish ministry	8,396	393	1,144	9,933
Education	225	11	170	406
Other	12	-	-	12
	8,808	868	1,314	10,990

	Activities directly undertaken	Grant funding of activities	Support costs	Total 2019
	£'000	£'000	£'000	£'000
Raising funds	267	-	-	267
Charitable activities:				
Contributions to Archbishops' Council	-	435	-	435
Resourcing parish ministry	8,983	308	891	10,182
Education	227	17	160	404
Other	1,935	-	-	1,935
	11,403	760	1,051	13,223

11 Analysis of support costs

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2020	Total funds 2019
	£'000	£'000	£'000	£'000	£'000	£'000
Support for Schools	-	170	-	-	170	160
Administration and premises	-	-	-	1,047	1,047	640
Church Workers Pension Scheme	-	-	-	10	10	-
Synod and Diocesan Advisery Committee Support	-	-	-	-	-	170
Governance:						
Auditors – external audit	-	-	-	19	19	19
Auditors – other services	-	-	-	1	1	1
Registrar and Chancellor	-	-	-	67	67	61
TOTAL	-	170	-	1,144	1,314	1,051

12 Analysis of grants made

	Number	Individuals	Institutions	Total 2020	Total 2019
		£'000	£'000	£'000	£'000
FROM UNRESTRICTED FUNDS FOR NATIONAL CHURCH RESPONSIBILITIES					
Archbishops' Council	**5**	**-**	**464**	**464**	**435**
FROM UNRESTRICTED / DESIGNATED FUNDS					
PCCs for mission	1	-	8	**8**	10
Ordinands in training	14	85	-	**85**	80
Resettlement and first appointment grants	59	125	-	**125**	-
Church schools	1	-	11	**11**	11
Sundry clergy grants	44	19	62	**81**	68
TOTAL	**119**	**229**	**81**	**310**	**169**
FROM RESTRICTED FUNDS					
Malawi Partnership dioceses and projects	4	-	48	**48**	55
PCCs for project workers *(Action in the City)*	1	-	3	**3**	11
Church Schools	-	-	-	**-**	6
PCCs for mission initiatives	3	-	6	**6**	16
Other Christian organisations for mission initiatives	1	-	9	**9**	-
Ordinands in training	25	28	-	**28**	37
soul[*food*]	-	-	-	**-**	31
TOTAL	**34**	**28**	**66**	**94**	**156**
TOTAL GRANTS PAYABLE	**158**	**257**	**611**	**868**	**760**

13 Staff costs

	2020	2019
	£'000	£'000
EMPLOYEE COSTS DURING THE YEAR (EXCLUDING CLERGY PAY)		
Wages and salaries	**2,164**	1,944
Social security costs	**211**	200
Pension costs	**249**	223
Pension costs – Church Workers Pension Scheme deficit contributions*	**39**	39
Redundancy costs	**-**	-
TOTAL	**2,663**	**2,406**
AVERAGE NUMBER OF PEOPLE EMPOYED DURING THE YEAR	*No.*	*No.*
Parish mission support	**54**	52
Discipleship and Ministry support	**13**	13
Administration and financial management	**11**	10
Property	**2**	2
Education	**5**	5
TOTAL	**85**	**83**

** The deficit contributions paid in 2020 and 2019 have been charged against the provision in note 23.*

The numbers of staff whose emoluments (including benefits in kind but excluding pension contributions) amounted to more than £60,000 were as follows:

	2020	2019
	No.	No.
In the band £60,000 – £65,000	**1**	2
In the band £65,000 – £70,000	**1**	2
In the band £75,000 – £80,000	**1**	-
In the band £85,000 – £90,000**	**-**	1

*** In 2019, this individual relinquished their right to employer pension contributions and their emoluments were adjusted as appropriate.*
The total amount of employer defined contribution pension contributions paid on behalf of these employees were £26,471 (2019: £31,166).

13 Staff costs (continued)

Key management (employee) 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 2020 they were:

Diocesan Secretary (from 1 January 2020)	Jan Smart
Company Secretary (from 1 January 2020 to 30 April 2020)	Melanie Crooks
Company Secretary (from 1 May 2020)	Jan Smart
Director of Finance (until 30 April 2020)	Melanie Crooks
Director of Finance (from 1 May 2020)	Karen Preece
Property Director	Daniel Mayes
Director of Education	Sarah Smith

Renumeration and pensions for these four FTE employees amounted to £364,795 (2019: £422,910 for five FTE employees).

None of the directors received any remuneration as directors. The BDBF in both 2020 and 2019 has an overarching insurance policy that includes trustees' indemnity insurance however the premium attributable to the trustees' indemnity insurance element is not separately identifiable.

The clergy and clergy stipends are not included within the BDBF's staff costs, as they are not employees of the BDBF. The BDBF is merely responsible for the central administration and payment of the stipends on behalf of the parishes. However, the BDBF paid an average of 123 (2019: 129) stipendiary clergy as office holders holding parish or diocesan appointments in the diocese, and the costs were as follows:

	2020	2019
	£'000	£'000
Stipends	**3,461**	3,599
National Insurance contributions	**273**	278
Apprenticeship Levy	**15**	16
Restructuring costs	**120**	157
Pension costs – current year	**935**	891
Pension costs – deficit funding provided	**380**	386
TOTAL	**5,184**	**5,336**

14 Net income before transfers and other recognised gains / (losses)

	2020	2019
	£'000	£'000
NET INCOME IS STATED AFTER CHARGING:		
Depreciation – owned assets	**70**	67
Net gain on disposal of fixed assets	**315**	611
Auditor's remuneration – audit of financial statements	**19**	19
Auditor's remuneration – other services	**1**	1

15 Tangible fixed assets

	Freehold Properties (see analysis below)	Computer equipment	Office equipment	TOTAL
	£'000	£'000	£'000	£'000
COST / DEEMED COST OR VALUATION				
At 1 January 2020	23,761	199	324	**24,284**
Additions	-	16	-	**16**
Disposals	(60)	-	-	**(60)**
AT 31 DECEMBER 2020	**23,701**	**215**	**324**	**24,240**
ACCUMULATED DEPRECIATION				
At 1 January 2020	-	149	193	**342**
Charge for the year	-	24	46	**70**
Disposals	-	-	-	**-**
AT 31 DECEMBER 2020	**-**	**173**	**239**	**412**
NET BOOK VALUE				
AT 31 DECEMBER 2020	**23,701**	**42**	**85**	**23,828**
AT 31 DECEMBER 2019	23,761	50	131	**23,942**

All the above assets are used for charitable purposes.

