THE SOUTH LONDON CHURCH FUND AND SOUTHWARK DIOCESAN BOARD OF FINANCE

England & Wales · Charity number 249678

Details

Other names	THE DIOCESE OF SOUTHWARK
Status	Registered
Legal form	Charitable company
Company number	00236594
Registered	1966-10-13
Register	View on the Charity Commission register

Contact

Address	Trinity House 4 Chapel Court Borough High Street London SE1 1HW
Phone	020 7939 9400
Email	trinity@southwark.anglican.org
Website	www.southwark.anglican.org

Activities

Objects: THE OBJECTS ARE FOR THE PUBLIC BENEFIT TO ASSIST, PROMOTE AND FURTHER THE RELIGIOUS AND OTHER CHARITABLE WORK (INCLUDING, BUT NOT LIMITED TO, THE EDUCATIONAL WORK) OF THE SOUTH LONDON CHURCH FUND AND SOUTHWARK DIOCESAN BOARD OF FINANCE WITHIN THE DIOCESE, AND ANY OTHER DIOCESE WHICH SHALL AT ANY TIME BE FORMED, WHOLLY OR IN PART OUT OF THE DIOCESE, EITHER WITH OR WITHOUT THE ADDITION OF ANY PART OR PARTS OF OTHER DIOCESES.

Activities: Resourcing the Ministry and Mission in every parish Managing the number of clergy in post against budget, and collecting Fairer Shares contributionsProviding clergy training, housing, stipends, pension supporting parish based ministryContributing to national church institutionsProviding education & social outreach fundingProviding Diocesan Retreat House

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Classification

- **How:** Makes Grants To Organisations, Provides Human Resources, Provides Buildings/facilities/open Space, Provides Services, Provides Advocacy/advice/information, Sponsors Or Undertakes Research, Acts As An Umbrella Or Resource Body
- **What:** General Charitable Purposes, The Prevention Or Relief Of Poverty, Religious Activities
- **Who:** Other Charities Or Voluntary Bodies, Other Defined Groups, The General Public/mankind

Geography

- **Area of benefit:** DIOCESE OF SOUTHWARK
- Kent
- Surrey
- Throughout London

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£28,536,000	£28,159,000	£302,018,000	78
2023-12-31	£23,811,000	£26,765,000	£289,912,000	66
2022-12-31	£26,120,000	£25,907,000	£306,119,000	58
2021-12-31	£29,011,000	£24,381,000	£306,416,000	57
2020-12-31	£25,278,000	£23,904,000	£289,134,000	61

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Trustees

Name	Role	Appointed
Adrian Greenwood		2015-11-28
David Anthony Williams OBE		2024-12-05
David Richard Beamish		2018-12-18
Dr NICHOLAS JOHN BURT		2015-11-28
Grahame Elliott Woods		2024-12-05
James William Murdoch		2024-12-05
Jonathan Maurice Sedgwick		2021-09-26
Joseph Ahosu Goswell		2019-11-29
PETER CHARLES EDWARD CALDERBANK		2025-12-13
Paul Martin Waddell		2024-12-05
ROSEMARY GEORGIA WILSON		2025-05-30
Rebecca Justine Chapman		2018-12-18
Rev Anne Yvonne Bennett		2024-12-05
Rev Antonio Garcia Fuerte		2024-12-05
Rev Bridget Clare Shepherd		2024-12-05
Rev Edward Fraser A Scrase-Field		2021-09-26
Rev Geoffrey James William Dumbreck		2026-01-28
Rev Gregory Stephen Prior		2018-12-05
Rev Helen Jane Cook		2026-01-06
Rev Jonathan Niall Agnew MacNeaney		2024-12-05
Rev Nicholas James Peacock		2024-12-05
Right Rev. Alastair Murray Cutting		2013-05-15
Roshan Naveenchandra Jathanna		2025-05-30
Rt Revd Jonathan Martin Gainsborough		2023-02-02
Sarah Frances Docx		2022-07-13
Solabomi Anike Ogun		2018-12-18
The Revd Capt Nicholas Kwabena Lebey		2024-12-05

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Name	Role	Appointed
The Revd Dr Charles John Mackinnon Baczyk-Bell		2024-12-05
The Rt Revd Christopher Thomas James Chessun		2011-09-27
The Rt Revd Dr Marlene Rosemarie Mallett		2015-11-28
The Venerable Dr Chigor Chike		2024-12-05
The Venerable SIMON PHILIP GATES		2013-09-04
Thomas Marshall Manson		2024-12-05
Vasantha Gnanadoss		2018-12-18

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THE SOUTH LONDON CHURCH FUND AND SOUTHWARK DIOCESAN BOARD OF FINANCE

England & Wales - Charity number 249678

Accounts

The Diocese of Southwark

The South London Church Fund & Southwark Diocesan Board of Finance

Annual Report 2024

Company registration number 236594
Registered charity number 249678



Christ Centred | Outward Focused

Front cover: St John's Church of England Primary and Nursery School, Kingston, 'Hope for the Future: Wonderful World' exhibition.

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Introduction

The Bishop of Southwark



As we have developed our new Southwark Vision, it has been my strong conviction that valuing our parishes – in all their glorious diversity – is our highest priority.

I am very pleased that in 2024 this priority become a reality as we launched our programme of Parish Conversations: an opportunity for myself and my colleagues to spend time with every parish in the Diocese – listening, learning and sharing local hopes, struggles and concerns. I have enjoyed the first of these and look forward to more in 2025 and beyond.

In June 2024 we were given the excellent news that Southwark would be awarded £29m over nine years for a whole-diocese transformation programme to facilitate mission and growth projects throughout South London and East Surrey as part of the Church of England's Diocesan Investment Programme.

I was glad in July to be part of the consecration at Southwark Cathedral of Bishop Alastair as Bishop of Woolwich. Later, on the feast of Michaelmas, the Ven Chigor Chike was installed as Archdeacon of Lewisham & Greenwich to succeed Bishop Alastair – and I rejoiced to have, once again, a complete team of bishops and archdeacons.

In 2024 it was a great pleasure to welcome new colleagues to help make Southwark Vision a reality – in particular The Revd Canon Roxanne Eversley (Canon Librarian and Dean of Cultural Diversity) and The Revd Charlie Lamont (Dean of Revitalisation).

The Diocese of Southwark seeks to be Christ Centred as well as increasingly Outward Focused – and nowhere is this better demonstrated than in our new companion link with the Diocese of Barbados – an agreement which was signed in July and which will develop a relationship of mutuality as we seek to work together, learn from and support one another in love, mission and service. It was also a joy to appoint Bishop Ragnhild (Bishop of Bergen) and Canon Michael Branch (Dean of St George's Roman Catholic Cathedral) as ecumenical canons of Southwark Cathedral – and to commission The Revd Alan Bayes as our new Faith in the Countryside Officer.

During my weeks of convalescence following a road traffic accident while travelling as a passenger in a London Black Cab, I was very thankful that the College of Bishops, convened by Bishop Rosemarie, discharged their delegated duties effectively and collaboratively. I am enormously grateful to them, and to those whose prayers supported and upheld me during that difficult period, and brought me to full recovery.

+Christopher Southwark

Chair of the Diocesan Board of Finance



I am glad to be writing this at the end of a more buoyant year than 2023 in terms of diocesan finance. In 2023 the year ended with a £3m deficit, as a number of budgeted property sales did not take place due to the stagnation in the housing market. As predicted, they took place in 2024 instead, enabling the Diocesan Board of Finance (DBF) to finish 2024 with a surplus of £0.4m.

The primary income for the DBF is of course the generosity of our parishes, and I am always pleased and encouraged by the amazing collection rates that are achieved: an astounding 99.7% in 2024. 2025 brings us to the tenth anniversary of the Parish Support Fund and this is a milestone to celebrate.

We are hugely grateful to parishes for their generosity, but the fact remains that despite this income to the DBF is falling in real terms, while costs are increasing. Clergy costs are on budget but the costs of maintaining the properties in which our clergy live are high and increasing above inflation. Since Covid we have also seen a significant number of clergy moves and retirements, each of which triggers removal costs and clergy grants which are paid by the DBF.

I am particularly pleased that in 2024 we were able to honour the commitment of Diocesan Synod to divest from investment in fossil fuels, an outcome that will be fully achieved by early 2025. This was largely thanks to sterling work by our Finance Director, Mark Rhodes, and is just one example of the excellent work done by our Diocesan Secretary, Nicola Thomas, and the whole staff team to achieve the outcomes of Southwark Vision.

David Beamish

Our Vision

Southwark Vision 2024–2035 is **Christ Centred | Outward Focused**. This next evolution of our vision comes as we continue to walk together, discerning God's wisdom and guidance in our pilgrimage of faith. Keeping Christ as our centre and the focus of unity, we will continue to turn outwards – seeking to support, encourage, resource and learn from one another as we serve our parishes and God's world.

Our renewed Vision is shaped around our six priorities: Valuing all our Parishes, Ministry, Growth, Youth and Diversity, Discipleship and Healing. Find out more at southwark.anglican.org/southwark-vision – and read about work done in 2024 to serve these priorities in the Reflections section (page 8) of this report.

Our priorities

Southwark Vision builds on all we have done and seeks to respond to what God is now doing in our midst. In particular, our priorities for this next season will be:

- **P** *Prioritising parish mission and ministry*
- **M** *Growing, resourcing and diversifying our ministries*
- **G** *Equipping churches and congregations to grow and innovate*
- **Y** *Becoming a younger, more diverse diocese*
- **D** *Being intentional about going deeper with Christ*
- **H** *Seeking God's healing for our communities and God's world*

Resourcing our Vision

In order to achieve the outcomes of Southwark Vision, we need to invest in projects and workstreams shaped by these priorities and designed to deliver outcomes that will benefit all our parishes.

2024 was a significant year for mission in our diocese as the whole staff and diocesan leadership teams played a key role in the development of the bid for national funding for our Diocesan Investment Programme (DIP), securing £29 million over nine years, which was announced in June 2024. Led by Ruth Martin as Bishop's Lead for Strategic Development,



© Trustees for Methodist Church Purposes, Ceri Richards: The Supper at Emmaus, MMAC.

the whole staff team played their part in the development of this funding bid. The DIP will facilitate mission and growth projects throughout South London and East Surrey, none of which will be at the expense of core funding for our parishes. The strands of this work were further developed and a core delivery team – established by Bishop Christopher to provide strategic focus and collaborations across our diocese – created in preparation for the launch of several new initiatives and work streams in 2025.

Additionally, in January 2024 we welcomed Jonathan Walter as our new Net Zero Carbon Programme Manager – a role which is funded by the national Church for a limited period. Jonathan is leading on our work towards Net Zero Carbon, which is aligned with the Church of England's *Routemap to Net Zero* in 2030. In 2024 we also received funding from the national Racial Justice Unit to support the development of integration of racial justice training and inclusion work across our diocese. Both initiatives contribute directly to our Southwark Vision priority of Healing – and we are providing regular updates on this work to our Diocesan Synod.

Review



Congregation at St Peter, Brockley.

The Diocesan Secretary

It has been an interesting and sometimes challenging year in the Diocesan Board of Finance, not least because of a whole series of elections at deanery and diocesan level. I am hugely grateful to Charlie Hudson-Beddows who, as the Assistant Secretary to Synod and the Diocesan Council of Trustees, keeps these processes operational, ably assisted by Maia Robins as the temporary Governance Officer in this election year, and my wonderful PA Henry Metcalfe who turns his hand to many tasks beyond the usual responsibilities of a PA. The first meeting of the new Diocesan Synod in November was a delight, with a great balance of about 50% returning members and 50% new, and the experience was summed up by a stray 'Hallelujah!' at the end of one of the hymns during our Eucharist.

I see the role of Diocesan Secretary very much as one of stewardship, providing the space and resources for people to exercise their gifts and talents in the service of God. I am always very mindful of the need to conserve resources and be efficient, while ensuring the wellbeing of staff and making sure that parishes, clergy and trustees receive the service that they need.

The Church of England has faced significant challenges this year, nowhere more than in the realm of safeguarding, and I want to pay tribute to our Diocesan Safeguarding Team who work above and beyond the hours we pay them for in order to ensure that Southwark is a safe place to attend church and worship God. They do this in conjunction with the wonderful voluntary Parish Safeguarding Officers, who are just some of the people who give up their time to allow our churches to prosper. It is a privilege to serve you in this role.



Nicola Thomas







Parish Conversations – an opportunity for parishes to share local hopes, struggles and concerns (clockwise from left): St Mary, Beddington; St Luke, Battersea; St Giles, Camberwell.

Reflections from 2024

We have come a long way as a diocese over the past ten years: embedding generosity, speaking well of one another, innovating and taking risks – and we have continued to be able to resource our parishes through growing our financial resilience. Southwark Vision (see page 5) has sharpened our focus with the introduction of six new priorities for our diocese. As we reflect on all our diocesan staff team has done to serve our parishes in 2024, its progress, events, resources and work are outlined under each Southwark Vision priority.

P Parishes

We value all our parishes and are committed to enabling and serving them, so they can minister to the whole people of God in their local context.

At the heart of the work of the **Giving Team** is the commitment to offer wide-ranging advice and encouragement on giving and fundraising to our parishes, our clergy, officers and volunteers. During 2024, the team worked hard to support parishes, offering programmes to help them manage their financial commitments and increase their resources for local mission. Termly workshops on all aspects of giving – including legacies, fundraising and digital giving – took place throughout the year. Over 80 treasurers attended the annual Treasurers' Workshop, organised by the Finance and Giving Teams, which took place in September. There was positive feedback for the presentation by Joseph Reed, Partner at Winckworth Sherwood, as well as the time offered for networking and meeting fellow treasurers, as well as diocesan colleagues.

Thanks to the national *Buildings for Mission: Support for Churches* initiative, for the first time in 2024, the **Church Buildings and Diocesan Advisory Committee (DAC) Team** was able to offer small grants to 18 parishes in order to enable them to better care for and make better use of their church buildings. Southwark Diocese was awarded £144,000 over two years from the *Minor Repairs and Improvements Grants Fund* as part of this scheme. Grants for parishes ranged between £5,000 and £10,000 and were given for preventative maintenance and repair projects such as brickwork repointing, roof and window repairs and emergency electrical rewiring. We were also able to offer grants for improvements to heating, lighting, toilets and kitchens, as well as professional fees for buildings investigations and initial 'design work' to develop larger projects.

The benefits of this initiative stretch way beyond the actual fabric improvements effected by the grants, fostering good communication between parishes and the Church Buildings & DAC Team, as well as opening up new possibilities for parishes in applying for other grants schemes. This scheme will continue into the new year and we look forward to offering further support to parishes through the awards in 2025. In addition to the grants, in 2024, the DAC continued to work with our archdeacons and others to offer a range of advice and support to parishes looking to make big and small changes to their church buildings and fabric. From small alterations and faculties to major new projects, the team has access to high quality professional advice and expertise in navigating the regulations of the Church of England.

During 2024, the **IT Team** focused on facilitating collaborative working across our diocese, making the most of the functionalities offered by Microsoft 365 and supporting diocesan and episcopal area staff in their work for our parishes. The migration of diocesan files to cloud servers has made them more secure and accessible, in line with the team's commitment to maintaining accurate data and records relating to people and places within our diocese.

The team also supports churches in their data collection and returns – including the annual Statistics for Mission and Energy Footprint Tool. Specialists in the team use this data to generate detailed analysis about local mission and ministry, the changes we are seeing over time in our parishes and across our diocese. We produce data packs for each parish, which collate data from the 2021 census in each area, as well as other relevant statistics.

Autumn 2024 saw the beginning of our two-year programme of **Parish Conversations**, with diocesan senior staff planning to visit with and value every single parish in our diocese. The conversations are, first and foremost, an opportunity for listening – for members of the Bishop's Team to hear



Parishes benefited from deployment and support of 69 training curates.



© Tom Bradley

'Camels and carols', parishioners of St Michael and All Angels, Barnes enjoy Epiphany celebrations.

about the joys, challenges, concerns and opportunities that each parish is grappling with. There will also be opportunities for senior clergy and diocesan colleagues to work with parishes to identify what additional or new support might best benefit them.

June and July 2024 saw the ordination of 17 deacons and 21 priests to serve their title posts in Southwark Diocese. During the year, an additional 24 people were supported in their training for ordination across a number of theological colleges. Throughout the year, the **Vocations Team** oversaw the careful deployment and continued support of 69 training curates in our parishes – enhancing local mission and ministry as well as nurturing future church leaders. In 2024, this included the delivery of 100 hours of training and development for those curates, delivered by 45 different people. Combined with the support offered to our training incumbents, this is an important factor in the wellbeing of our parishes. The team continued to work to increase the spread and diversity of training parishes and incumbents each year.

The **Mission Team** serves our parishes through offering support, training, consultancy, encouragement and grants to parishes, teams and deaneries in their local mission. Parish grants in 2024 included one to begin a new gym outreach ministry and for music-related Fresh Expressions of Church, as well as for new work with children, young people and families. The team also continued their work of creating a culture of missional innovation and risk-taking in a mixed ecology Church through supporting the expanding number of established Fresh Expressions, including visiting 50 such worshipping communities. In the Kingston and Croydon Episcopal Areas, and with our pioneer curates, the team worked to develop Greenhouse learning communities, which help people to design, grow and cultivate new expressions of church. In 2024, these communities supported 40 different churches in their mission. Greenhouses are nurturing an increasing number of lay pioneers through our Estate's Lay Pioneer programme. The team also welcomed Charles Lamont to the new role of Dean of Revitalisation, with a focus on encouraging and helping parishes to grow and innovate.

In 2024, our **Human Resources Team** worked to equip parishes for mission and ministry through providing HR support on a range of employment matters and supporting the resolution of local staffing challenges. There were at least 139 separate enquiries, with parishes seeking advice about a variety of employment matters, ranging from the provision of templates and telephone advice, and 10 cases requiring more extensive support to resolve, ranging from restructures and redundancies to performance issues, and matters of serious misconduct. The **HR** and **Strategic Development Teams** also worked closely to appoint to 20 staff posts to support our Diocesan Investment Programme in 2024 (17 parish-based roles and three based in the central staff team).

As well as supporting and promoting the work of the other diocesan teams, such as the Season of Lay Ministries – the **Communications Team** continued to seek fresh ways of encouraging and informing people across our parishes, developing our website and expanding

Reflections from 2024
(continued)

our use of digital media. The team continued to produce The Bridge newspaper – which is available 10 times a year in both digital and print formats – and the fortnightly Southwark Digest email newsletter. The team conducted a survey of Bridge readers in late 2024 and will use the results to shape and develop the shape of the paper and its contents in 2025. It championed good parish stories throughout the year, promoting them through diocesan channels as well as through local and national media.

The **Governance Team** continued to provide essential support to our parishes, including offering PCC Secretaries' & Administrators' Conferences. These saw participation from over 160 parishes, fostering a collaborative environment for training, sharing best practice and addressing common challenges. We launched the newly updated PCC Secretaries' Handbook (the first update since 2011), which is a comprehensive guide designed to assist PCC secretaries in their roles, ensuring they have the necessary resources to manage their responsibilities effectively. This resource has already been used by other dioceses to support their own parishes.

2024 was particularly significant due to the busy election period and the commencement of a new triennium. The team conducted several induction and training sessions for new Diocesan Synod members, equipping them with the knowledge and skills needed to understand and engage with synodical governance. These sessions were instrumental in helping new members navigate their roles and contribute meaningfully to the mission and ministry of our diocese, as we continue to implement Southwark Vision.

Ministry

We will maintain the highest possible number of stipendiary clergy and grow our lay ministries, ensuring that our parishes are served by well-resourced and well-supported ministers of all kinds.

To have ordinands to place as curates means that our team of Vocations Advisors, Directors of Ordinands, and our **Vocations Team** do a tremendous amount of work to guide people through the discernment processes. In 2024, our Vocations Advisors worked with 75 enquirers to explore vocations to both lay and ordained ministry. We have been very pleased to see the increase in those coming through to train as Readers in our diocese. The Dean for Cultural Diversity, Roxanne Eversley, continued to develop further targeted work with Global Majority Heritage (GMH) enquirers. 2024 also saw the start of the new Encouraging Vocations research project, which will examine the way people from under-represented groups navigate the lay and ordained ministry discernment processes and how barriers might be best overcome.

The Discipleship, Lay Ministry and Continuing Ministerial Education Team continued its work supporting the wellbeing and development of all our ministers. A new initiative for 2024, *Nine in Twelve: a year of clergy wellbeing* was launched in the autumn. A series of monthly group meetings, this could be described as a series of 'mini-retreats', or a committed group where clergy can be themselves in silence and creativity. It has proved so popular that a second group is planned for 2025.

2024 saw the appointment in many of our deaneries of new Lay Vocations Champions, whose role is to encourage knowledge of and vocations to our many different Lay Ministries. Taster Sessions, both in person and online were offered throughout the year to give enquirers the opportunity to discover more about the lay ministries on offer and how to explore a vocation to these. Our Season of Lay Ministries took place during Epiphany, with accompanying resources to enable parishes to give thanks for and encourage those serving in lay ministries. The Review of the Lay Council, which was set up to help to encourage Lay Leadership and Ministry, began in 2024 and will conclude in 2025 – this helps to shape the work that we do to promote Lay Ministry in all its diversities. Our Season of Lay Ministries took place in Epiphany, with resources for special services and parishes across our diocese supported to give thanks for and encourage all serving in lay ministries.

Work has also begun with the Board of Education to think about how best to resource School, Further Education, and Higher Education Chaplaincy.



© Andrew Moss

Adult baptism at St John The Evangelist, Upper Norwood.

Our diocese only holds property for mission and ministry purposes. The **Property Team** worked hard throughout 2024 to support parish ministry through ensuring that clergy and their families have suitable, comfortable accommodation. During 2024, the team worked to develop a revised Diocesan Property Strategy. The strategy offers a crucial framework for managing diocesan properties all of which are prioritised for mission and ministry – and most of which are parsonages. It is designed to guide the Property Team, as they work closely with our archdeacons to serve and support our parishes over the next ten years. The strategy also emphasises sustainability, cost-effectiveness and the alignment of our property use with Southwark Vision, which aims to grow and diversify our diocese, including advancing our commitment to the environment. The revised strategy will also support our Diocesan Investment Programme through the provision of housing for ministers.

Throughout the year, the **Human Resources Team** worked to enhance the wellbeing of both clergy and staff through providing direct support as well as promoting resources for health and wellbeing. Training about employment in parishes is provided to curates as part of their IME2 training, as well as to new incumbents to our diocese in their 'Nuts and Bolts' training. The latter provides an opportunity for new incumbents to share learning from diocesan staff in a number of areas, including giving, wellbeing, HR, DAC, vocations, communications, lay ministry and social justice.

In 2024 it was wonderful to welcome both a new **Bishop of Woolwich** (The Rt Revd Alastair Cutting) and a new **Archdeacon of Lewisham & Greenwich** (The Venerable Chigor Chike) to the Bishop's Senior Team. The Venerable John Kiddle announced his intention to retire from the role of Archdeacon of Wandsworth in 2025 – and The Revd Bridget Shepherd was announced as his successor.



School children participate at St Michael, Lower Sydenham – an estate-based church.

G Growth

In the next five years, we want to see our diocese surpassing pre-pandemic levels of church attendance – and grow by a further 10% by 2035.

At least five of our curates each year are identified as Pioneer Curates – those with a specific calling to new mission and ministries, primarily with those outside the church. In 2024, 18 of these curates served across our diocese. The **Vocations and Missions Teams** have been working intentionally on exploring new patterns of church and worship with our pioneers and their training incumbents, as well as offering specific training and support. Several of the curates (pioneers and others) have been instrumental in setting up very successful new models of ministry in our parishes. As part of the IME2 programme, all curates receive training and support in evangelism, responding missionally to local needs and developing ministry among lay people.

During 2024, the **Mission Team** developed a refreshed Mission Action Planning resource, offering parishes a toolkit and process for refining their vision and advancing mission in their community. It is expected that this will launch in early 2025. The team also strengthened its links with

Reflections from 2024
(continued)

the national *Leading Your Church Into Growth* initiative, focusing on culture and mission in parishes, with a course in Southwark Diocese planned for 2025. The team also offered mission accompaniment and mentoring to those involved in Hub and Resourcing Churches that have received Strategic Development Funding through the national Church. In conjunction with this, the **Strategic Development Team** provided project management support to these churches to implement their plans. As part of our **Diocesan Investment Programme**, staff from both teams worked to identify and support six new Hub and four new Resourcing Churches, as well as developing other projects to support new models of church. These range from work in estates through to the Anglo-Catholic Youth Mission in Communion model.

The digital work of the **Communications Team** expanded significantly in 2024, with our digital presence spreading to social media platforms Instagram and TikTok, as well as adopting a much more strategic approach to our pre-existing platforms. The team produced and published a total of 45 videos over the year, telling good news stories from our parishes and sharing resources to enhance parish mission. Throughout December 2024, across all of our digital channels, the team shone a light on the work of our Church of England schools, sharing some of the ways children engage with Advent, Christmas and the Christian faith in our diocese.

Youth & Diversity

We are committed to becoming a younger and more diverse diocese – one which better reflects the communities we serve.

In 2024, as part of our **Diocesan Investment Programme**, the **Strategic Development, Mission and Discipleship, Lay Ministry and Continuing Ministerial Education Teams** worked to develop a new apprenticeship-style training scheme. In partnership with Ridley College Cambridge, this aims to help address our need for more children and young people's workers. We will train paid parish-based apprentices to help them to develop and gain the qualifications and experience they need to pursue a vocation to this work – and to create a pathway for trained CYP workers. A nationally-funded Coordinator for this scheme was appointed in late 2024 and we expect the first cohort to begin training in autumn 2025.

The focus on training and growing children and youth leaders has been a key priority for the **Mission Team** in 2024. *Catalyst* – a training course for anyone volunteering or working with children, young people and families – saw 33 participants. The CYP Basics course was held in four venues across our diocese, with plans to offer it in each archdeaconry in 2025. Additionally, the team supported parish engagement with children and young people through *Growing Faith* meetings, the development of *Flourish* worshipping communities in schools and a 2024 survey to establish a CYP ministry 'baseline'.

In November, the team hosted a dedicated diocesan conference on ministry with children, young people and families entitled *Small Changes, Big Impact*. More than 200 people attended and follow-up parish training will be offered in 2025.



© Andrew Moss

More than 200 people attended our *Small Changes, Big Impact* diocesan conference on ministry with children, young people and families.

Estates ministry continues to grow and thrive in our diocese, with termly meetings of estates ministers across all episcopal areas and a programme of visits by the Dean of Estates Ministry. The **Magnify estates lay pioneer training course** is aimed at people from an estates culture who have often been overlooked. More popular than anticipated, five Magnify hubs took place in 2024 (three had originally been planned), each with up to eight participants engaging in 32 hours of sessions. Discussions are underway to expand the programme to the Battersea and Kingston areas in 2025, further strengthening lay pioneer development.

During national Generosity Week (29 September to 6 October), the **Giving Team** provided special resources for children, young people and families encouraging generosity across all generations, designed by our new Generous Giving Advisor. These were ideal for family discussions around the dinner table or exploration in church group settings.

D Deepening our discipleship

Christ is at the heart of our faith – and we will seek to go deeper in our journey with him, replicating our learning and sharing our gifts and resources.

The **Discipleship, Lay Ministry and Continuing Ministerial Education Team** offers the Bishop's Certificate which runs each year from September to July. This course is open to anyone who wants to find out more about their faith and is often the first step in discerning a vocation. It also forms part of the training for some of our Commissioned Lay Ministries. 72 people began the course and 55 people completed it in 2024.

The team also offers a wide and diverse range of short courses that are open to anyone, which can be found in the *Discipleship and Ministry brochure*. Our 'Ground Floor Guides' sessions proved particularly popular in 2024. These are hour-long introductions to various subjects which in 2024 included the English reformations and body theology. The brochure features courses from the **Children and Young People's Team** and the **Giving Team** as well as many others, all designed to encourage mission and ministry by enabling growth in faith.

As ever, our **Giving Team** worked tirelessly with parishes to encourage giving of time, skills and money to improve their financial and missional resilience. At the end of 2023 Southwark was the Church of England diocese with the highest percentage of parishes using digital giving for the second year running. In 2024, we sustained this focus and at the end of the year over 90% of our parishes were offering at least one form of digital giving. 100 churches have now joined the *Parish Giving Scheme*, with over £2.6m of gifts being processed for our parishes in 2024 – 33% more than 2023, and with 30% more donors. This free scheme reduces administration for parishes and their volunteers and encourages generous giving. Over 100 parishes attended our Archdeacons' Q&A sessions on the Parish Support Fund in early summer. The generosity of parishes in 2024 was seen in many ways, not least an amazing 99.7% collection rate for the Parish Support Fund.



© Caro Swan

A Spanish-language Mass at St Matthew, Elephant and Castle.

The 2024 national Generosity Week service came from Holy Trinity Roehampton, led by The Revd Joshua Rey who said: "It is in giving that we receive – but as the vicar of a London parish which couldn't provide full time ministry without the generosity of other churches around the diocese, I can tell you that to receive the generosity of others is also a joy!"

Alongside the ongoing mission-focused work of the **Diocesan Advisory Committee** (DAC), in 2024 our diocese benefited from the financial assistance of the national *Buildings for Mission: Support for Churches* project. This provided for a new parish-focused Church Buildings Fundraising Support Officer role within the **Church Buildings & DAC team**. Since April 2024, the Support Officer has provided specialist advice to parishes on grants applications and – other means of fundraising – for maintenance, repair and conservation of church buildings and capital improvement-works. The Support Officer has also given encouragement and help to parishes in developing strategic

Reflections from 2024
(continued)

financially-achievable approaches to the management and sustainable use of their church buildings. This has included advice about community engagement and wider buildings use, as well as energy-efficiency and carbon-reduction.

H Healing

We will seek God's healing for our communities and our world, prioritising safeguarding, social justice, racial justice and care for creation.

As part of our **Net Zero Carbon programme**, Jonathan Walter (Net Zero Programme Manager) visited more than 40 churches in 2024 to provide advice on the best parish pathway to Net Zero. More than 50 of our churches were enabled to receive funding from the National Church Net Zero Programme – both through free energy audits and match funding under the *Give to Go Green* initiative. Under *Give to Go Green*, nearly £160,000 was raised by 12 of our churches in autumn 2024 for specific projects to cut carbon and improve energy efficiency, reduce day to day running costs and support our collective journey towards net zero carbon. £84,000 of donations came from congregations and communities, with an additional £75,798 match funded by the national Church.

A network of the diocese's 42 highest carbon-emitting churches was created to ensure mutual support and knowledge-sharing, helping our parishes to overcome the challenges they face in reaching the net zero target. A first gathering of this group was held at Southwark Cathedral in October 2024. The team saw an increase in completion of the Energy Footprint Tool, which enables churches to measure their Carbon Footprint and identify ways to reduce this. We were pleased to witness the number of Eco Churches in our diocese growing in 2024 with nine new churches, 13 new bronze-awarded churches and 10 new silver-awarded churches – including Southwark Cathedral.

A special Lent Pilgrimage, led by Bishop Martin, brought people together from across our parishes to reflect, pray and commit to action to care better for the environment and care of creation. Our renewed diocesan commitment was affirmed in a synod-approved Environment Policy for 2025-27.