NOTES TO THE ACCOUNTS

15 Tangible fixed assets (continued)

	2020 cost or deemed cost	2019 cost or deemed cost
	£'000	£'000
FREEHOLD PROPERTIES		
ENDOWMENT FUNDS		
Benefice houses fund:		
Parsonage houses	17,598	17,598
Glebe funds:		
Housing of team vicars, curates and others	660	660
UNRESTRICTED FUNDS		
Corporate property:		
Housing of senior clergy, curates and others	1,741	1,801
Other corporate property	3,702	3,702
TOTAL FREEHOLD PROPERTIES	**23,701**	**23,761**

16 Investments held as fixed assets

	Glebe	Endowment fund	Unrestricted fund	TOTAL
	£'000	£'000	£'000	£'000
a) INVESTMENT PROPERTIES				
At 1 January 2020	1,167	940	516	2,623
Disposals	(5)	-	(516)	(521)
Revaluation	364	(50)	190	504
AT 31 DECEMBER 2020	**1,526**	**890**	**190**	**2,606**

Properties were valued by Bruton Knowles (Chartered Surveyors) on an open market existing use basis as at 31 December 2020. The BDBF's policy is to seek formal professional valuations of its investment properties every five years with trustee review in the intervening period. The next external review will be carried out as at 31 December 2025.

	1 January 2020	Sales	Purchases	Change in market value	31 December 2020
	£'000	£'000	£'000	£'000	£'000
b) OTHER FINANCIAL INVESTMENTS					
ENDOWMENT FUNDS					
Listed investments	4,278	(445)	419	10	4,262
Unlisted investments	554	-	-	22	576
	4,832	**(445)**	**419**	**32**	4,838
OTHER RESTRICTED FUNDS					
Listed investments	276	-	-	(34)	242
Unlisted investments	4,599	(17)	-	85	4,667
	4,875	**(17)**	**-**	**51**	4,909
UNRESTRICTED FUNDS					
Designated funds:					
Unlisted investments	81	(13)	-	3	71
Undesignated funds:					
Listed investments	1,171	(88)	89	(23)	1,149
Unlisted investments	1,803	-	-	(90)	1,713
	3,055	**(101)**	**89**	**(110)**	2,933
TOTAL	**12,762**	**(563)**	**508**	**(27)**	**12,680**

Unlisted investments consist of freely marketable shares in The Central Board of Finance Investment Fund and COIF administered by the CCLA Fund Managers. The historic cost of listed investments as at 31 December 2020 was £4,462,442 (2019: £4,531,462) and £5,471,397 (2019: £ 5,521,032) for unlisted investments.

17 Debtors

	2020	2019
	£'000	£'000
RECEIVABLE WITHIN ONE YEAR		
Parish loans (concessionary loans)	17	32
Other loans (concessionary loans)	7	5
Prepayments and other debtors	668	1,111
Accrued income	43	138
	735	1,286
RECEIVABLE AFTER ONE YEAR		
Parish loans (concessionary loans)	71	29
Other loans (concessionary loans)	7	9
Other debtors	946	945
	1,024	983
TOTAL DEBTORS	**1,759**	**2,268**

Parish loans include an amount of £nil (2019: £6,623) due from parishes in respect of 'back-to-back' loans made to parishes from funds made available to the BDBF by the Central Board of Finance. The corresponding liability, being the amount repayable by the BDBF to the Central Board of Finance, is included within other loans in notes 18 and 19 below. Interest was payable and receivable at the same rate, being 0.55% above the CBF deposit rate.

18 Creditors: amounts falling due within one year

	2020	2019
	£'000	£'000
Other loans – Church Commissioners (concessionary loan)	20	27
Other loans – Gloucester Diocesan Board of Finance (concessionary loan)	68	68
Trade creditors	264	178
Other creditors	714	503
Pension fund deficit – church workers pension scheme	39	39
Pension fund deficit – clergy pension scheme	221	383
Accruals and deferred income	470	454
	1,796	**1,652**

Other loans (Church Commissioners) relate to advances from the Church Commissioners for house purchases and parish 'back to back loans' from the Central Board of Finance. The loans are variable interest loans at the rate of the Central Board of Finance (Church of England) Deposit Fund rate plus 0.55%

The loan from the Gloucester Diocesan Board of Finance is a restricted purpose loan for the building works in connection with the Resourcing Church project. The loan is an interest free, unsecured arrangement with repayments over a five-year period, although the final repayment due in 2020 has been deferred to 2021 as a result of the pandemic.

19 Creditors: amounts falling due after more than one year

	2020 £'000	2019 £'000
Pension fund deficit – clergy pension scheme	228	459
Pension fund deficit – church workers pension fund	238	263
Other loans – Church Commissioners (concessionary loan)	90	90
	556	**812**

The maturity of the above loans may be analysed as follows:

	2020 £'000	2019 £'000
Between one to two years	20	20
Between two to five years	60	60
In five years and more	10	10
	90	**90**

Other loans (Church Commissioners) relate to advances from the Church Commissioners for parish 'back to back loans' from the Central Board of Finance. The loans are variable interest loans at the rate of the Central Board of Finance (Church of England) Deposit Fund rate plus 0.55%

The parish 'back to back' loans are unsecured in nature and their repayment maturity matches that of the respective parish loan debtor to the BDBF.

20 Analysis of assets and liabilities between funds

	Restricted funds: Endowment funds £'000	Restricted funds: Other funds £'000	Unrestricted funds: Designated funds £'000	Unrestricted funds: Undesignated funds £'000	Total funds 2020 £'000	Total funds 2019 £'000
TANGIBLE ASSETS						
Other fixed assets	18,258	22	-	5,548	**23,828**	23,943
INVESTMENTS – FIXED						
Investment properties	2,416	-	-	190	**2,606**	2,623
Other	4,838	4,909	71	2,862	**12,680**	12,761
DEBTORS						
Due within one year	(2)	160	233	344	**735**	1,285
Due after one year	-	74	215	735	**1,024**	983
Cash at bank	3,587	2,708	3,858	(2,600)	**7,553**	5,161
CREDITORS						
Due within one year	(1)	(716)	(263)	(816)	**(1,796)**	(1,652)
Due after one year	-	-	(466)	(90)	**(556)**	(812)
NET ASSETS	29,096	7,157	3,648	6,173	**46,074**	**44,292**

	Restricted funds: Endowment funds £'000	Restricted funds: Other funds £'000	Unrestricted funds: Designated funds £'000	Unrestricted funds: Undesignated funds £'000	Total funds 2019 £'000
TANGIBLE ASSETS					
Other fixed assets	18,769	17	-	5,667	**23,943**
INVESTMENTS – FIXED					
Investment properties	2,107	-	-	516	**2,623**
Other	4,832	4,873	82	2,975	**12,761**
DEBTORS					
Due within one year	294	111	233	647	**1,285**
Due after one year	-	38	215	730	**983**
Cash at bank	3,274	2,534	2,324	(2,977)	**5,161**
CREDITORS					
Due within one year	(3)	(474)	(444)	(731)	**(1,652)**
Due after one year	-	-	(722)	(90)	**(812)**
NET ASSETS	28,769	7,100	1,688	6,736	**44,292**

21 Movements in funds

	1 January 2020 £'000	Income £'000	Expenditure £'000	Transfers £'000	Capital movements £'000	31 December 2020 £'000
ENDOWMENT FUNDS						
Glebe Fund*	**5,610**	7	(20)	-	458	**6,055**
Birmingham Diocesan Endowment Fund*	**5,289**	(11)	(15)	-	(118)	**5,145**
Parsonage Houses Fund	**17,598**	-	-	-	-	**17,598**
Bishop Brown Legacy Endowment Fund	**272**	8	-	-	18	**298**
	28,769	4	(35)	-	358	**29,096**
OTHER RESTRICTED FUNDS						
Sites and Buildings Fund	**970**	1	-	-	-	**971**
Church Schools Fund	**5,562**	241	(218)	-	55	**5,640**
Action in the City Fund	**44**	2	(3)	-	(1)	**42**
Malawi Partnership Fund	**362**	45	(48)	-	(3)	**356**
St Luke's at Gas Street – Fabric Fund	**111**	-	-	-	-	**111**
Strategic Restructuring Fund	**-**	35	(35)	-	-	**-**
Training for Ministry Fund	**-**	251	(234)	-	-	**17**
Strategic Ministry Fund - Curates training	**-**	21	-	(21)	-	**-**
Shaping the Future (1)	**5**	391	(542)	146	-	**-**
Shaping the Future match (2)	**7**	-	-	-	-	**7**
Allchurches Trust Mission Apprentice Fund	**22**	5	(62)	35	-	**-**
Empowering Disciples Fund	**7**	-	(1)	-	-	**6**
Historic England – Places of Worship Officer	**-**	15	(42)	27	-	**-**
Allchurches Trust NECN	**4**	19	(23)	-	-	**-**
People & Places Capacity Fund	**-**	88	(89)	-	-	**(1)**
People & Places Development Fund	**6**	650	(648)	-	-	**8**
Church Planting (Shirley and Pype Hayes) Fund	**-**	18	(18)	-	-	**-**
Context Ministry and Church Planting Development Fund	**-**	9	(9)	-	-	**-**
	7,100	1,791	(1,972)	187	51	**7,157**
UNRESTRICTED FUNDS						
DESIGNATED FUNDS						
Pastoral Fund*	**1,400**	11	(40)	-	3	**1,374**
Pensions Reserve	**(1,183)**	-	369	-	10	**(804)**
Growing Younger Fund (2)	**240**	-	(11)	-	-	**229**
Strategic Investment Fund	**1,216**	-	-	796	-	**2,012**
Curate Fund	**14**	-	-	(14)	-	**-**
Sustainability Grant (Church Commissioners)	**-**	1,000	-	(163)	-	**837**
UNDESIGNATED FUNDS						
General Fund*	**6,736**	9,450	(9,301)	(806)	94	**6,173**
	8,423	**10,461**	**8,983**	**(187)**	**107**	**9,821**
TOTAL	**44,292**	**12,256**	**(10,990)**	**-**	**516**	**46,074**