Racial justice continued to be a key part of our diocesan work in 2024. During 2024, a special **Anti-Racism Charter (ARC) parish study** resource was developed and piloted in parishes. This was designed to make the ARC more accessible and to invite people into conversations and reflection about the theology behind it. The study pack was revised in light of the feedback from parishes and will be launched in time for Racial Justice Sunday in 2025. In December we welcomed a new Racial Justice Development Officer (Weisi Dennis) to the team, to support the implementation of the ARC in our parishes and Episcopal Areas. In partnership with our Board of Education, Southwark Cathedral hosted our annual **Black History Month Celebration** in October 2024. This explored the positive impact that music has had on the black community, as well as its power to transform worship and enhance witness – bringing hope, healing, restoration and justice.

The Discipleship, Lay Ministry and Continuing Ministerial Education Team helped to co-ordinate and lead Unconscious Bias training in our diocese in 2024, working with trainers from parishes. The team appointed a nationally-funded Racial Justice Training and Resources Officer who will take this work forward into 2025 and beyond.

The Justice, Peace and Integrity of Creation (JPIC) Team continued to advocate for justice and peace in our communities, our nation and our world, especially the poor – including the protection of vulnerable young people from involvement in serious youth violence. The team supported the delivery of the Operation Forgiveness initiative – an early intervention knife-crime initiative – in schools in our diocese. As part of the Synergy Network, they also supported churches through work around understanding trauma for churches and young people. The Team continues to contribute to the Violence Reduction Unit Multi Faith Network core committee.

In 2024, students from two diocesan schools – St. Bede's Redhill and Christ's School Richmond – took part in the Glaziers Education Project, which helped them to explore issues around homelessness and rough sleeping. The project culminated in the production of a stained-glass panel, now on display in Southwark Cathedral.

The **JPIC Team** also worked to support our leaders, parishes and ministers in their advocacy, helping them to build knowledge and engage with their MPs and Councillors on issues including care for the environment, refugee support and community organising. The team ran training events and provided resources to empower our parishes – from Hidden Voices training (spotting the signs of modern slavery and exploitation) to poverty, health and refugee supporting.



© Tim Dendy.

Pilgrims on the Kingston–Merton leg of the pilgrimage for climate change, during Lent 2024.

Our dedicated **Safeguarding Team** worked throughout 2024 to help our churches to be safer, more welcoming and supportive places. The team's front-line case work with survivors of abuse increased significantly throughout the year. Each referral is taken seriously, with all national guidance followed, and can require anything from simple advice and reassurance to significant work with the statutory services. In all of this, the team is determined to be survivor-focused, as well as ensuring that support and advice is available to all those affected by each issue. In 2024, work was undertaken to establish and support a dedicated Survivors Forum for Southwark and London dioceses. This work will continue into 2025.

As well as direct casework, the team offers advice and support to ministers and Parish Safeguarding Officers and runs a full programme of training across our diocese, ensuring that hundreds of lay and ordained ministers and church officers and volunteers are better equipped for their ministries. In 2024, almost 1,400 people completed their Foundation Safeguarding training, more than 500 the Domestic Abuse awareness training, nearly 150 did the Safer Recruitment course and more than 370 the Safeguarding Leadership training. The team also processed 2,461 DBS requests for parishes and diocesan staff.

The **Communications Team** continued to support our bishops and other key spokespeople in their advocacy on key issues affecting our world such as the conflict in Israel and Gaza, racial justice, the Assisted Dying Bill and violent crime in our communities. It also offered 24/7 direct advice and support to parishes and schools in working with the media, responding to community tragedies, dealing with challenging communications issues and sharing their stories. More communications advice, support and training for parishes is planned for 2025. The team promoted and supported the 2024 Bishop's Lent Call, which – thanks to the enormous generosity of our parishes – raised an amazing £60,000 for projects in Israel, Zimbabwe and the UK.

Key statistics

The Diocese of Southwark serves...



2.9 million people

in the **16** local authorities of South London and East Surrey

through **356** places of worship – a Church of England presence in every community



and **101** church schools educating **34,000** young people





23 prison, hospitals and airport chaplaincies



49% of churches in the diocese are registered for Eco Church, with **66** bronze, **30** silver and **1** gold status awards



310 stipendiary clergy with **24** pioneer curates, **280** PTO clergy, **210** commissioned or licensed lay ministers and **45** self supporting clergy

159 parish proposals for church buildings recommended.

£72,000 awarded to eighteen parishes in grants from 'Buildings for Mission' Church of England funding





32 people training on our new Estates Lay Pioneer course



90% of churches equipped to use digital giving

More than **1,400** people completed at least one of our safeguarding courses





£60,000 raised by the Bishop of Southwark's Lent Call to support our partners in Jerusalem, the Middle East, Zimbabwe and the UK

Financial review

Financial performance

A surplus of £0.4m (2023: £3m deficit) is reported before property revaluations and losses or gains on investments. In 2023 there was a severe slowdown in the property market, whilst we made all the planned purchases and improvements there were few sales to balance this. In 2024 the market returned to more normal conditions, and the gains on some properties that should have been made in 2023 moved the charity into surplus.

The donations made by parishes through the PSF are our principal source of income. Income from the PSF in 2024 was £16.4m (2023: £16.0m). The collection rate for 2024 was 99.7%, compared to 99% in 2023, an exceptional result in both years. The collection rate is testament to the partnership working between parishes and the diocese, and the strength of our pledge system based on informed generosity.

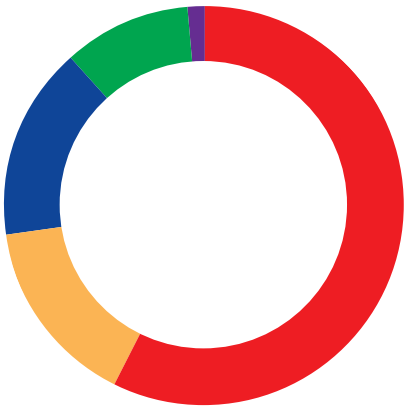
As noted above, gains on asset disposals were ahead of budget and aside from this our other sources of income overall were on budget.

Contributions from the Archbishops' Council were £2.9m (2023: £1.9m) with the increase attributable to a higher level of Strategic Development grants and the beginning of grant income for the Diocesan Investment Programme. Other donations fell to £1.5m (2023: £2m), because of a cut in the grant from Trust for London of £0.5m. We are expecting this grant to remain at the lower level for the next few years. Income from charitable activities remained the same at £2.1m (2023: £2.1m).

Costs rose to £28.2m (2023: £26.8m). The cost of maintaining our property stock was ahead of budget. We must carry out essential maintenance and repairs on our clergy housing and cost inflation – both materials and labour – continued to be higher than the general level of inflation. Stipends also increased year on year, with a 4% increase at the beginning of the year and a further 1% from the beginning of April. Our expenditure was well controlled and overall was on budget except for property expenditure.

The amount spent on administration as a proportion of the total expenditure of the SDBF amounted to 6.5% (2023: 7%). This expenditure continues to be monitored rigorously. It is comparable to other dioceses and other charities of a similar size and complexity.

The increase in the value of Board and Diocesan Stipendiary property was £10.6m (2023: £13.6m decrease), a reflection of the return of confidence



2024 Income vs (Budget)

- Parish share: £16.41m (£16.13m)
- Funding from outside Diocese: £4.40m (£4.60m)
- Gain on asset disposal: £4.46m (£3.60m)
- Funding from Diocesan assets: £2.91m (£2.93m)
- Parochial fees: £0.35m (£0.42m)

£28.5m (£27.68m)



2024 Expenditure vs (Budget)

- Ministry stipends: £13.35m (£12.97m)
- Ministry housing, training & support: £8.04m (£7.51m)
- Area Mission & JPIC: £1.33m (£1.60m)
- Board of Education: £0.37m (£0.37m)
- Strategic Development & Fresh Expressions: £1.48m (£1.89m)
- Governance and administration: £1.81m (£1.79m)
- National Church: £1.79m (£1.70m)

£28.16m (£27.84m)

to the housing market in 2024. The net gain on investments was £1.1m (2023: £0.3m gain), with the market performing strongly towards the end of the year.

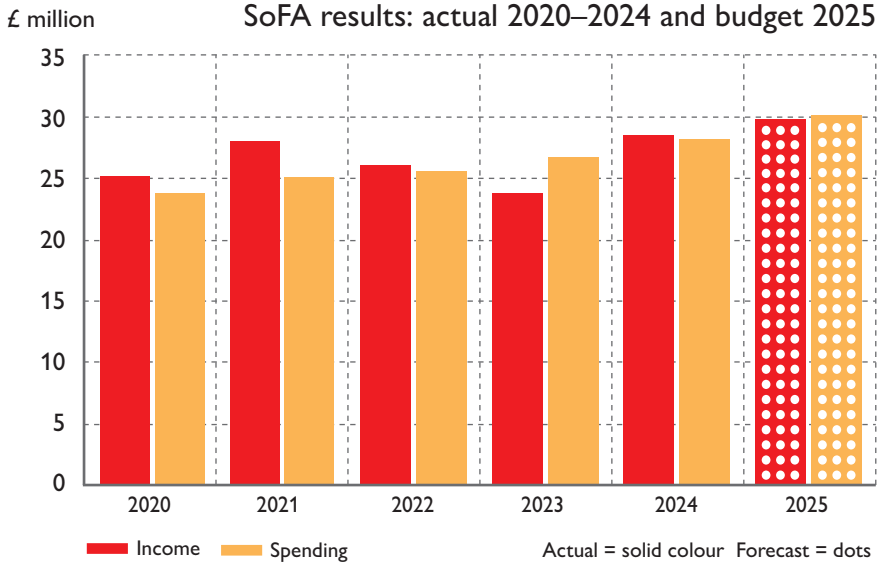
The value of investments increased by £1.7m (2023: £0.3m increase). There were £1.4m of sales and £2.1m of purchases to increase the exposure of the portfolio to global equities and bonds, away from UK equities and property funds. Following a motion of Diocesan Synod, at the end of 2024 the SDBF appointed two new fund managers to hold portfolios that do not hold fossil fuel investments. The assets from all existing funds were transferred to the new managers at the beginning of 2025 and the SDBF now holds no fossil fuel investments through these managers. Further details on the investments and their performance can be found in the investment policy section on page 21.

There was no impairment to the value of parsonages in the year. Properties are held for the long term and our experience has been that sale prices exceed the carrying value of the asset.

The capital value of non parsonage properties increased by £10.6m (2023 £13.6m decrease), an increase of 8.6% (2023 10.8% decrease). This increase reflected the South London property market through 2024. Following the decision taken by the Trustees in 2016, whereby properties other than benefice houses were to be valued on a five-yearly cycle, one-fifth of the portfolio was revalued during the year by the SDBF's appointed firm of chartered surveyors, and the average change in the value of the properties revalued was applied to the remainder of the portfolio.

Financial history and plan

SoFA results: actual 2020–2024 and budget 2025



Significant property transactions

A summary of property transactions that took place during the year is shown in the table on page 20. Expenditure on property development and improvements continues to take place, to ensure that parsonage houses are fit for purpose and that the correct numbers and placement of properties are available for curates and other church workers. This is in line with the property strategy endorsed by Diocesan Synod and to support Southwark Vision.

One parsonage was purchased in 2024, to replace one sold in 2022 that was deemed not fit for purpose.

Our policy continues to be:

- to accommodate the changing geographical deployment of clergy within the diocese
- to release the development and refurbishment potential in some properties to enable more effective use of funds for the ministry of the church and to house curates
- to replace unsuitable properties to ensure that each parish/benefice has a benefice house.

Under the Mission and Pastoral Measure 2011, the Diocesan Pastoral Account is available for the purchase and/or improvement of benefice houses. To the extent that any remaining funds are not required, or are not likely to be required, for these purposes then the Account may be applied to any general purpose of the SDBF. The policy of the SDBF is to use the Account for exceptional property expenditure and for property staff costs where they are principally engaged in the purchase, sale and maintenance of the property portfolio but not to use it for routine property administration and maintenance.

Financial review *(continued)*

Balance sheet position

During the year a credit facility of £3.2m was arranged with NatWest to replace a facility with HSBC. The HSBC facility was secured on investments that were due to be sold as part of the divestment from fossil fuel investments. The new facility is secured on property rather than investments.

The Trustees consider that the balance sheet, together with Note 19 (pages 74–75), 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. The net assets as at the balance sheet date totalled £302.0m (2023: £289.9m). Included in this total are properties, mostly in use for ministry, whose value amounted to £275.8m (2023: £265.7m).

	2024 Number	2024 £'000	2023 Number	2023 £'000
Property development and improvement:				
Parsonage	25	1,564	23	1,565
Glebe property	2	34	10	633
DBF property	3	183	7	396
Total	**30**	**1,781**	**40**	**2,594**
Purchases at book value:				
Parsonage	1	734	2	2,025
Total	**1**	**734**	**2**	**2,025**
Sales at book value:				
Parsonage	4	2,632	–	–
Glebe property	–	–	2	919
DBF property	3	1,970	1	10
Total	**7**	**4,602**	**3**	**929**

Reserves policy

Free reserves are deemed to be the total of the unrestricted General Fund. Having considered financial risk, liquidity requirements and the timing of cash flows throughout the year, the Trustees reviewed and amended the policy in 2019. The Trustees' policy was gradually to grow working financial reserves in the General Fund such that it was equivalent to three months' budgeted unrestricted expenditure by the end of 2020, with an aspiration to achieve six months' budgeted unrestricted expenditure by the end of 2025. The target of three months' unrestricted expenditure was not achieved, which would require a reserve of £6.5m, and a long term plan is currently being drawn up for the next five years which will take account of this commitment in conjunction with the Diocesan Finance Review being undertaken by the National Church. In addition, the aim is to have this backed by cash, which has also not been achieved. Again this will be addressed in the long term planning being undertaken.

Reserves invested in fixed assets

The General Fund comprises net assets amounting to £3m (2023: £3.3m), of which £3m (2023: £2.8m) relates to tangible fixed assets, principally freehold and leasehold property, and a further £3.2m (2023: £3.1m) is held in pooled investments.

Designated funds

The Trustees may designate additional unrestricted reserves to be retained for an agreed purpose where this is prudent. Such designated reserves are reviewed on an annual basis and returned to the General Fund if the purpose of their designation is no longer considered to be adequate justification for their retention.

A description of each reserve, together with the intended use of the reserve, is set out in Note 20 (see page 76). During the year a new Net Zero Carbon Fund was established to fund work on improving the energy efficiency of parsonages. At 31 December 2024, total designated reserves were £43.6m (2023: £39.8m). The policy of the Trustees is to gradually return as many of these funds as possible to the General Fund.

Restricted and endowment funds

As set out in Note 19 (see pages 74–75), the SDBF holds and administers a number of restricted and endowment funds. As at 31 December 2024, restricted funds totalled £4.8m (2023: £4.4m) and endowment funds totalled £251.0m (2023: £242.5m). Neither are available for the general purposes of the SDBF.

Grant-making policy

The Articles of Association of the SDBF allow for the making of grants in pursuance of its objects. The grants made in the current and previous year are disclosed in Note 10 (see pages 62–63). All grants are made from budgets set aside for specific purposes and are subject to authorisation policies and criteria.

Investment policy

The SDBF is permitted by its Articles of Association to make investments. Note 19 (see pages 74–75) provides details of the assets of each fund, together with the related purposes. Note 14 (see page 69) summarises the movements in investments during the year. The investment principles were reviewed towards the end of 2018.

With most of its capital assets in residential housing, the focus of the Trustees is on the selection and review of investment funds to provide additional income to the diocese whilst aiming to maintain the inflation-adjusted value of capital. The investment policy and principles in this align with the property strategy and Southwark Vision 2024–35.