21 Movements in funds (continued)

	1 January 2019	Income	Expenditure	Transfers	Capital movements	31 December 2019
	£'000	£'000	£'000	£'000	£'000	£'000
ENDOWMENT FUNDS						
Glebe Fund*	**5,390**	55	(17)	-	182	**5,610**
Birmingham Diocesan Endowment Fund*	**4,945**	(2)	(15)	-	361	**5,289**
Parsonage Houses Fund	**17,959**	-	-	(361)	-	**17,598**
Bishop Brown Legacy Endowment Fund	**223**	8	-	-	41	**272**
	28,517	61	(32)	(361)	584	**28,769**
OTHER RESTRICTED FUNDS						
Sites and Buildings Fund	**968**	2	-	-	-	**970**
Church Schools Fund	**5,162**	281	(236)	-	355	**5,562**
Action in the City Fund	**54**	3	(11)	-	(2)	**44**
Malawi Partnership Fund	**364**	68	(78)	-	8	**362**
St Luke's at Gas Street – Fabric Fund	**1,560**	68	(1,517)	-	-	**111**
soul[*food*]	**31**	-	(31)	-	-	**-**
Strategic Restructuring Fund	**-**	154	(158)	4	-	**-**
Training for Ministry Fund	**-**	216	(228)	12	-	**-**
Shaping the Future (1)	**10**	543	(546)	-	-	**5**
Shaping the Future match (2)	**5**	3	(1)	-	-	**7**
Allchurches Trust Mission Apprentice Fund	**51**	109	(138)	-	-	**22**
Empowering Disciples Fund	**8**	1	(2)	-	-	**7**
Jerusalem Trust – *Growing Younger* Facilitators	**-**	30	(30)	-	-	**-**
Historic England – Places of Worship Officer	**-**	17	(29)	12	-	**-**
Allchurches Trust NECN	**-**	18	(14)	-	-	**4**
People & Places Capacity Fund	**-**	92	(92)	-	-	**-**
People & Places Development Fund	**-**	193	(187)	-	-	**6**
	8,213	1,797	(3,297)	28	360	**7,100**
UNRESTRICTED FUNDS						
DESIGNATED FUNDS						
Pastoral Fund	**1,030**	403	(35)	-	2	**1,400**
Pensions Reserve	**(3,016)**	-	326	-	1,507	**(1,183)**
Transforming Church Fund	**77**	-	(1)	(76)	-	**-**
Growing Younger Fund (2)	**342**	26	(128)	-	-	**240**
Strategic Investment Fund	**-**	-	-	1,216	-	**1,216**
Curate Fund	**28**	-	-	(14)	-	**14**
UNDESIGNATED FUNDS						
General Fund*	**7,368**	9,955	(10,056)	(793)	262	**6,736**
	5,829	**10,384**	**9,894**	**333**	**1,771**	**8,423**
TOTAL	**42,559**	**12,241**	**(13,223)**	**-**	**2,715**	**44,292**

The funds denoted with * include the following revaluation reserves:

	2020	2019
	£'000	£'000
WITHIN ENDOWMENT FUNDS		
Glebe Fund	**1,024**	664
Birmingham Diocesan Endowment Fund	**99**	149
	1,123	**813**
UNDESIGNATED FUNDS		
General Fund	**1,140**	1,216
TOTAL	**2,263**	**2,029**

21 Movements in funds (continued)

Details of the major funds are as follows:

Endowment Funds

Glebe Fund Under the terms of the Endowment and Glebe Measure 1976, all historic parish Glebe land holdings were transferred to the respective Diocesan Boards of Finance, which were required, in return, to ensure that all clergy within their diocese received at least the agreed minimum stipend for the year. It represents glebe assets and the accumulated sale proceeds of glebe property. Capital funds may be used for the purchase, improvement and maintenance of glebe property and benefice property. Besides glebe property, the funds may be invested in investments or cash held on deposit. All clear income derived from these investments is transferred to the General Fund as a contribution towards the cost of clergy stipends.

Birmingham Diocesan Endowment Fund This fund was also established under a scheme of the Charity Commissioners (dated September 1906), promoted by the Worcester diocese, with the object of providing a permanent capital endowment, the income derived from which was to be available to the Diocesan trustees for the purpose of augmenting the incomes of clergy serving in the 'poorer areas' of Birmingham. In 1963, the Charity Commissioners approved a variation to the scheme appointing the BDBF as joint trustees of the charity, together with the Birmingham Diocesan Trustees Registered. The objects were varied slightly by a Birmingham Commissioners Order dated August 1981, following the implementation of the Endowment and Glebe Measure, confirming that any clear income of the charity is to be applied in augmenting stipends of the clergy in the diocese of Birmingham. Subsequent to the 'Fresh Start' re-organisation of 1993, the BDBF transferred certain property and fiscal investments previously held in the General Fund into the Endowment Fund.

Bishop Brown Legacy Endowment Fund This fund was established from the estate of the late Bishop Brown (Bishop of Birmingham 1969-1977). His will gave a legacy to the BDBF to establish an endowment fund for the benefit of ordinands in training in the diocese. The income derived from the capital endowment may be used to contribute to the maintenance grants of those in training.

Parsonages House Fund This fund represents the carrying value of all the benefice houses (parsonages) in the diocese.

Restricted Funds

Sites and Buildings This fund was originally created under a scheme of the Charity Commissioners by the Worcester diocese in November 1906, when Birmingham was first being established as an independent diocese, (Birmingham being formed mostly from parishes previously part of either the diocese of Worcester or Lichfield). The objectives of that fund were to assist the proposed new diocese in providing sites for and building new churches and mission rooms. The fund was absorbed into the Annual Reports of the Birmingham diocese during the years following the First World War and in 1951 the Charity Commissioners' consent was obtained to replacing individual trustees by the Birmingham Diocesan Board of Finance. This fund continues to be used to provide income for making grants to PCCs for the maintenance or extension of churches, and loans at reduced interest rates for new churches or (more usually) major repair projects.

Church Schools Fund This fund comprises the accumulated capital proceeds arising from the sale of closed Church Schools. Under section 86 of the 1944 Education Act (now section 554 of the 1996 Act), part or all of the proceeds arising on the sale of closed schools will have been directed to this fund under a Determination Order by the Secretary of State for Education. These proceeds in Birmingham are held under the terms of a Uniform Statutory Trust. The income deriving from the deposits and investments (mainly Common Investment Funds) is applied for the benefit of existing voluntary aided schools by way of grants and or loans for building projects and repairs.

Action in the City *Fund* This fund is the surplus funds raised by churches in the diocese of Birmingham against the target set to create the endowment fund that set up the Church Urban Fund ('CUF'). CUF was set up in response to the *Faith in the City* report in the wake of the social unrest that manifested itself in the England's inner cities in the early 1980s. Its residual capital and income continue to be used to support parishes engaged in community regeneration activities.

The Malawi Partnership Fund This relates to monies raised by individuals and parishes across the Birmingham diocese to provide support to link dioceses and their parishes in Malawi.

Growing Younger *Fund (1)* This fund relates to our *Growing Younger* strategic programme which is being part funded by a Strategic Development Funding grant from Church Commissioners with match funding from our own resources. This fund relates to the restricted monies from Church Commissioners and other external funding sources.

St Luke's at Gas Street – Fabric Fund This fund is the specific donations raised to fund the building works at the Mission Resourcing Church at Retort House, Gas Street, Birmingham.

Strategic Restructuring Fund This fund relates to transitional monies received from Church Commissioners in respect of restructuring activities necessitated by changes in Church Commissioners allocation methodology for the funding of dioceses.

soul*[food]* ***Fund*** This fund relates to the monies raised by donations for the **soul***[food]* social media mission initiative.

Shaping the Future *Fund (1)* This fund relates to our *Shaping the Future* strategic programme which is being part funded by a Strategic Development Funding grant from Church Commissioners with match funding from our own resources. This fund relates to the restricted monies from Church Commissioners.

Shaping the Future *Fund (2)* This fund relates to our *Shaping the Future* strategic programme which is being part funded by a Strategic Development Funding grant from Church Commissioners with match funding from our own resources. This fund relates to the restricted monies from other external funding sources.

Training for Ministry Fund This fund relates to the Resourcing Ministerial Education Block Grant that the BDBF receives from Archbishop's Council to fund training costs of ordinands.

Strategic Ministry Fund – Curates Training This fund relates to funding received from Archbishop's Council to support the training of additional curates.

Allchurches Trust Mission Apprentices Fund This fund relates to the Mission Apprentices Programme which is being funded by the All Churches Trust.

Empowering Disciples Fund This fund relates to donations collected at the annual ordination service which is then available to make small grants to further vocations and discipleship.

Jerusalem Trust* – Growing Younger *Facilitators Fund This fund relates to funding provided by Jerusalem Trust to extend the work of our *Growing Younger* facilitators.

Historic England – Places of Worship Officer Fund This fund relates to match funding provided by Historic England towards our Places of Worship Support Officer.

Allchurches Trust NECN This relates to the National Estates Church Network (NECN) programme that we are partners in and which is being funded by All Churches Trust.

People & Places *Capacity Fund* This relates to our *People & Places* Strategic framework which is part funded by a Strategic Capacity Funding grant from the Church Commissioners, with match funding from a Church Commissioners Strategic Development Funding grant and our own resources. This fund relates to the restricted Strategic Capacity Funding monies from Church Commissioners.

21 Movements in funds (continued)

People & Places *Development Fund* This relates to our *People & Places* Strategic framework which is part funded by a Strategic Development Funding grant from the Church Commissioners, with match funding from a Church Commissioners Strategic Capacity Funding grant and our own resources. This fund relates to the restricted Strategic Development Funding monies from Church Commissioners.

Church Planting (Shirley and Pype Hayes) Fund This relates to a Strategic Development Funding grant from the Church Commissioners to support the establishment of new church plants (and related infrastructure) within the diocese in the specific areas of Shirley and Pype Hayes.

Context Ministry and Church Planting Fund This relates to a Strategic Development Funding grant from the Church Commissioners to support the development of our strategic approach to context ministry and church planting within the diocese as part of our wider transformational vision for the diocese.

Unrestricted funds

Pastoral Fund The diocesan pastoral fund represents the proceeds of redundant churches. The funds may be used for the acquisition and development of parsonages and other clergy houses and the provision, restoration, improvement and repair of churches once the legal obligations for redundant church buildings vested in the BDBF for disposal are met. When these funds have been used to purchase or improve property this has been charged to the Pastoral Fund in the year of expenditure. Proceeds of sale have been credited as income in the year of receipt. Where the BDBF has used the funds to purchase or improve properties in its corporate capacity, these have been included as fixed assets in these financial statements.

Pension Reserve This represents a designated or 'earmarked' fund in respect of possible BDBF obligations in respect of pension scheme arrangements.

Transforming Church *Fund* This is a designated fund to help with parish growth initiatives.

Growing Younger *Fund (2)* This fund relates to our *Growing Younger* strategic programme which is being part funded by a Strategic Development Funding grant from Church Commissioners with match funding from our own resources. This fund relates to our own resources that we have designated towards the programme.

Strategic Investment Fund This is a designated fund that has been created using proceeds from property disposal proceeds. The fund will be used for intentional strategic mission investments such as further implementation of context ministry and match funding for our Church Commissioners grant funded *Shaping the Future* and *People & Places* strategic programmes.

During the year as part of our response to the Covid-19 pandemic, Bishop's Council agreed a proposal to release back to general unrestricted funds from the Strategic Investment Fund such monies as were necessary to deliver a balanced budget on unrestricted activities. The receipt of Sustainability Grant funding from Archbishops' Council late in 2020 meant that such a transfer was not necessary in 2020, although the proposal has been ratified again in respect of the 2021 unrestricted activities budget.

Sustainability Grant Fund This fund relates to a Sustainability Grant received from Archbishops' Council in 2020 to enable the BDBF to bridge the gap in their unrestricted budget as a result of the Covid-19 pandemic. There are no specific restrictions attached to this funding other than the general stated purpose of bridging any unrestricted financial gap arising as a result of the Covid-19 pandemic. Archbishops' Council have permitted the diocese to hold over any funds granted in 2020 but not used in 2020 for the same purpose in 2021. Archbishop's Council will continue to monitor the need for such funds throughout 2021 and may seek repayment of any unused funds if it deems that they are no longer required.