	Funds at 31 December 2024	Proportion of portfolio	Income yield in year	Total return in year
	£'000	%	%	%
Managed funds:				
M&G Equity Investment Fund for Charities	5,053	18.6	6.3	9.0
J O Hambro UK Equity Income Fund	3,837	14.1	4.7	21.6
CBF Investment Fund	5,177	19.1	2.7	5.1
Savills Charities Property Fund	979	3.6	6.4	5.5
Mayfair Capital PITCH Fund	1,496	5.5	5.9	5.9
Sarasin Global Higher Dividend Fund	8,169	30.1	2.9	7.1
Blackrock Charities UK Bond Fund	2,433	9.0	4.1	(0.4)
Total	**27,144**	**100.0**		

The Trustees' investment policy is to pursue an ethical investment policy. The Trustees are committed to following the ethical and climate change investment guidelines laid down by the Ethical Advisory Group of the National Investing Bodies of the Church of England and a motion of Diocesan Synod, not to invest directly but through collective investment vehicles, to seek the best economic returns consistent with commercial prudence following the judgment in the Bishop of Oxford case.

The investment objectives are:

- to seek the best possible overall return on investments, having due regard to the preservation of capital and subject to agreed risk tolerance
- for the Diocesan Stipendiary Fund and Ministry Fund, the aim is to maximise the growth of income in the longer term whilst maintaining the inflation-adjusted value of the capital
- for Board of Finance investments, the aim is to maximise capital and income in the longer term.

Excluding purchases, sales, and transfers, the value of investments has increased by 3%. Total distributions decreased to £1.2m (2023: £1.3m).

The SDBF does not adopt a total return policy for its investments but looks to identify investment managers who can produce income growth whilst preserving capital subject to agreed risk tolerances.

The capital growth and income achieved in the year are in line with the investment objectives.

Objectives and plans



Youth project at St Margaret, Putney.

Annual objectives for 2024

The Annual Objectives were approved by the Diocesan Synod in November 2023 and continued the themes of *Connectedness & Communication and Rebuilding Finances: Parishes and the Diocese*, set in 2022. Together they formed a broad remit of major synodical priorities to which they were drawn:

- clergy wellbeing in times of change
- environment (including Net Zero Carbon)
- implementation of Anti-Racism Charter
- parish finances for growth in post-pandemic recovery.

Southwark Vision (2017–25) was at the heart of our strategy, with plans and annual objectives in 2023 flowing from that. The diocese maintained a firm commitment to parish structures as well as support for innovation, new projects and initiatives.

A key objective for 2023 was to work alongside parishes and archdeacons to seek to rebuild the Parish Support Fund to 2019 levels by the end of the year through the 2024 pledges. Our multiple-year programme to achieve the target of 66% parishes covering their full ministry costs, so they can be more generous to others, continued. Embedding digital giving continued to be a priority through encouraging contactless payments and online giving in our parishes. A new cloud-based finance system for the diocesan office was put in place in January 2023 and is being used successfully.

The Strategic Vision Ministry and Deployment policy continued to be an integral part of Southwark Vision (2017–25) and the approved Southwark Vision (2024–35), which was wholeheartedly approved and endorsed by Diocesan Synod in November 2023.

Our commitment on the development and embedding of our Anti-Racism Charter continued. Establishing Hub and Resourcing Churches, to encourage and support parishes with mission and Fresh Expressions, also continued and is showing promise. Supporting mission and ministry through the work of our Justice, Peace and Integrity of Creation (JPIC) team also continued in 2023, as Diocesan Synod approved a diocesan roadmap to Net Zero Carbon and staff began to develop the plan for reducing carbon emissions, in line with our Diocesan Environment Policy. Diocesan Synod also made a commitment to achieving our Eco Diocese Silver award by 2027–28. Following the achievement of Bronze status in 2023, work on this has begun in earnest.

Progress made towards achieving 2024 objectives

Objective	Progress made
Connectedness and communication	
Continue to embed initiatives to support clergy wellbeing during times of change and uncertainty.	In Autumn 2024, the Dean of Clergy Wellbeing launched a new initiative to support clergy wellbeing. Nine in Twelve offers a series of 'mini retreats' with a group of supportive clergy. A second group is due to launch in 2025. Clergy continue to have access to counselling and other support via their archdeacons, as well as a number of other bodies. Our Diocesan Referrals Group meets regularly to consider key issues in clergy wellbeing and has been developing a complaints procedure.
Consider how the DAC can enhance its guidance, advice, and support to all parishes for the cost-effective and sustainable management of church buildings.	In 2024 we appointed a nationally-funded Church Buildings Fundraising Support Officer to work with the Church Buildings & DAC team, to offer project advice, fundraising guidance and grants support. We also launched the Buildings for Mission Minor Repairs & Improvements Grants scheme, to which all parishes may apply. Work on reducing our carbon emissions continued – and a project with our 42 highest-emitting parishes launched in Autumn 2024. We also participated in national Net Zero Carbon projects such as 'Demonstrator Churches' and 'Give to Go Green', supported by our new Net Zero Carbon Programme Manager.

Annual objectives *(continued)*

Objective	Progress made
Continue to give support to parishes where they lack volunteers in critical roles, e.g. treasurers and churchwardens, and develop new strategies.	We hosted a PCC Secretaries Conference and Treasurers Conferences and launched a new Handbook for PCC Secretaries. Our annual Parish Information Review was conducted, ensuring that diocesan data for parish officers is correct – and our project to address challenges in recruiting volunteers, led by two Area Deans, will continue into 2025. Training has been offered to our parishes in recruiting and encouraging volunteers. All of our staff teams offer advice to parishes on a range of matters. Governance support has been offered by the Secretariat team and financial advice by the Finance and Giving Teams. A range of grants have been made available to parishes – and advice given on accessing funding. Our Parish Conversations launched in late 2024 and will continue until 2026 – with learning from those conversations further shaping diocesan work.
Environment (including Net Zero Carbon).	Carbon Literacy training has been delivered at Southwark Cathedral and Trinity House, as well as a staff-focused eco survey and Lent lunch session focusing on environmental concerns. 16 parishes in our diocese have gained an Eco Church Award: Six Bronze and 10 Silver. Diocesan Synod has approved an action plan towards net zero for 2030. Refreshed and renewed Environment Policy. Updated Eco Diocese Working Group terms of reference to support Silver award.
Continue implementation of the plan for reducing Carbon emissions within diocesan control.	Our Diocesan Environmental Officer has given support to parishes needing advice on environmental concerns and additional support was provided to enable churches to complete the 2023 Energy Footprint Tool (EFT). The proportion of churches completing the EFT in 2024 rose to 58%. The team continues to offer support to parishes in caring for creation and reducing carbon emissions – including energy audits and access to funding.
Implement actions from the review of Glebe land across the diocese giving due consideration to community and environmental benefits.	Our diocese holds very little Glebe land, but we have appointed independent planning consultants to undertake a review of its uses. They will consider alternative uses (not just residential development). Outcomes might include the provision of land for Bio-Diversity Net Gain (BNG), renewable energy generation and provision of improved community assets. A new property strategy was approved by Diocesan Synod in November 2024, which includes the use of Glebe land and carbon reduction.
Continue to implement our diocesan action plan for the Anti Racism Charter.	A new Anti Racism Charter parish study resource was developed and piloted in 2024, with plans to launch it more widely in 2025. In 2024, we appointed new Racial Justice Development Racial Justice Training and Resource Officers – funded by the national Church. Grant funding has been identified for further cultural and heritage work – including the commissioning of a unique mass setting for use by parishes.
Rebuilding finances: parishes and our diocese	
Grow parish finances to achieve post-pandemic recovery.	Our Finance and Giving teams have been working together to support parishes in a range of funding and financial matters. We participated in the pilot of the national Give to Go Green initiative in Autumn 2024 and expect further engagement with the scheme in 2025. With funding through the Diocesan Investment Programme, we hope to appoint two additional parish-focused fundraisers in 2025.

Objective	Progress made
Working with Archdeacons to increase giving, financial resilience and 2025 pledges from a selection of parishes, mindful of the target to reach 66% of parishes being self-financing by 2030.	Six Archdeacon-led Parish Support Fund Q&A sessions were attended by people from over 100 parishes in June and July 2024. We are continuing our conversations and meetings with parishes regarding their financial resilience and encouraging generous giving. With some parishes, we have agreed plans to help them achieve greater contributions and coverage of indicative costs.
Building on the success of embedding digital giving, with a focus on encouraging legacy giving.	Work has begun with Christian Aid's ecumenical programme 'Faithwill' and we have appointed a Generous Giving Advisor who will expand our legacies work.
Review priorities for property in the light of the Cost-of-Living crisis and Net Zero Carbon plans.	A new Property Strategy has been approved by Diocesan Synod, which includes consideration of Net Zero Carbon plans. The Diocesan Environmental Policy was also refreshed and a Towards Net Zero Action Plan developed in 2024.
To develop guidance to all parishes in the stewardship of their property assets, including upcoming legislative environmental changes, mindful of the mission and ministry imperative	This work is currently undertaken on a case-by-case basis. We ensure that legal advice is sought in all cases involving the leasing of property.
Strategic and national objectives	
Develop plans and initiatives to enable, equip and encourage parishes to increase the number of children and young people as part of a worshipping community by 2030, linked to the National Church's bold outcomes.	Growth in our ministry with children, young people and families is a key priority, both for Southwark Vision and our Diocesan Investment Programme – and we are developing a number of projects to address this. We have continued to deliver the Aurora Youth Course, Godly Play training and the Catalyst 30K Children and Youth Ministry Training (with two cohorts). We are resourcing parishes to develop relationships with their local schools through initiatives such as Christmas Unwrapped and Christ Seen Investigation. The CYP team provided support and advice to approx. 55 parishes in 2024 and offered CYP Basics training for nine parishes. We are working to develop three Flourish CYP ministers to establish worshipping communities in schools.
Continue to further establish Hub and Resourcing Churches including through SDF3 funding awarded in 2023	As part of our Diocesan Investment Programme, we have funding to establish four Resourcing Church projects (one still to be decided on) and six Hub Churches, with further ones planned in the second and third Triennium. Most will have a focus on ministry with children and young people. There have been some delays in work on our Strategic Development Funded projects, but these have been managed and positive ways forward found.
Continue to implement, as required, any new actions following reports from the National Safeguarding Team, Synodical direction, and mindful of upcoming (2026) Independent Safeguarding Audit.	In support of IICSA Recommendations 1 and 8, our diocese is preparing for Diocesan Safeguarding Advisers to change to the role of Diocesan Safeguarding Officers. Our safeguarding case management processes are being reviewed to ensure consistency of approach and adoption of best practice. Members of the Safeguarding Team have undertaken nationally-led Supervision training. Recommendations will be referred to the Diocesan Safeguarding Advisory Panel for oversight and monitoring to completion.

Future plans

Our **Diocesan Investment Programme** (DIP) seeks to address the four main missional challenges that have been identified by our Diocesan Synod:

- Growing church attendance.
- Doubling the number of churches with more than 25 children and young people.
- Reaching and resourcing estates parishes.
- Growing pathways to ministry that increase the diversity of leadership and are more accessible to young people.

To address these challenges, the DIP offers an integrated nine-year programme with a number of workstreams that will facilitate mission and growth throughout our parishes in South London and East Surrey – none of which will be at the expense of core funding for our parishes. Churches of varying sizes and kinds will be resourced to flourish and grow – sharing their learning to benefit other parishes across our diocese. 2025 will see the piloting of a number of new workstreams – in particular:

The **Parish Development and Renewal Programme**. This new two-year learning initiative is for churches that feel ready to see how they can create the right environment for even more fruitful ministry in their own contexts. Groups will work with a number of other parishes to learn from one another – and the programme will be piloted in early 2025, with a view to rolling it out for many more churches to participate.

An **Apprenticeship-style training programme** for those called to vocations working with children and young people. This aims to help address our need for more children and young people's workers. We will train paid apprentices in CYP work to help them to develop and gain the qualifications and experience they need to pursue a vocation to this work – and to create a pathway for trained CYP workers.

Innovation Funding. Thanks to funding from the national Church, we have a significant grant that we can award once every three years to a church that presents an innovative mission idea that they can develop and share with other churches to grow our parishes. The first round of grant applications will take place in 2025.

With every project, we will be focusing on how successful ideas might be replicated, what may be learned from the different initiatives and how they can best serve the priorities of **Southwark Vision**. Other nationally-funded projects, such as Bubble Church – a Sunday church service especially for babies, toddlers, and young families which originated in the Diocese of Southwark – will continue to develop and resource parishes across the Church of England.

Alongside the Diocesan Investment Programme, we will continue to build on the work already outlined in this report to continue to lead, equip, enable and serve the parishes across our whole diocese. Our Board of Finance, like any charity, has internal support functions which are needed to keep everything running. We continue to seek to run these as efficiently as possible, ensuring always that our main priority is parish mission and ministry. In 2025 we will continue our **IT transformation**: completing the last elements of our migration to cloud-based data storage and ensuring that all staff have sufficient training to facilitate better collaboration and more efficient use of resources. This also supports our ongoing work to reduce our use of paper – the next development in 2025 will be the launch of a secure online portal for trustees to access their meeting papers. The HR team will be working to understand the potential impact on our parishes of **proposed changes to employment legislation**, so that we can best support them to make any necessary changes.

In 2025 the **Communications** team will be reviewing *The Bridge* newspaper, as well as our diocesan website – and rolling out a series of communications workshops for local parishes. The team will also be reviewing our diocesan presence on social media channels, in light of national and international developments.

Racial Justice remains a core priority for our diocese. As part of this, we are very pleased that all staff will be offered Unconscious Bias training, with the first session being delivered early in 2025. Our Encouraging Vocations research project will begin to collect and analyse data in 2025 as we seek to better understand the ways in which people from under-represented groups navigate our lay and ordained ministry pathways – and what barriers or challenges they may experience. We also continue our commitment to the highest standards of **Safeguarding** – and encourage all staff involved in recruitment and management to complete Safer Recruitment and Domestic Abuse training offered by the National Safeguarding Team. In 2025 we will appoint a **Safeguarding Business Manager**, who will help to prepare the diocese for its forthcoming INEQE safeguarding audit.

In line with the Church of England's Routemap to 2030, the work of achieving **Net Zero Carbon emissions** for our diocese will focus on supporting our 42 highest-emission churches in identifying and developing their pathways to net zero and helping them optimise the funding available to them. We will also continue to develop a cross-diocese approach to reducing our carbon emissions and will work together to share knowledge and support efforts across our Cathedral, churches, schools and property portfolio. Our Eco Diocese Working Group will continue to monitor progress towards our Eco Diocese Silver Award which we are aiming to achieve in 2027/28. The biggest challenge in this will be encouraging parish churches to sign up to the scheme and begin to make progress towards their awards. Our Environment Officer and Net Zero Carbon Programme Manager will be continuing to work hard to support and inspire churches in this work.

For **church buildings** needing repairs and minor improvements, we will continue to award grants using national funding under the Minor Repairs and Improvements funding for church buildings. We will also advocate for the continuation of the Government's Listed Places of Worship Grant Scheme, which allows churches to reclaim VAT on building projects. Using DIP funding, we will recruit two **Church Fundraising Officers** who will support our parishes in identifying funding streams and completing grant applications.

As an increasing number of clergy approach retirement age, we will continue work to ensure that we will have **sufficient lay and ordained ministers** for our parishes. Our



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Black History Month panel discussion with (l–r) Sophia Jones (Communications Consultant), Karen Gibson MBE (Founder of The Kingdom Choir), The Revd Andrew Mumby (Rector at St Peter, Walworth), and Joseph Gilder (Director of Music at St Saviour's and St Olave's School).