Curate Fund This is a designated fund to help finance curate posts in future years.

General Fund The general fund is the BDBF's unrestricted, undesignated fund available for any of the Board's purposes without restriction.

Details of inter fund transfers in 2020 are as follows:

	Unrestricted general	Unrestricted designated	Restricted	Endowment	Total
	£'000	£'000	£'000	£'000	£'000
Curate Fund to General Fund [1]	14	(14)	-	-	-
General Fund to All Churches Trust Mission Apprentice Programme Fund [2]	(35)	-	35	-	-
General Fund to Historic England – Places of Worship Officer Fund [2]	(27)	-	27	-	-
General Fund to Strategic Ministry Fund [3]	21	-	(21)	-	-
General Fund to Strategic Investment Fund [4]	942	(942)	-	-	-
Strategic Investment Fund to *Shaping the Future* Fund [5]	-	(146)	146	-	-
CC Sustainability Fund to General Fund [6]	163	(163)	-	-	-
TOTAL	(806)	619	187	-	-

[1] *This represents the transfer of early curacy end stipend savings previously saved to help fund 2020 curacies.*
[2] *These represent the transfer of unrestricted funds to cover deficit in restricted funds.*
[3] *Transfer of curates' costs from unrestricted funds to restricted fund to help fund 2020 curacies.*
[4] *These represent the transfer of property disposal proceeds to the Strategic Investment Fund to fund intentional strategic mission investments.*
[5] *This represents the transfer of designated funds to cover restricted costs not covered by grant receivable.*
[6] *This represents the use of the Sustainability Fund to cover shortfall in unrestricted funds.*

Details of inter fund transfers in 2019 are as follows:

	Unrestricted general	Unrestricted designated	Restricted	Endowment	Total
	£'000	£'000	£'000	£'000	£'000
Curate Fund to General Fund [1]	14	(14)	-	-	-
General Fund to Restructuring Fund [2]	(4)	-	4	-	-
General Fund to Historic England – Places of Worship Officer Fund [2]	(12)	-	12	-	-
General Fund to Training for Ministry Fund [2]	(12)	-	12	-	-
Transforming Church Fund to Strategic Investment Fund [3]	-	(76)	-	-	-
	-	76	-	-	-
Parsonage Fund to Pastoral Fund [4]	-	361	-	(361)	-
Pastoral Fund to Strategic Investment Fund [4]	-	(361)	-	-	-
	-	361	-	-	-
General Fund to Strategic Investment Fund [4]	(779)	779	-	-	-
TOTAL	(793)	1,126	28	361	-

[1] *This represents the transfer of early curacy end stipend savings previously saved to help fund 2019 curacies.*
[2] *These represent the transfer of unrestricted funds to cover deficit in restricted funds.*
[3] *This represents the transfer of* Transforming Church *funds to the Strategic Investment Fund to fund intentional strategic mission investments.*
[4] *These represent the transfer of property disposal proceeds to the Strategic Investment Fund to fund intentional strategic mission investments.*

22 Commitments

At 31 December 2020 the BDBF had no capital commitments which were contracted for but not provided in the financial statements (2019: £290,000).

The BDBF has no parish loan facilities approved during the year which have not been drawn down by the parishes concerned as at 31 December 2020 (2019: £215,000 for two parishes).

23 Pension costs

Employees – Church Workers Pension Fund

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.

The BDBF participates in the Church of England Defined Benefits Section ('DBS') of the Church Workers Pension Fund (the Fund), a pension scheme administered by the Church of England Pensions Board to provide benefits to lay employees based on final pensionable salaries. The assets of the fund are held separately from those of the employer. For funding purposes, the 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.

It is not possible to attribute the scheme's assets and liabilities to specific employers, since each employer, through the Life Risk Pool, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102 and as such contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SOFA in the year include contributions payable towards benefits and expenses accrued in that year (2020: £6,500 2019: £6,500), plus any impact of deficit contributions payable, giving a total charge of £38,963 for 2020 (2019: £38,963).

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 the DBS is carried out once every three years, the most recent having been carried out and finalised as at 31 December 2016. In this valuation, the Life Risk Section was shown to be in deficit by £2.6m and £2.6m was notionally transferred from the employers' sub-pools to the Life Risk Pool. This increased the Employer contributions that would otherwise have been payable. The overall deficit in the DBS was £26.2m.

Following the valuation, the BDBF has entered into an agreement with the Church Workers Pension Fund to pay expenses of £6,500 per year. In addition, deficit payments of £38,963 per year have been agreed for 10 years from 1 April 2018 in respect of the shortfall in the Employer sub-pool. This obligation has been recognised as a liability with the BDBF financial statements. Section 28.11A of FRS101 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out as follows:

	2020	2019
	£'000	£'000
Balance sheet liability at 1 January	302	321
Deficit contributions paid	(39)	(39)
Interest cost	4	7
Remaining change to the balance sheet liability	10	13
BALANCE SHEET LIABILITY AS AT 31 DECEMBER	277	302

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:

Discount rate	31 December 2020	0.5% pa
	31 December 2019	1.4% pa
	31 December 2018	2.3% 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. A valuation as at 31 December 2019 was under way as at 31 December 2020. The contributions agreed at that valuation will be reflected in the figures disclosed in the 2021 accounts.

It was agreed to make all future non clergy pension arrangements through the Pension Builder section of the Church Workers Pension Scheme administered by the Church of England Pensions Board with effect from April 2012.

For eligible salaried employees who commenced employment after 1 January 2006 the BDBF participates in the Church of England Pension Builder Scheme (PBS) within the Church Workers Pension Fund, which is administered by the Church of England Pensions Board. The assets of the schemes are held separately from those of the BDBF and the other participating employers.

The PBS is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefit schemes. The BDBF contributes to the Pension Builder Classic section. The 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 contributions are recorded in an account for each member. This account may have bonuses added by the Board before retirement. The bonuses depend on investment experience and other factors. There is no requirement for the Board to grant any bonuses. The account, plus any bonuses declared, is payable from members' Normal Pension Age.

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 means it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the Statement of Financial Activities in the year are contributions payable.

23 Pension costs (continued)

A valuation of the scheme is carried out once every three years. The most recent scheme valuation completed was carried out as at 31 December 2016. This revealed, a deficit of £14.2m on the ongoing assumptions used. At the most recent annual review, the Board chose not to grant a discretionary bonus, which will have acted to improve the funding position. There is no requirement for deficit payments at the current time.

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. A valuation as at 31 December 2019 was under way as at 31 December 2020. The contributions agreed at that valuation will be reflected in the figures disclosed in the 2021 accounts.

The pension cost for the year shown in the financial statements is equal to the total contributions. The total contributions for the year were £239,960 (2019: £213,167).

The BDBF also contributes to a Group Personal Pension Plan organised by Friends Life for certain employees. This is a defined contribution, money purchase arrangement. The pension cost for the year shown in the financial statements is equal to the total contributions. The total contributions for the year were £2,085 (2019: £3,061).

Stipendiary Clergy

The BDBF participates in the Church of England Funded Pensions Scheme for stipendiary clergy, a defined benefit pension scheme. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes 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 FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to specific Responsible Bodies and this means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pension costs charged to the Statement of Financial Activities in the year are contributions payable towards benefits and expenses accrued in that year (2020: £935,000, 2019: £890,000), plus the figures highlighted in the table below as being recognised in the Statement of Financial Activities, giving a total debit of £922,000 for 2020 (2019: credit of £577,000 charge) plus any impact of deficit contributions.

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at 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:

- RPI inflation of 3.4 % pa (and pension increases consistent with this);
- Increase in pensionable stipends 3.4% pa; and
- Mortality in accordance with 95% of the S3NA_VL tables, with allowance for improvements in mortality rates in line with the CIMI2018 extended model projections, 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. Following the valuation of the Scheme as at 31 December 2018, a recovery plan was put in place until 31 December 2022, and the deficit recovery contributions payable (as a percentage of pensionable stipends) are as set out in the table below.

% of pensionable stipends	January 2018 to December 2019	January 2020 to December 2022
Deficit recovery contributions	11.9%	7.1%

As at 31 December 2020 and 2019 the deficit recovery contributions under the recovery plan in force were as set out in the above table. For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme rules.

Section 28.11A of FRS102 requires the agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out in the table below:

	2020 £'000	2019 £'000
Balance sheet liability at 1 January	842	2,695
Deficit contributions paid	(380)	(386)
Interest cost	7	53
Remaining change to the balance sheet liability (recognised in the SoFA)*	(20)	(1,520)
BALANCE SHEET LIABILITY AS AT 31 DECEMBER	**449**	**842**

** Comprises change in agreed deficit recovery plan and changes 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.

	Discount rate	Price inflation	Increase in pensionable payroll
31 December 2020	0.2% pa	3.1%pa	1.6% pa
31 December 2019	1.1% pa	2.8% pa	1.3% pa
31 December 2018	2.1% pa	3.1% pa	1.6% pa

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

24 Commitments under operating leases

At 31 December 2020 the charity was committed to making the following payments under non-cancellable operating leases:

	Land and buildings 2020 £'000	Land and buildings 2019 £'000
OPERATING LEASES WHICH EXPIRE		
Within one year	263	268
Within one to two years	127	376
Within two and five years	-	-
	390	**644**

The Birmingham Cathedral and the Birmingham Diocesan Multi-Academy Trust contribute to the above operating lease commitments in respect of shared offices.

25 Reconciliation of net expenditure to net cashflow from operating activities

	2020 £'000	2019 £'000
NET INCOME FOR THE YEAR ENDED 31 DECEMBER	**1,239**	431
Depreciation charges	70	67
Dividends, interest and rent from investments	(668)	(743)
Interest on payable loans	1	2
Interest on clergy pensions liability	11	60
(Profit) / loss on sale of fixed assets	(315)	167
Loss on sale of investment properties and current assets held for sale	2	860
(Profit) / loss on sale of investments	(2)	6
Decrease / (increase) in debtors	15	(42)
(Decrease) in creditors	(137)	(469)
Donation of shares	-	10
Rental income deferred	(5)	-
Change in fair value of investments	27	(1,208)
NET CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES	**238**	**(859)**

26 Analysis of cash and cash equivalents

	At 1 January 2020 £'000	Cash flow £'000	At 31 December 2020 £'000
Cash in hand and at bank	1,534	937	2,471
Cash held on deposit	3,627	1,455	5,082
	5,161	**2,932**	**7,553**

Cash held on deposit is that with notice of less than three months to access.

27 Analysis of changes in net debt

	At 1 January 2020 £'000	Cash flow £'000	Other non-cash changes £'000	At 31 December 2020 £'000
Cash in hand and at bank	1,534	937	-	2,471
Cash equivalents	3,627	1,455	-	5,082
Loans falling due within one year	(95)	7	-	(88)
Loans falling due after more than one year	(90)	-	-	(90)
	4,976	**2,399**	**-**	**7,375**

28 Related party transactions

No trustee received any remuneration for services as a director. The trustees in their role as trustees received travelling and out of pocket expenses totalling £nil (2019: £nil). Four trustees received travelling and out of pocket expenses (2019: 4) totalling £2,323 (2019: £8,604) in respect of duties as archdeacon or area/women's dean. These amounts are in line with the BDBF usual practice and are not in relation to their roles as trustees.