Vocations and Discipleship, Lay Ministry and Continuing Ministerial Education Teams will continue to encourage and foster people in their vocations – offering opportunities to explore their calling, as well as a range of training from formal ordination pathways to shorter courses. 2025 will be the 10th anniversary of our **Parish Support Fund**, which resources the costs of mission and ministry for all of our parishes. Each year parishes are invited to make a pledge to the PSF which is realistic, challenging, and generous. We know that the ongoing challenging financial climate and demographic changes – especially in inner London – mean that our parishes and congregations are under financial pressure. We are hugely grateful for the generosity of parishes who give to support ministry – and those parishes which give beyond their costs to support ministry in places which otherwise would not be able to afford this. We are very aware of the financial challenges facing parishes and will continue to support them in any way we can.

We will also continue our programme of **Parish Conversations**, further enabling the leadership of our diocese to hear about, understand and share in the joys and challenges of parish ministry across our diocese.

Principal risks and uncertainties

The Senior Management Team considers, evaluates and records the major areas of risk to which the SDBF is exposed, assessing both the likelihood and impact of those risks being realised, together with the measures in place to manage and mitigate such risks. These are discussed and scrutinised through the Audit and Risk Committee and the principal risks are submitted annually to the Diocesan Council of Trustees (DCT) for their discussion, feedback and approval.

The principal risks below reflect the eight risks approved by Trustees for 2024.

All of the process of identification and assessment of risk, the risks identified and the measures for mitigation are reviewed at least annually by the Audit and Risk Committee, with at least one area of principal risk reviewed in detail at each meeting. Responsibility for delivery of the mitigation strategies identified is delegated to the Diocesan Secretary. The Risk Register is presented to, discussed by, and amended as Trustees determine and formally agreed by Trustees annually. The Risk Register is a living document which is used to track and update areas of concern.

The Risk Register for 2024 identified eight areas where the risk of either failure to act or the impact of the events was considered significant. These areas and the associated mitigation strategies were as follows, listed in alphabetical order:

1. Communications

During the year, following approval of the Principal Risks, this item was renamed **'Reputational Risk'**.

The parishes work in partnership with the DBF to promote Southwark Vision and to resource the Vision to cover the costs of ministry through the Parish Support Fund (PSF). Constant communication is required about the work and mission of our Diocese across South London and East Surrey, including new and existing mission initiatives.

The primary impact is that insufficient funds are generated through the PSF and that mutual support across the Diocese is weakened.

There is also a risk that key areas of our diocesan life are not given sufficient profile – such as racial justice, lay ministry and the need for action on the environment – and that congregations consequently are not encouraged to engage fully with these issues.

Mitigants include:

- close, transparent working relationships with all parishes and ensuring high-quality communications are delivered by a professional team, who are both proactive and reactive
- integrated communications focusing strongly on ensuring good news stories from across the Diocese are widely shared ensuring effective and integrated use of different channels of communication including social media, the website and *The Bridge*
- actively prioritising communications around key areas of our diocesan life – such as racial justice, care for the environment and lay ministry – that might otherwise be overlooked by parishes.

Lay Leadership and Lay Ministry and the need for action on the environment does not gain traction, and that congregations become disillusioned. This is mitigated by ensuring that we communicate a more balanced focus on the role of laity, and equip and enthuse clergy to develop and encourage lay ministers in their parishes, and with regular training resources for environmental issues.

An additional communications risk is that poor media coverage might lead to reputational loss for the diocese.

This is mitigated by high quality public relations management, provided by our in-house team. The team focuses on the fostering of good relationships with journalists, rigorous attention to the press agenda and social media trends – and, in particular, the careful management of communications around safeguarding issues.

2. Data and data protection

Ongoing development of the integrated database for our diocese has ensured much more effective collection of data. This underpins the integrity and interpretation of diocesan data, which is essential for good strategic decision-making.

The principal risks for this area remain unaltered and are that incomplete, inaccurate or misinterpreted data leads to poor decision-making, wasted resources and reputational damage.

Mitigants include:

- ensuring that IT systems and processes are capable of collecting and reporting the data required

- maintaining close contact with parish offices so that reporting is timely and accurate
- working closely with the National Church Institutions' systems to ensure that collection systems are compatible
- keeping the processes of data collection under review to ensure that the data available meets the needs of decision-making processes.

The diocese and all its parishes must comply with data protection legislation or risk both legal and reputational consequences.

Mitigants include:

- providing a helpline for clergy and parish officers to deal with ad hoc queries and taking additional advice from the Diocesan Registrar, where necessary
- training all diocesan staff in GDPR and data protection and carrying out Data Protection Impact Assessments for all new processes.

3. Diocesan growth

Our Southwark Vision (2024–2035) sets six priorities for the future, which include growth, youth and diversity, which we believe will lead to growth. The risk, exacerbated by the current economic climate, and the level of trust in the Church of England is that the progress towards achieving sustainable growth is impeded.

Mitigants include:

- the award of significant funding in the Diocesan Investment Programme in mid-2024 to focus on helping parishes to re-energise congregations, ministry and discipleship
- a greater focus on children and young people
- the development of Hub and Resourcing churches, Fresh Expressions of Church and pioneer posts (lay and ordained) as churches are encouraged to create new forms of engagement and a 'mixed ecology' approach
- putting further energy into lay vocations and new lay ministries, while maintaining the momentum of ordained vocations
- a focus on growing leaders and representation that reflects the diversity of our diocese.

4. Financial risks

The continuing economic downturn and world events may result in lower income and cash flow difficulties for many of our parishes – with the consequential risk of a reduction in PSF pledges and payments.

Mitigants include:

- a renewed effort on communication with parishes and specific support through Archdeacons, where this is helpful
- identifying opportunities for parishes to become, or remain, self-financing, while continuing to support those that cannot
- ensuring that our communications commend different forms of giving, particularly digital
- providing support to parishes in sourcing alternative income streams
- a continued focus on the theology of generosity, supported by resources for parishes through our Director of Giving post
- close monitoring of pledge receipts and offering support to parishes with financial planning
- DIP funding supporting fundraising with two new parish focused posts.

5. Governance

The compliance and regulatory framework for large charities is increasing and evolving and the key risk here is a lack of accountability and transparency in decision-making.

Mitigants include:

- ensuring that the scheme of delegation on decision-making is strictly adhered to and that matters are dealt with at the correct level of governance – with all terms of reference of the constituent bodies being rigorously followed
- following the agreed Terms of Reference for each of the constituent bodies, sub-committees, working groups and any advisory groups
- ensuring transparent reporting by the Management Team through the Chair of the DBF, Policy & Finance Committee and the Diocesan Council of Trustees (DCT)
- maintaining strong links between Diocesan Synod and DCT and between the Southwark Diocesan Board of Education and Diocesan Synod
- Synodically approved update to the Handbook of governance.

6. IT

The loss of access to adequate IT provision would affect the ability of diocesan staff to fulfil their responsibilities. The risk of malicious cyber attacks and phishing scams continues to be a concern.

Mitigants include:

- ongoing investment in IT hardware and software infrastructure

Principal risks and uncertainties *(continued)*

- finalising a move to the cloud, and full use of SharePoint and Microsoft packages
- a robust disaster recovery plan mandatory use of multi-factor authentication (MFA) enrolment with the National Cyber Security Centre and penetration security scans, and approval to obtain cyber security insurance.

7. Living in Love & Faith

The General Synod's decision to approve Prayers of Love & Faith for same-sex couples leads to risks and difficulties which result from the differences in theological perspectives across our diocesan family. This is a changing risk area, causing deep levels of anxiety for many and is being constantly monitored by senior staff, bishops and archdeacons. Risks and impacts may come from both those in favour and those against General Synod's recommendations – which in themselves continue to evolve. Our diocese is committed to speaking well of each other notwithstanding differences of conviction which are held in good faith. It is recognised that this is a difficult area for many, but there are opportunities to serve, minister and evangelise regardless of any outcome and any associated risks should be understood in that context.

Mitigants include:

- continuing partnership working and open dialogue with all parishes
- engaging with the national expertise and Registrar in matters of legalities
- senior clergy continuing to build trust with parishes and the wider diocese through successful communications at all levels – including publications and face to face contact
- ensuring an intentional focus on clergy and laity wellbeing.

8. Safeguarding

Safeguarding policies and procedures continue to be a priority. Therefore, there is continued focus on this risk area. The publicity around national cases has underlined the importance of this.

Any occurrences of abuse by someone working for or on behalf of the Church will have significant consequences for those affected and there is also a reputational risk in the event of poor safeguarding practice.

The risk areas for safeguarding have been aligned to link with the National Church's Risk Audit categories of Culture, Leadership & Capacity, Prevention, Recognising and Managing Risk, Victims and Survivors, Learning, Supervision & Support

Mitigants include:

- effective staff and volunteer recruitment and training at parish and deanery level, with a focus on prevention
- the maintenance and implementation of up-to-date diocesan policies and procedures in line with national Church guidance
- ensuring that transparency and accountability is maintained at all levels
- ensuring that the Safeguarding team is fully resourced
- ensuring regular parish safeguarding self-audits form part of the archdeacons' annual parish inspections
- use of national MyConcern database as the case management system for almost all dioceses.

Core Groups for safeguarding case management meet as required and are chaired by an archdeacon, a senior lay member of the DCT or the Diocesan Safeguarding Advisory Panel Chair. Parishes are required to use the online systems for Disclosure and Barring Service checks as part of the safe recruitment of those working with children, young people and adults who may be at risk of harm. We work to ensure the rigorous recording of data and produce statistics to allow full and ongoing reviews of diocesan safeguarding processes, as well as input into continuing implementation of IICSA and national Church initiatives. All safeguarding work is supported by proactive and sensitive communications, provided by our in-house team. Formal reporting of safeguarding activity and the key risk areas is provided for annual scrutiny by the Diocesan Audit and Risk Committee and the whole Trustee body at the DCT as a further mitigant.

Governance



Stained glass at St Matthew, Croydon.

Structure and governance

Summary information about the structure of the Church of England

The Church of England is the established Church and HM The King is the Supreme Governor. It is organised into two provinces (Canterbury and York) and 42 dioceses. Each diocese is a See under the care of a bishop who is charged with the cure of souls of all the people within that area. This charge is shared with priests within benefices and parishes which are separate charitable entities – but also part of the diocese, served by the diocese and accountable to it.

The National Church's General Synod comprises ex-officio and elected representatives from each diocese. It agrees and lays before Parliament Measures for the governance of the Church's affairs which, if enacted, have the force of statute law. Additionally, the Archbishops' Council has a coordinating role for work authorised by the Synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pensions Board administers pension schemes for clergy and lay workers.

Within each diocese, overall leadership lies with the Diocesan Bishop. The Diocese of Southwark is divided into 25 deaneries, each with its own Deanery Synod. Each parish has its own Parochial Church Council (PCC). The PCC shares responsibility with the parish priest for the mission of the local Church, in a similar way to that in which the Bishop shares responsibilities with the Diocesan Synod. Whilst each diocese is a separate legal entity, with a clear responsibility for a specific geographical area, being part of the Church of England requires and enables each diocese to seek support from and work in partnership with other dioceses and national bodies.

Organisational structure

The South London Church Fund & Southwark Diocesan Board of Finance (SDBF) is a company limited by guarantee (No 236594) and a registered charity (No 249678) governed by its Articles of Association. It was incorporated in 1929. The Articles were updated and modernised during 2017. The Company Secretary is the Diocesan Secretary.

The governance and policy of the SDBF is the responsibility of the Trustees, who are also members and directors of the company and trustees for the purposes of charity law. Since November 2015, the Diocesan Council of Trustees (DCT) has been the standing committee of the Diocesan Synod, and its members are members of the Diocesan Board of Finance (DBF), the Bishop's Council and the Diocesan Mission and Pastoral Committee (DMPC). In November 2022, the Parsonages Board was incorporated within the DBF and so became the Parsonages Committee with the same co-terminous membership of the DCT. As with most other dioceses, it did not hold separate bank accounts or financial accounting. The Parsonages Committee sits within the DBF.

Under the revised governance, the DCT comprises the Diocesan Bishop (President of the Diocesan Synod), Chair and Vice Chair of the Board of Finance (both laity), Area Bishops, Archdeacons, Chairs of the Houses of Clergy and Laity of the Diocesan Synod, six clergy (two from each Episcopal Area), 12 members of the laity elected (including three from each Area) and up to six further lay members with financial or other relevant expertise formally elected by the House of Laity of the Diocesan Synod. The implementation of this revised governance structure was reviewed by an external consultant during 2018 and was found to be successful and robust. The Handbook of Governance was revised for the new triennium, 2024–2027, and approved by the Diocesan Synod in July 2024.

The Diocesan Synod, the statutory governing body of our diocese, is an elected body drawn from across the diocese with responsibility for setting our vision and strategy of the diocese. The Synod membership is elected every three years, the last elections having been in 2024. The Synod elects from its members – 12 of the lay trustees of the SDBF and six of the clergy members. The SDBF is subject to the direction of the Synod in all its activities, unless such direction is not in accordance with governing documents or statutory regulations. Since the DBF developed coterminous membership with the Bishop's Council and DMPC membership, trusteeship and directorship of the SDBF also includes membership of those other bodies, all part of the DCT. The Diocesan Secretary is Secretary to each of these, except that the Deputy Diocesan Secretary is Secretary to the DMPC.

Decision-making structure

Corporate priorities and the overall financial strategy for the diocese, in its primary object to promote, assist and advance the work of the Church of England within the Diocese of Southwark, are set by Diocesan Synod and the SDBF. The responsibility for ensuring that these priorities and strategies are delivered is delegated to the Diocesan Secretary who reports to the Bishop of Southwark and is accountable to Trustees through the Chair of the SDBF. The Policy and Finance Committee, which is the standing committee of the Council of Trustees, holds the work of the Diocesan Secretary to account. The company meets once a year in a General Meeting to receive and approve the Annual Report and Financial

Statements, appoint auditors and elect a Chair and Vice Chair, nominated by the Bishop of Southwark.

Each year the Diocesan Synod receives and agrees the annual budget, prepared and approved by the Board. The Diocesan Council of Trustees holds five meetings each year, including one all-day meeting to consider the annual budget and objectives. Trustees formulate and co-ordinate policies on mission, ministry and finance by:

- initiating proposals for action by the Synod and advising it on matters of policy
- delegating, where appropriate, policy and review of decisions to its Policy and Finance Committee and Audit and Risk Committee and the Investment Sub-Committee
- transacting the business of the Synod between meetings, subject to the directions of the Synod and in accordance with Standing Orders
- acting as Trustees of the Board establishing review groups, their terms of reference and membership and carrying out such other functions as delegated to it
- appointing members to committees and representatives to external bodies, subject to the direction of the Synod.

The Trustees are assisted in their work by two committees:

The Policy and Finance Committee (PFC) is the standing committee of the DCT and monitors management accounts and budgets, the use of assets and investment policies and exercises the authority delegated to it by the Trustees. It also undertakes the Board's operational responsibilities under the Parsonages Measures 1938 and 1947; the Repair of Benefice Buildings Measure 1972; the Parochial Church Councils (Powers) Measure 1956, as amended, and the Incumbents and Churchwardens (Trusts) Measure 1964 (with respect to parochial property); the Endowment and Glebe Measure 1976 (with regard to property assets); and the Mission and Pastoral Measure 2011 (with regard to redundant churches).

In addition, it considers and initiates strategic policy where proposals are at an early stage of development prior to submission to the SDBF. It meets five times a year including a budget meeting that addresses work plans and annual objectives. It holds the work of the Diocesan Secretary – and through them the executive team – to account.

The Audit and Risk Committee scrutinises performance, oversees issues of financial probity, reviews the work of external audit, prepares the response to the external auditor's management letter, scrutinises the effectiveness of governance, and reviews the risk register. It meets four times a year.

In addition, the SDBF is advised by its **Investment Sub-Committee**, which provides advice to the PFC and to the Diocesan Secretary on the SDBF's investments and funds available for investment. This meets five times a year. The Board is advised by its **Remuneration Committee**, which normally meets annually.

Trustee recruitment, selection and induction

Board Trustees of the Diocesan Board of Finance are also members of the Bishop's Council and DMPC, and are selected as set out above. Potential Trustees complete skills audits, there is a role description and Trustees are given induction at the outset of the triennium and at other times as appropriate. They are also informed, before seeking membership and at all other relevant times, of the role and function of each committee and constituent element of the DCT. Some staff hold the title of 'Director' but this relates to their function within the organisation and has no legal meaning within the terminology associated with the Companies Act. All Trustees are required to sign the Diocesan Declaration of Eligibility, Responsibility and Conflicts of Interest statement forms. A Handbook of Governance is given to each Trustee.

Remuneration of key management personnel

Remuneration of the Diocesan Secretary is determined annually by the Remuneration Committee, which also receives the Diocesan Secretary's remuneration recommendations for members of the Senior Management Team, which the Remuneration Committee then considers for approval. The committee is a sub-committee of the PFC, formally reporting through it to the DBF. It is chaired by the Bishop of Southwark and includes the Chair and Vice-Chair of the SDBF and any external consultants, as they determine. The committee also includes the Chair of the PFC.

Delegation of day-to-day delivery

The Trustees and the committees which assist them in the fulfilment of their responsibilities delegate management to the Diocesan Secretary who, with the Senior Management Team, delivers the activities of the company in accordance with the policies of the Trustees. The Diocesan Secretary is given specific and general delegated authority to deliver the business of the Board.

Structure and governance
(continued)

Funds held as Diocesan Authority

The Board acts as Diocesan Authority or Custodian Trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956, as amended, and the Incumbents and Churchwardens (Trusts) Measure 1964 where the Managing Trustees are PCCs and others. These assets are not aggregated in the financial statements as the SDBF does not control them, and they are segregated from the SDBF's own assets by means of a separate bank account, separately identified investment holdings and a separate accounting system. Further details of financial trust assets, whose market value amounted to £17.4m at 31 December 2024 (2023: £17m), are available from the SDBF on request, and are summarised in Note 27 (see page 81). Where properties are held as Diocesan Authority, the deeds are identified as such and held in safe custody by the SDBF's solicitor, Winckworth Sherwood LLP.

Section 172 statement

This section serves as our Section 172 statement and should be read in conjunction with the Review on pages 8–30. Section 172 of the Companies Act 2006 requires directors to take into consideration the interests of stakeholders in their decision-making. The directors continue to have regard to the interests of the company's employees and other stakeholders, including the impact of its activities on the community, the environment and the company's reputation, when making decisions.

Most directors are elected from the parishes and communities served by the diocese, ensuring coverage geographically through elections from the Diocesan Synod. The presentations by the Chair of the Board to Diocesan Synod, covering budgets, objectives and the Annual Report, are examples of this.

Acting in good faith and fairly between members, the Directors consider what is most likely to promote the success of the Company in the context of being a DBF among some 40 others across the Church of England, and also in being a charity with charitable objectives focused on mission and ministry. Whilst the importance of giving due consideration to our stakeholders is not new, we wish to explain how the Board engages with our stakeholders to comply with the requirement to include a statement setting out how our Directors have discharged this duty.

- The Directors are fully aware of their responsibilities to promote the success of the Company in accordance with Section 172 of the Companies Act 2006
- The Board regularly reviews how we engage with the parishes and Deaneries across the Diocese which comprise the electing body of Synod. In effect, the Directors through the DBF are the standing committee of Synod, and the Chairs of the Houses of Laity and Clergy are on the Board, as are representatives of both clergy and lay people in parishes
- The stakeholder voice is brought into the boardroom throughout the annual cycle through information provided by management and by direct engagement with stakeholders themselves. In our Review (pages 8–30), we set out some of our other principal stakeholders, how and why we engage, and detail outcomes. The relevance of each stakeholder group may increase or decrease depending on the matter or issue in question, so the Board seeks to consider the needs and priorities of each stakeholder group during its discussions and as part of its decision-making
- The SDBF has good relationships with its suppliers, parishes and others. Committees of the DBF include members who hold roles in parishes; and engagement with parishes, including with volunteer lay officers and clergy, includes annual meetings across the Diocese, organised on an archdeaconry and deanery basis
- The Diocesan Secretary is effectively the Chief Executive Officer and is held accountable to the Board through regular meetings at least monthly with the Chair and Vice Chair, and through the Policy and Finance Committee where a range of employees attend, and through the Board meetings, any of which can be attended by employees from the Senior Management Team
- Directors of the Board include the six archdeacons and four bishops and they have regular and open contact with employees at all levels of the organisation. All heads of departments have team meetings and individual meetings with staff and there are all-staff meetings
- The Senior Management Team has been designated as "senior management" for the purposes of the 2018 Code but not for the purposes of section 414C(8) of the Companies Act 2006. It comprises the senior functional management roles and is made up of those with responsibility for interacting with the charitable company's principal stakeholders. The Board has had in place, since 2015, measures to ensure that stakeholder interests are always taken into account. Where external legal advice is required, the Directors can consult with the Diocesan Registrar or ask senior staff such as the Diocesan Secretary or Deputy Diocesan Secretary to do so on their behalf.

Trustees' responsibilities



Members of Diocesan Synod take a vote.

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

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

- select suitable accounting policies and apply them consistently
- observe the methods and principles in the Charities SORP (FRS 102)
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to assume 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.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included in the diocesan website.

Statement of disclosure to the auditor

So far as each Trustee is aware:

a) there is no relevant audit information of which the charitable company's auditor is unaware, and

b) each Trustee has taken all the steps that they ought to have taken as a Trustee in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

Appointment of auditor

Buzzacott Audit LLP was appointed as the auditor in June 2021 and re-elected in May 2024.

Legal objects

The Trustees, who are also Directors for the purposes of company law, present their Annual Report, together with the audited financial statements, for the year ended 31 December 2024.

The Directors/Trustees are one and the same, and in signing as Trustees they are also signing the Review sections in their capacity as Directors.

This combined report satisfies the legal requirements for:

- a Directors' Report of a charitable company;
- a Strategic Report under the Companies Act 2006; and
- a Trustees' Annual Report under the Charities Act 2011.

Legal objects

The objects of the South London Church Fund & Southwark Diocesan Board of Finance (SDBF) are "for the public benefit to assist, promote and further the religious and other charitable work (including but not limited to the educational work) of the South London Church Fund & Southwark Diocesan Board of Finance within the diocese, and any other diocese which shall at any time be formed, wholly or in part out of the diocese, either with or without the addition of any part or parts of other dioceses."

Its function is to serve as the corporate body of the Church of England in the diocese, responsible for the financial stewardship of the diocese through performing, working and transacting business in connection with the Church and diocese. It is the diocese's Board of Finance for the purpose of the Diocesan Boards of Finance Measure 1925 and other legislation. Through its Parsonages Committee, it may act as the Parsonages Board for the diocese within the meaning of the Repair of Benefice Buildings Measure 1972.

The Diocese of Southwark covers most of Greater London south of the Thames and parts of East Surrey. Within the diocesan boundaries are the Royal Borough of Greenwich, the London Boroughs of Croydon, Lambeth, Lewisham, Merton, Southwark, Sutton and Wandsworth, plus parts of the London Boroughs of Richmond upon Thames, Bromley and Bexley and the Royal Borough of Kingston upon Thames. In Surrey, it also includes parts of the Borough of Reigate and Banstead, Tandridge District Council and Mole Valley District Council.

The SDBF has the following responsibilities:

i. the management of glebe property and investments arising from the Endowments and Glebe Measure 1976 to generate income to support the cost of stipends;
ii. managing the repair of benefice houses under the Repair of Benefice Buildings Measure 1972;
iii. to act as custodian of permanent endowment and real property assets relating to trusts held by Incumbents and Archdeacons and by Parochial Church Councils (PCCs) as Diocesan Authority under the Incumbents and Churchwardens (Trusts) Measure 1964 and the Parochial Church Councils (Powers) Measure 1956.

The SDBF is empowered to act as a committee of the Diocesan Synod, responsible for providing the secretariat and other corporate services of the diocese and also for raising and disbursing money and employing staff.

The standing committee of the Diocesan Synod is the Diocesan Council of Trustees (Bishop's Council). Its members are also the members of the SDBF and the Diocesan Mission and Pastoral Committee (DMPC). Each of these three bodies has coterminous membership.

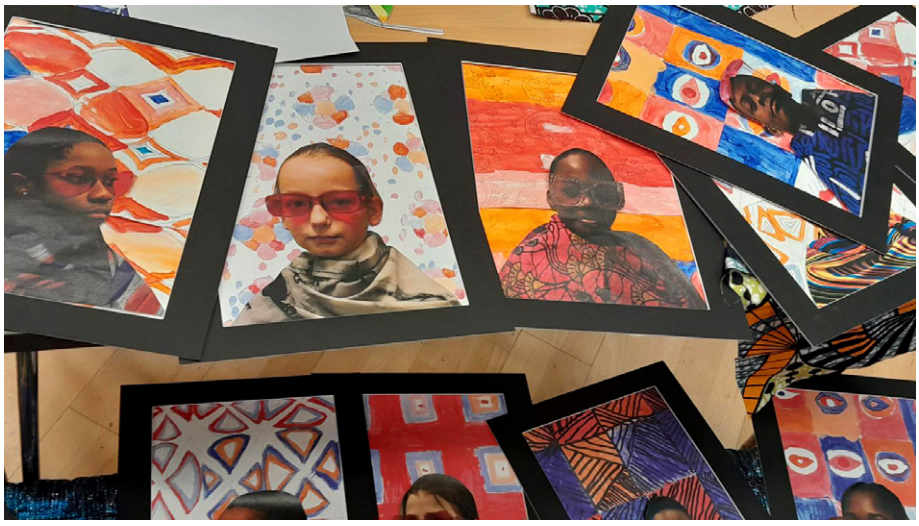
The strategic priorities of the diocese are established by the Diocesan Synod, and its standing committee the Diocesan Council of Trustees (DCT), in consultation with Deanery Synods, PCCs and the Bishop of Southwark (in respect of his responsibility for the provision of the cure of souls).

The DCT (acting as Bishop's Council, the Diocesan Board of Finance (DBF) and the DMPC) fulfils its objectives within this framework, together with the committees and advisory groups of the diocese. To this end, significant time and effort is committed to communication between and with these bodies, as well as with the Church nationally; this includes consultation on specific matters relating to the priorities for the forthcoming year, taking into account the commitments arising from the Diocesan Budget.

Related parties

Related parties include:

- The Southwark Diocesan Board of Education (SDBE), a separate registered charity (No 313001) to which the SDBF makes grants. The SDBE supports 101 Church of England schools educating approximately 34,000 pupils; 82 are primary schools, three junior schools and four infant schools and there are 10 secondary schools, and two all-through schools. Within our family of 101 schools, 80 are Voluntary Aided, one is a Foundation school and 20 are academies. The SDBE supports the provision, effectiveness and development of education in all Church of England schools within the diocese. It specifically seeks to develop the Christian ethos and distinctiveness of Church schools; to promote religious education and collective worship; and to advise School Governors and Trustees. In the voluntary aided schools, the SDBE supports the maintenance and improvement of school buildings and facilities. The SDBE also supports the provision of chaplaincy in higher and further education institutions, a post funded by the SDBF. The SDBF also makes an grant to the SDBE towards the cost of delivering the Diocesan Measure for Education. The Bishop of Southwark is President of the SDBE, and The Rt Revd Dr Rosemarie Mallett is the Chair of the Board. The Ven Simon Gates, Archdeacon of Lambeth, is the Chair of the Schools Committee. The SDBF has delegated the function of Chaplaincy Development Officer to the SDBE and provides a grant for a part time role supporting further and higher education chaplaincy across the diocese.



'We are one': an equity, diversity and inclusion event in February, with pupils sharing their artwork and writing.

- SDBE Multi Academy Trust (MAT), which is an exempt charitable company (No 10385920). The SDBF is a member of the MAT and is represented through the Diocesan Secretary. As a member, the SDBF is entitled to nominate one-third of the directors of the MAT. The Ven Jonathan Sedgwick, Archdeacon of Southwark, is Chair of the SDBE MAT.
- Southwark Diocesan Welcare (Welcare), a separate registered charity (No 1107859) to which the SDBF makes a grant. Welcare is a Christian charity working in South London and East Surrey with disadvantaged children and families, irrespective of faith, culture, abilities or life choices. By offering family support, mentoring services and group work with parents and children, Welcare empowers families to rebuild their lives and family ties, helping parents to give their children happier, more confident childhoods. The Board of Welcare includes the Head of JPIC as the DBF nominee.
- Southwark Cathedral (charity No 1200866) to which the SDBF makes a grant. It is the seat of the Bishop of Southwark, and services and special events are held at the Cathedral that are paid for by the SDBF.
- Together Southwark (charity No 1153362) promotes the alleviation of poverty and relief of financial hardship among children, young people and vulnerable families. The diocese is its principal funder. The Rt Revd Dr Rosemarie Mallett, Bishop of Croydon, was among the Directors during the year. Together Southwark is not consolidated in these accounts under section 405 of the Companies Act 2006 as its inclusion is not material.

Grants made to these parties are identified in note 11 to the accounts (see page 62). Any further related party transactions are identified in note 26 (see page 80).

Administrative details

Trustees

No Trustee had any beneficial interest in the company during 2024. The following Trustees were in post during the period 1 January 2024 to the date of approval of these financial statements.