The BDBF is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the diocese, other than bishops and cathedral staff. The BDBF is also responsible for the provision of housing for stipendiary clergy in the diocese, including suffragan bishops but excluding diocesan bishop and cathedral staff. The following table gives details of the trustees who were in receipt of a stipend and housing provided by the BDBF during the year:

	Stipend	Housing
The Bishop of Aston	No	Yes
The Archdeacon of Birmingham	Yes	Yes
The Archdeacon of Aston	Yes	Yes
The Revd Alison Cozens	Yes	Yes
The Revd Chris Hobbs	Yes	Yes
The Revd Douglas Machiridza	Yes	Yes
The Revd Claire Turner	Yes	Yes
The Revd Bamidele Sotonwa	Yes	Yes
The Revd Canon Priscilla White	Yes	Yes
The Revd Rebecca Stephens	Yes	Yes
The Revd Richard Walker-Hill (until 31 March 2020)	Yes	Yes
The Revd John Routh	Yes	Yes
The Revd Canon Catherine Grylls	Yes	Yes

The stipend of the Suffragan Bishop was funded by the Church Commissoners. The annual rate of stipend funded by the BDBF, paid to Archdeacons in 2020 was £36,830 (2019: £36,100) and for other clergy who were trustees the diocesan stipend rate was £26,130 (2019: £26,132).

The Cathedral shares office space with the BDBF and an amount of £23,250 (2019: £23,250) was payable for this space for the year ended 31 December 2020.

The Cathedral paid Common Fund of £49,735 to the BDBF for the year ended 31 December 2020 (2019: £48,756).

The Birmingham Diocesan Multi-Academy Trust ('the Trust') shares office space with the BDBF and an amount of £19,260 (2019: £19,260) was payable for this space for the year ended 31 December 2020. The Trust also purchased at cost the services of the Diocesan Board of Education School Improvement Officer, the Church School Distinctiveness Adviser and the Education Support Manager for clerking duties This amounted to £683 for the year ended 31 December 2020 (2019: £12,107). The Diocesan Board of Education (as incorporated within the Diocesan Board of Finance) made a grant of £nil to the Trust during the year ended 31 December 2020 (2019: £90,000) to facilitate the establishment of the diocesan multi-academy trust. The Trust provided teacher continuous professional development training for the Diocesan Board of Education during the year at cost of £nil (2019: £5,855), with a balance of £5,855 outstanding to the Trust at 31 December 2020 (2019; £5,855).

The BDBF contributed £3,000 (2019: £3,000) towards the office costs of Thrive Together Birmingham, the Church Urban Fund joint venture with the Bishop of Birmingham and BDBF.

Five clergy trustees received continuing ministerial development grants to support study and development needs and resettlement and removal grants totalling £5,904 (2019: £8,131 for 6 clergy trustees) during the year ended 31 December 2020. These grants were unconnected with their role as BDBF trustees.

For the purposes of this disclosure note transactions with parochial church councils where there may be a relationship between members of Bishop's Council as they are trustees of these bodies, have not been included.

29 Funds administered as agent

	2020 £'000	2019 £'000
Government grants received in respect of school capital projects	959	1,380
Contributions from Church School governors for school capital projects	133	180
Total received in	1,092	1,560
Amounts paid out on school capital projects	(1,125)	(1,706)
NET POSITION FOR THE YEAR	**(33)**	**(146)**

The Board of Education (as incorporated within the Diocesan Board of Finance) receives contributions from governors of church schools in the diocese in connection with major repair and capital projects to Church Schools and also government grants in connection with the same. The Board of Education administers these monies as managing agent and makes the appropriate payments to contractors for work carried out. The monies do not belong to the Board of Education and as such the receipts and payments are not treated as incoming resources or resources expended in the Statement of Financial Activities. Any monies held or due at the balance sheet date are recognised within the balance sheet and contained within the Church School Fund.

The BDBF holds and manages parsonage decoration funds on behalf of its parishes. The monies do not belong to the BDBF and as such the receipts and payments into and out of the funds are not treated as incoming resources or resources expended in the Statement of Financial Activities. Any monies held at the balance sheet date are recognised within the balance sheet as a creditor. The funds as at 31 December 2020 stood at £99,898 (2019: £99,660).

30 Prior year comparative statement of financial activities

	Note	Restricted funds: Endowment funds £'000	Restricted funds: Other funds £'000	Unrestricted funds: Designated funds £'000	Unrestricted funds: Undesignated funds £'000	Total funds 2019 £'000
INCOME						
INCOME AND ENDOWMENTS FROM						
Donations:	2					
Parish contributions		-	30	-	5,613	5,643
Archbishops' Council		-	1,197	-	1,972	3,169
Other donations		-	253	26	815	1,094
Charitable activities	3	-	83	-	454	537
Other trading activities	4	-	27	-	423	450
Investments	5	3	206	14	514	737
Other income	6	58	-	389	164	611
TOTAL INCOME		**61**	**1,796**	**429**	**9,955**	12,241
EXPENDITURE ON						
Raising funds	7	32	-	-	235	267
Charitable activities	8	-	1,780	(222)	9,463	11,021
Other	9	-	-	60	2	62
TOTAL EXPENDITURE		**32**	**1,780**	**(162)**	**9,700**	11,350
Net income before investment gains and losses		29	16	591	225	891
Net gains on investments		584	360	2	262	1,208
Net loss on investment Property		-	(1,517)	-	(356)	(1,874)
NET INCOME		**613**	**(1,141)**	**593**	**161**	226
Transfers between funds	22	(361)	28	1,126	(793)	-
Other recognised gains	24	-	-	1,507	-	1,507
NET MOVEMENT IN FUNDS		**252**	**(1,113)**	**3,226**	**(632)**	1,733
Total funds brought forward	22	28,517	8,213	(1,539)	7,368	42,559
TOTAL FUNDS CARRY FORWARD	22	**28,769**	**7,100**	**1,687**	**6,736**	44,292

THE CHURCH OF ENGLAND BIRMINGHAM



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