President

The Right Revd Christopher Chessun,
The Bishop of Southwark

Ex-officio

The Right Revd Dr Rosemarie Mallett,
The Bishop of Croydon

The Right Revd Dr Martin Gainsborough,
The Bishop of Kingston

The Rt Revd Alastair Cutting,
(from 3 July 2024),
The Bishop of Woolwich

The Venerable Greg Prior,
The Archdeacon of Croydon

The Venerable Simon Gates,
The Archdeacon of Lambeth

The Venerable Alastair Cutting,
(to 2 July 2024),
The Archdeacon of Lewisham & Greenwich

The Venerable Dr Chigor Chike,
(from 29 September 2024),
The Archdeacon of Lewisham & Greenwich

The Venerable Moira Astin,
The Archdeacon of Reigate

The Venerable Jonathan Sedgwick,
The Archdeacon of Southwark

The Venerable John Kiddle,
The Archdeacon of Wandsworth

Chair of the House of Clergy of Diocesan Synod

The Revd Lotwina Farodoye
(to 11 October 2024)

The Revd Captain Nicholas Lebey
(from 11 October 2024)

Chair of the House of Laity of Diocesan Synod

Mr Adrian Greenwood, (Lay Canon)
(to 11 October 2024)

Mrs Rebecca Chapman
(from 11 October 2024)

Appointed by the Bishop of Southwark

Sir David Beamish
Chair of the Board of Finance

Mrs Sarah Docx
Vice Chair of the Board of Finance

Elected by Synod (House of Clergy)

The Revd Dr Charlie Bell
(from 5 December 2024)

The Revd Anne Bennett
(from 4 December 2024)

The Revd Antonio Garcia Fuerte
(from 5 December 2024)

The Revd Michael John
(to 4 December 2024)

The Revd Jonathan MacNeaney
(from 5 December 2024)

The Revd Jonathan Macy
(to 4 December 2024)

The Revd Justine Middlemiss
(to 4 December 2024)

The Revd Dr Nicholas Peacock
(from 3 January 2025)

The Revd Dr Eddie Scrase-Field

The Revd Fiona Weaver
(to 4 December 2024)

Elected by Synod (House of Laity)

Mrs April Alexander
(to 4 December 2024)

Mrs Rebecca Chapman
(to 11 October 2024)

Mrs Despina Francois
(to 4 December 2024)

Mr Adrian Greenwood
(from 5 December 2024)

Miss Vasantha Gnanadoss

Mr Joseph Goswell

Mr Richard Helliwell
(to 4 December 2024)

Mr Marshall Manson
(from 5 December 2024)

Mr James Murdoch
(from 5 December 2024)

Miss Solabomi Ogun

Miss Miranda Okon
(to 4 December 2024)

Miss Olusola Oyeleye
(to 4 December 2024)

Miss Susan Patterson
(to 4 December 2024)

Mr Paul Waddell
(from 5 December 2024)

Mr David Williams
(from 5 December 2024)

Miss Rosemary Wilson
(to 4 December 2024)

Mr Grahame Woods
(from 5 December 2024)

Lay persons elected as specialists

Dr Nicholas Burt

Mr Michael Hartley
(to 4 December 2024)

Miss Gill Reynolds
(to 4 December 2024)

Mr Alan Saunders

His Honour Nigel Seed KC

Senior staff

Mrs Nicola Thomas
Diocesan Secretary

Mrs Jacqueline Pontin
Deputy Diocesan Secretary

Mr Mark Rhodes
Director of Finance and Financial Assets

Ms Ruth Martin
Bishop's Lead for Strategic Development (including Property Strategy)

Mr Andrew Bennett
Director of Property Services

Mr David Loft
Director of Human Resources

Mr Devas Palokkaran
Director of Information Technology & Data

The Revd Canon Wendy Robins
Director of Discipleship, Lay Ministry & Continuing Ministerial Education

The Revd Jeremy Clark-King,
Director for Clergy Formation & Initial Ministerial Education

The Revd Anna Drew
Director of Communications

Ms Pamela Chisholm
Diocesan Safeguarding Advisor

Mrs Gabby Parikh
Director of Giving and Parish Funding

Registered office

Trinity House, 4 Chapel Court, Borough High Street, London SE1 1HW

Advisers

Bankers

National Westminster Bank plc
91 Westminster Bridge Road, London SE1 7HW

HSBC UK Bank plc
10 York Road, London SE1 7ND

HSBC Private Bank (UK) Limited
8 Cork Street, London W1S 3LJ

Independent Auditor

Buzzacott Audit LLP
130 Wood Street, London EC2V 6DL

Solicitors

Winckworth Sherwood LLP
Minerva House, 5 Montague Close, London SE1 9BB

Investment Fund Managers

CCLA Investment Management Ltd
Senator House, 85 Queen Victoria Street, London EC4V 4ET

J O Hambro Capital Management Ltd
1 St James's Market, London SW1Y 4AH

M&G Securities Ltd
10 Fenchurch Avenue, London EC3M 5AG

Mayfair Capital Investment Management Ltds
2 Cavendish Square, London W1G 0PU

Sarasin & Partners LLP
Juxon House, 100 St Paul's Churchyard, London EC4M 8BU

Savills Investment Management (UK) Ltd
33 Margaret Street, London W1G 0JD

BlackRock Investment Management (UK) Limited
2 Throgmorton Avenue, London EC2N 2DL

Insurers

Ecclesiastical Insurance Group plc
Beaufort House, Brunswick Road, Gloucester GL1 1JZ

In approving this Trustees' Report, the Trustees are also approving the Review included on pages 8–30 in their capacity as Company Directors.

By order of the Trustees

Sir David Beamish
Chair of the Board of Finance
14 May 2025



Nicola Thomas
Secretary
14 May 2025



Financial statements



Olive Fadayomi leads the *Nigerian Chaplaincy Worship Team* at the Black History Month service.

Independent auditor's report

To the Members of the South London Church Fund and Southwark Diocesan Board of Finance

Opinion

We have audited the financial statements of South London Church Fund & Southwark Diocesan Board of Finance (the "charitable company") for the year ended 31 December 2024, which comprise the statement of financial activities, the income and expenditure account, the balance sheet, the statement of cash flows, and the notes to the financial statements including the principal 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 income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the 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 12 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 2024, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 Trustees' report, which is also the Director's Report for the purposes of company law and includes the Review, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' report, which is also the Director's Report for the purposes of company law and includes the Review, has been prepared in accordance with applicable legal requirements.

Independent auditor's report
(continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report, including the Review.

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

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

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement in the Trustees' report, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charitable company through discussions with Trustees and management, and from our knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charitable company, including the Charities Act 2011; the Companies Act 2006; Church Assembly and General Synod Measures; and safeguarding regulations;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- we ensured that laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management and representatives of those charged with governance as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and

- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected financial relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining accounting estimates were indicative of potential bias;
- performed substantive testing on expenditure; and
- investigated the rationale behind significant or unusual financial transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management and representatives of those charged with governance as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of Trustees and management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion. 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.



Peter Mackereth
Senior Statutory Auditor

For and on behalf of Buzzacott Audit LLP, Statutory Auditor,
130 Wood Street,
London EC2V 6DL

16 May 2025

Statement of Financial Activities for the year ended 31 December 2024

	Note	Unrestricted funds: General £'000	Unrestricted funds: Designated £'000	Restricted funds £'000	Endowment funds £'000	Total funds 2024 £'000	Total funds 2023 £'000
Income and endowments from:							
Donations	3						
Parish contributions		16,408	–	–	–	16,408	16,044
Archbishops' Council		275	–	2,604	–	2,879	1,883
Other donations		1,526	–	–	–	1,526	2,038
Charitable activities	4	2,105	–	–	–	2,105	2,139
Investments	5	1,011	–	143	–	1,154	1,272
Gains on disposal of properties	6	1,472	–	–	2,992	4,464	435
Total		**22,797**	**–**	**2,747**	**2,992**	**28,536**	**23,811**
Expenditure on:							
Charitable activities	7	26,130	20	2,009	–	28,159	26,765
Total		**26,130**	**20**	**2,009**	**–**	**28,159**	**26,765**
Net (expenditure)/income before investment gains		**(3,333)**	**(20)**	**738**	**2,992**	**377**	**(2,954)**
Net gains on investments	14	88	–	263	763	1,114	331
Net (expenditure)/income		**(3,245)**	**(20)**	**1,001**	**3,755**	**1,491**	**(2,623)**
Transfers between funds	12	**2,182**	**257**	**(542)**	**(1,897)**	**–**	**–**
Other recognised gains: Revaluation of property	13	753	3,632	–	6,230	10,615	(13,584)
Net movement in funds		**(310)**	**3,869**	**459**	**8,088**	**12,106**	**(16,207)**
Total funds brought forward		3,278	39,766	4,355	242,513	289,912	306,119
Total funds carried forward	19	**2,968**	**43,635**	**4,814**	**250,601**	**302,018**	**289,912**

All activities derive from continuing activities. The notes on pages 49–81 form part of the financial statements. The full prior year Statement of Financial Activities (SoFA) is included at Note 26 (see page 80).

Income and expenditure account for the year ended 31 December 2024

	2024 £'000	2023 £'000
Total incoming resources	25,544	23,771
Resources expended	(28,159)	(26,765)
Operating (deficit) for the year	**(2,615)**	**(2,994)**
Net gains on investments	351	127
Net (expenditure) for the year	**(2,264)**	**(2,867)**
Other comprehensive income:		
Revaluation of fixed assets	4,385	(5,193)
Net assets transferred from endowments	1,897	–
Total comprehensive income/(expenditure)	**4,018**	**(8,060)**

The income and expenditure account is derived from the Statement of Financial Activities (SoFA) with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities.

Balance sheet as at 31 December 2024

Company Number 236594	Note	£'000	2024 £'000	£'000	2023 £'000
Fixed assets:					
Tangible assets	13		275,752		265,691
Investments	14		27,144		25,370
Total			**302,896**		**291,061**
Current assets:					
Debtors	15	1,053		1,089	
Cash on deposit		2,804		790	
Cash at bank and in hand		1,012		2,715	
Total		**4,869**		**4,594**	
Creditors: amounts falling due within one year	16	(884)		(2,133)	
Net current assets			**3,985**		**2,461**
Total assets less current liabilities			**306,881**		**293,522**
Creditors: amounts falling due after more than one year	17		(4,863)		(3,610)
Net assets			**302,018**		**289,912**
Funds:					
Endowment funds			250,601		242,513
Restricted income funds			4,814		4,355
Unrestricted income funds:					
General Fund			2,968		3,278
Designated funds			43,635		39,766
Total funds	**19**		**302,018**		**289,912**

The financial statements were approved by the Board of Trustees and authorised for issue on **14 May 2025** and signed on behalf of the Board by:



Sir David Beamish
Chair of the Board of Finance

Statement of cash flows for the year ended 31 December 2024

	2024		2023
	£'000	£'000	£'000
Net cash used in operating activities		(5,373)	(3,445)
Cash flows from investing activities:			
Dividends, interest and rent from investments	1,154	1,272	
Proceeds from the sale of:			
Tangible fixed assets	7,593	1,354	
Fixed asset investments	1,403	4,535	
Purchase of:			
Tangible fixed assets	(2,903)	(4,662)	
Fixed asset investments	(2,063)	(4,500)	
Net cash provided by (used in) investing activities		**5,184**	**(2,001)**
Cash flows from financing activities:			
Loans received	500	990	
Net cash provided by (used in) financing activities		**500**	**990**
Change in cash and cash equivalents in the reporting period		311	(4,456)
Cash and cash equivalents at 1 January		3,505	7,961
Cash and cash equivalents at 31 December		**3,816**	**3,505**

Notes to the statement of cash flows for the year ended 31 December 2024

Reconciliation of net income/(expenditure) to net cash flow from operating activities	2024 £'000	2023 £'000
Net income before investment gains for the year	377	(2,954)
Adjustments for:		
Depreciation charges	85	54
Dividends, interest and rent from investments	(1,154)	(1,272)
Decrease in value of Value–Linked Loans	–	10
Gains on sale of fixed assets	(4,464)	(435)
Decrease in debtors	36	849
(Decrease)/increase in creditors	(253)	303
Net cash used in operating activities	**(5,373)**	**(3,445)**

Analysis of cash and cash equivalents	2024 £'000	2023 £'000
Cash in hand	1,012	2,715
Notice deposits (less than three months)	2,804	790
Total	**3,816**	**3,505**

Analysis of changes in net debt	At 1 January 2024 £'000	Cash flows £'000	At 31 December 2024 £'000
Cash in hand and at bank plus short term deposits	3,505	311	3,816
Loans falling due within one year	(1,000)	1,000	–
Loans falling due after one year	(3,610)	(802)	(4,412)
Total	**(1,105)**	**509**	**(596)**

Notes to the financial statements

1. Accounting policies

a. ***General information***
The South London Church Fund & Southwark Diocesan Board of Finance (SDBF) is a charitable company limited by guarantee, incorporated in England and Wales and registered with the Charity Commission. In the event of the charitable company being wound up the liability in respect of the guarantee is limited to £1. The SDBF meets the definition of a public benefit entity under FRS 102.

b. ***Accounting convention and basis of preparation***
The financial statements have been prepared in accordance with the Companies Act 2006, applicable Accounting Standards in the United Kingdom (FRS 102) and the Statement of Recommended Practice for Charities (Charities SORP FRS 102).

The financial statements have been prepared on the historical cost basis with the exception of freehold properties, which are included at their Fair Value as determined under the applicable valuation method as detailed in 1.f, and fixed asset investments, which are included at their Fair Value at the balance sheet date.

c. ***Going concern***
The Directors/Trustees have reviewed forecasts for a period of at least 12 months from the date of the approval of these financial statements and consider that there are no material uncertainties regarding the SDBF's ability to continue as a going concern.

d. ***Income***
Income is recognised in the period in which the charitable company is entitled to receipt, if the amount can be measured reliably and it is probable that the funds will be received.

Income comprises donations, including parish contributions and grants receivable, legacies, income from listed investments, interest receivable, income directly related to charitable activities (including rent receivable), the net surplus on disposal of tangible fixed assets and miscellaneous income.

Parish contributions (or parish share) are recognised by the charitable company on receipt. Amounts not received are not recognised as debtors as the pledges represent a commitment that is not legally enforceable.

Other donations and grants are recognised when the charitable company has confirmation of both the amount and settlement date. In the event of donations and/or grants pledged but not received, the amount is accrued for where the receipt is considered probable. If a donation or grant is subject to conditions that require a level of performance before the charitable company is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charitable company and it is probable that those conditions will be fulfilled in the reporting period.

In accordance with the Charities SORP FRS 102 volunteer time is not recognised.

Legacies are included in the statement of financial activities when the charitable company is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charitable company. Entitlement is taken as the earlier of the date on which either: the charitable company is aware that probate has been granted, the estate has been finalised and notification has been made by the executor to the charitable company that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charitable company has been notified of the executor's intention to make a distribution.

Investment income is recognised once the dividend or similar income has been declared and notification has been received of the amount due.

Notes to the financial statements

1. Accounting policies (continued)

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charitable company; this is normally upon notification of the interest paid or payable by the bank.

Income from charitable activities includes parochial fees received for occasional offices including baptisms, weddings and funerals. These are recognised as income when receivable.

Gains or losses on the disposal of property assets are calculated as the difference between the sale proceeds net of sale costs and the net book value of the asset immediately prior to disposal. They are accounted for once legal completion of the disposal has taken place.

e. ***Expenditure***

Expenditure is recognised on the accruals basis and is classified in the SoFA under headings that aggregate related costs.

i) **Charitable expenditure** comprises expenditure on contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the Diocese, and expenditure relating to the running of the Diocesan Retreat House.

ii) **Grants payable** included within charitable expenditure are treated as expenditure in the year in which the grant is awarded. Where the grant is conditional on the recipient meeting performance, or other discretionary requirements to the satisfaction of the SDBF, it is recognised as expenditure when these have been met. Grants made subject to such conditions that have not been met at the year-end are noted as a commitment but not accrued as expenditure.

iii) **Support costs** comprise central management, administration and governance costs. All support costs are included within charitable activities. Costs are charged directly to the activity to which they relate, but where this is not possible, they are apportioned on the basis of staff time cost.

iv) **Pension contributions.** The SDBF participates in two defined benefit pension schemes (see Note 24 on pages 78–80): the Church of England Funded Pensions Scheme for clergy and the Church Workers' Pension Fund (CWPF) for SDBF lay staff. The SDBF closed the Defined Benefit Scheme section of the CWPF to new members in July 2013 and it closed for existing members on 31 December 2022.

SDBF staff joining after July 2013 are members of the Pension Builder section of the CWPF. Contributions to this scheme paid by the SDBF are charged to the SoFA as expenditure on the accruals basis. Former members of the CWPF Defined Benefit Scheme are now members of the Pension Builder Section of the CWPF.

The pension costs for the defined benefit schemes recognised as expenditure represent the SDBF's contributions payable in respect of the accounting period, in accordance with FRS 102.

f. ***Tangible fixed assets and depreciation***

Benefice houses

The SDBF has followed the requirements of FRS 102 in its accounting treatment of benefice houses (parsonages). FRS 102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The SDBF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Trustees consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at cost. For benefice houses owned at 1 January 2015, the SDBF has adopted the estimated reinstatement cost as at 1 January 2014 as deemed cost. Benefice houses purchased or built after 1 January 2015 are included at purchase or build cost. Benefice houses transferred from the Diocesan Stipendiary Fund are

1. Accounting policies (continued)

included at the carrying value at the date of transfer. An impairment review is carried out annually.

Non-benefice freehold and leasehold properties
Freehold and leasehold properties are initially recognised at cost and subsequently measured at Fair Value at each reporting date. Leasehold properties are not amortised over the term of the lease period on the grounds of materiality because of the very long lengths of the leases and the limited number of leasehold properties. The SDBF has appointed a firm of chartered surveyors to undertake a full valuation of its freehold and leasehold properties on a rolling basis over a five-year period. The results of these valuations are extrapolated across the remaining portfolio to ensure that the carrying value of the properties approximates Fair Value. The revaluation gains or losses are reported within other recognised gains and losses in the SoFA.

Properties subject to value-linked loans
Properties that have been bought with the assistance of value-linked loans from the Church Commissioners are included in the financial statements as fixed assets and the associated loans as loan creditors. The properties are stated at Fair Value and are revalued at each reporting date. On disposal the agreed share of the net sale proceeds will be remitted to the Church Commissioners and the related loan liability extinguished.

Depreciation on buildings
Depreciation is not charged on buildings as the Trustees consider that any provision (annual or cumulative) would not be material owing to the very long expected remaining useful economic life in each case, and that their expected residual value is not materially less than their carrying value. The SDBF has a policy of regular structural inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefice 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.

Leasehold improvements
Improvements made to leasehold properties are amortised in the SoFA over the shorter of the term of the lease or the break clause where there is an expectation that this will be exercised.

Capitalisation
Capital expenditure above £25,000 on properties is capitalised.

g. Other tangible fixed assets
Other tangible assets are recognised at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged to the SoFA over the expected useful economic life of the asset as follows:

- furniture and equipment, 10–25% per annum, straight-line basis.

h. Operating lease commitments
The SDBF has entered into operating lease arrangements for the use of certain property assets, the rental for which is charged in full as expenditure in the year to which it relates. Rent-free periods given as part of an operating lease are amortised in the SoFA over the lease term or break clause where there is an expectation that this will be utilised.

i. Financial instruments: assets and liabilities
Fixed asset investments
Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their Fair Value at the end of each calendar month using the closing quoted bid market price.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their carrying value or their purchase value if acquired after the latest monthly revaluation. Unrealised gains and losses are calculated as the difference between the Fair Value at the year end and their carrying value at that date. Realised and

Notes to the financial statements

1. Accounting policies (continued)

unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Concessionary loans
The SDBF makes loans to further its charitable purposes, typically being loans to parishes, at nil interest or at rates below prevailing market rates. It is also in receipt of loans that are interest-free or at rates below prevailing market rates from the Church Commissioners for England and the Central Board of Finance. Such loans are classified as concessionary loans and accounted for in accordance with Section 34 of FRS 102 whereby the loans are initially recognised and measured at the amount paid or received and subsequently adjusted to reflect any repayments, accrued interest and any subsequent impairment.

Debtors
Debtors are recognised at the settlement amount due.

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

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

Value-linked loans
The SDBF value-linked loans for which the settlement proceeds are based on the value of the related properties. As this constitutes a non-basic financial instrument under FRS 102, these loans are recognised at Fair Value and are revalued at each reporting date to match the value of the related property.

Financial instruments
The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Apart from fixed asset investments held at Fair Value, basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method.

j. Funds
Balances are split between unrestricted (general and designated), restricted and endowment funds.

- **Unrestricted funds** are the SDBF's corporate funds and are freely available for any purpose within the SDBF's charitable objects at the discretion of the Trustees. There are two types of unrestricted funds:
  - ◊ ***general funds*** which the SDBF intends to use for the general purposes of the SDBF
  - ◊ ***designated funds*** set aside out of unrestricted funds by the SDBF for a purpose specified by the Trustees.
- **Restricted funds** are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.
- **Endowment funds** are those held on trust and administered by the SDBF to be retained for the benefit of the charitable company as a capital fund. In the case of the Parsonage Capital Fund, there are discretionary powers to convert capital into income and this fund is classified as expendable endowment. The Ministry Fund and the Diocesan Stipendiary Fund are endowment funds where there is no provision for expenditure of capital and these are classified as permanent endowments.

2. Critical accounting estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the SDBF's accounting policies and the reported assets, liabilities, income and expenditure and the disclosures made in the financial statements. 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.

The key area of estimation is the measurement of the SDBF's property assets at Fair Value. The Charity SORP requires entities that have adopted a policy of revaluation to undertake valuations on a regular basis to ensure that the carrying amount of the revalued assets does not differ materially from Fair Value at the end of the reporting period. The SDBF engages a firm of chartered surveyors for the valuation of its residential freehold properties, excluding benefice houses, on a rolling basis over a five-year period and Trinity House every two years. In order to ensure that the carrying value of the freehold properties excluding benefice houses approximates to Fair Value, the results of the proportion of the properties valued in the year are extrapolated across the remainder of the property portfolio excluding benefice houses to arrive at year-end Fair Value.

Those properties selected for valuation are taken across the SDBF's diverse property portfolio and the trustees consider this to be a reasonable basis for estimating the Fair Value of the SDBF's freehold properties at the balance sheet date. Any variances from actual Fair Value and the estimated Fair Value of the portfolio will affect the value of tangible fixed assets reported on the balance sheet, and other gains and losses reported in the SoFA. Income and expenditure is not impacted except in respect of profit or loss arising on the sale of a freehold property held at estimated Fair Value.

Other key accounting estimates and judgements used in preparing the financial statements include:

- the estimation of the useful economic life of tangible fixed assets for the purpose of determining the annual depreciation charge or determining no depreciation charge;
- the underlying assumptions in the actuarial valuations of the defined benefit pension schemes;
- the recoverability of debtors and any provision for bad or doubtful debts; and
- the assumptions underlying the assessment of future income and expenditure flows used in the trustees' assessment of the going concern basis of accounting.

Notes to the financial statements

3. Donations

Parish contributions

Donations are made by the parishes of the diocese using an informed generosity system.

	2024	2023
	£'000	£'000
Unrestricted General Fund:		
Current year receipts from parishes	16,329	15,966
Previous year receipts from parishes	79	78
Total income	**16,408**	**16,044**

Church Commissioners and Archbishops' Council

2024	Unrestricted General Fund	Restricted funds	Total funds 2024
	£'000	£'000	£'000
Strategic Development grant	–	1,578	1,578
Strategic Ministry and Capacity grant	–	90	90
Ordinand grant	–	221	221
Area Bishops grant	275	–	275
Diocesan Investment Programme	–	437	437
Other grants	–	278	278
Total	**275**	**2,604**	**2,879**

2023	Unrestricted General Fund	Restricted funds	Total funds 2023
	£'000	£'000	£'000
Strategic Development grant	–	1,166	1,166
Strategic Ministry and Capacity grant	–	94	94
Ordinand grant	–	353	353
Area Bishops grant	270	–	270
Total	**270**	**1,613**	**1,883**

3. Donations (continued)

Other donations

2024	Unrestricted funds			
	General	Designated	Restricted funds	Total funds 2024
	£'000	£'000	£'000	£'000
Benefact grant	194	–	–	194
Trust for London grant	1,141	–	–	1,141
Legacy income	157	–	–	157
Other grants and donations	34	–	–	34
Total	**1,526**	**–**	**–**	**1,526**

2023	Unrestricted funds			
	General	Designated	Restricted funds	Total funds 2023
	£'000	£'000	£'000	£'000
Benefact grant	226	–	–	226
Trust for London grant	1,603	–	–	1,603
Legacy income	8	–	–	8
Other grants and donations	201	–	–	201
Total	**2,038**	**–**	**–**	**2,038**

Notes to the financial statements

4. Charitable activities

	2024	2023
	£'000	£'000
Unrestricted General Fund:		
Statutory fees	345	354
Reimbursement of stipends	602	620
Other income	88	205
Rents receivable	908	792
Diocesan Retreat House	162	168
Total income	**2,105**	**2,139**

5. Investment income

2024	Unrestricted General Fund	Restricted funds	Total funds 2024
	£'000	£'000	£'000
Dividends receivable	962	143	1,105
Interest receivable	49	–	49
Total	**1,011**	**143**	**1,154**

2023	Unrestricted General Fund	Restricted funds	Total funds 2023
	£'000	£'000	£'000
Dividends receivable	1,019	143	1,162
Interest receivable	110	–	110
Total	**1,129**	**143**	**1,272**

6. Gains on disposal of properties

2024	Unrestricted General Fund	Endowment funds	Total funds 2024
	£'000	£'000	£'000
Net surplus on disposal of parsonages	–	2,992	2,992
Net surplus on disposal of other properties	1,472	–	1,472
Total	**1,472**	**2,992**	**4,464**

2023	Unrestricted General Fund	Endowment funds	Total funds 2023
	£'000	£'000	£'000
Net surplus on disposal of other properties	395	40	435
Total	**395**	**40**	**435**

Notes to the financial statements

7. Charitable activities

2024	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2024
	General	Designated			
	£'000	£'000	£'000	£'000	£'000
Contributions to Archbishops' Council:					
Training for Ministry	953	–	–	–	953
National Church responsibilities	526	–	–	–	526
Retired clergy housing costs	313	–	–	–	313
	1,792	**–**	**–**	**–**	**1,792**
Resourcing mission and ministry:					
Parish ministry:					
Stipends, National Insurance	10,438	–	632	–	11,070
Pension contributions	2,254	–	25	–	2,279
Housing costs	4,446	–	–	–	4,446
Removal and resettlement grants	506	–	–	–	506
Other expenses	3,379	–	8	–	3,387
	21,023	**–**	**665**	**–**	**21,688**
Support for parish ministry	3,064	20	1,344	–	4,428
Diocesan Retreat House	251	–	–	–	251
	24,338	**20**	**2,009**	**–**	**26,367**
Total	**26,130**	**20**	**2,009**	**–**	**28,159**

7. Charitable activities (continued)

2023	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2023
	General	Designated			
	£'000	£'000	£'000	£'000	£'000
Contributions to Archbishops' Council:					
Training for Ministry	868	–	–	–	868
National Church responsibilities	536	–	–	–	536
Retired clergy housing costs	295	–	–	–	295
	1,699	**–**	**–**	**–**	**1,699**
Resourcing mission and ministry:					
Parish ministry:					
Stipends, National Insurance and insurance	10,656	–	145	–	10,801
Pension contributions	2,289	–	35	–	2,324
Housing costs	4,733	–	–	–	4,733
Removal and resettlement grants	448	–	–	–	448
Other expenses	2,914	–	–	–	2,914
	21,040	**–**	**180**	**–**	**21,220**
Support for parish ministry	2,831	–	770	–	3,601
Diocesan Retreat House	245	–	–	–	245
	24,116	**–**	**950**	**–**	**25,066**
Total	**25,815**	**–**	**950**	**–**	**26,765**

Notes to the financial statements

8. Analysis of expenditure on charitable activities including allocation of support costs

2024	Activities undertaken directly	Grant funding of activities	Support costs	Total costs 2024
	£'000	£'000	£'000	£'000
Charitable activities:				
Contributions to Archbishops' Council	–	1,792	–	1,792
Resourcing parish ministry	21,783	833	3,012	25,628
Education and social responsibility	–	488	–	488
Diocesan Retreat House	251	–	–	251
Total	**22,034**	**3,113**	**3,012**	**28,159**

2023	Activities undertaken directly	Grant funding of activities	Support costs	Total costs 2023
	£'000	£'000	£'000	£'000
Charitable activities:				
Contributions to Archbishops' Council	–	1,699	–	1,699
Resourcing parish ministry	20,612	930	2,744	24,286
Education and social responsibility	–	535	–	535
Diocesan Retreat House	245	–	–	245
Total	**20,857**	**3,164**	**2,744**	**26,765**

9. Analysis of support costs

2024	Unrestricted General Fund	Endowment funds	Total funds 2024
	£'000	£'000	£'000
Central administration	2,852	–	2,852
Governance:			
External audit	44	–	44
Registrar and Chancellor	86	–	86
Synodical costs	30	–	30
Total	**3,012**	**–**	**3,012**

2023	Unrestricted General Fund	Endowment funds	Total funds 2023
	£'000	£'000	£'000
Central administration	2,615	–	2,615
Governance:			
Auditor remuneration:			
External audit	38	–	38
Other services	8	–	8
Registrar and Chancellor	79	–	79
Synodical costs	3	–	3
Total	**2,743**	**–**	**2,743**

Notes to the financial statements

10. Analysis of grants made

2024	Individuals	Institutions	2024 total
	£'000	£'000	£'000
From unrestricted funds for National Church responsibilities:			
Contributions to Archbishops' Council	–	1,792	1,792
		1,792	**1,792**
From unrestricted funds:			
Southwark Diocesan Board of Education	–	359	359
Southwark Diocesan Welcare	–	129	129
Southwark Cathedral	–	18	18
Parishes for mission	–	216	216
Other institutions for mission	–	57	57
Individuals for mission	4	–	4
Clergy for settling in/first appointment	218	–	218
Clergy for study/sabbatical	21	–	21
Ordinands in training	293	–	293
	536	**779**	**1,315**
From restricted funds for various purposes within resourcing parish ministry:			
Education and development of women clergy (Gilmore Fund)	7	–	7
	7	**–**	**7**
Total	**543**	**2,571**	**3,114**

10. Analysis of grants made (continued)

2023	Individuals	Institutions	2023 total
	£'000	£'000	£'000
From unrestricted funds for National Church responsibilities:			
Contributions to Archbishops' Council	–	1,699	1,699
		1,699	**1,699**
From unrestricted funds:			
Southwark Diocesan Board of Education	–	362	362
Southwark Diocesan Welcare	–	173	173
Southwark Cathedral	–	18	18
Parishes for mission	–	240	240
Other institutions for mission	–	52	52
Individuals for mission	7	–	7
Clergy for settling in/first appointment	206	–	206
Clergy for study/sabbatical	14	–	14
Ordinands in training	301	–	301
	528	**845**	**1,373**
From restricted funds for various purposes within resourcing parish ministry:			
Mission and growth (Strategic Development Fund)	–	14	14
Education and development of women clergy (Gilmore Fund)	8	–	8
Clergy and lay training (Dartmouth House Fund)	–	70	70
	8	**84**	**92**
Total	**536**	**2,628**	**3,164**

Notes to the financial statements

11. Staff costs

	2024 £'000	2023 £'000
Employee costs during the year were as follows:		
Wages and salaries	2,988	2,876
National Insurance contributions	327	298
Pension costs	–	377
Termination payments	–	20
	3,315	**3,571**

The average number of persons employed during the year based on full-time equivalents:	2024 Number	2023 Number
Administration and financial management	19.8	18.5
Property	11.5	11.0
Vocations, ministry, safeguarding and Diocesan Retreat House	21.0	17.5
Mission and public policy	25.3	19.0
	77.6	**66.0**

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

	2024 Number	2023 Number
£60,001–£70,000	10	6
£70,001–£80,000	1	1
£80,001–£90,000	2	–
£90,001–£100,000	1	–
Total	**14**	**8**

Remuneration of key management personnel

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

Diocesan Secretary and Company Secretary	Mrs Nicola Thomas
Deputy Diocesan Secretary	Mrs Jacqueline Pontin
Director of Finance and Financial Assets	Mr Mark Rhodes
Director of Property Services	Mr Andrew Bennett
Director of Human Resources	Mr David Loft
Director of Information Technology	Mr Devas Palokkaran
Director of Mission	The Revd Canon Will Cookson

11. Staff costs (continued)

Director of Discipleship, Lay Ministry and Continuing Ministerial Education	The Revd Canon Wendy Robins
Director of Communications	The Revd Anna Drew
Director for Clergy Formation and Initial Ministerial Education	The Revd Canon Jeremy Clark-King
Diocesan Safeguarding Advisor	Ms Pamela Chisholm
Director of Giving and Parish Funding	Mrs Gabby Parikh

Remuneration, employer's National Insurance and pensions contributions in 2024 for these 12 employees and 12 key management posts (2023: 16 employees and 12 posts) was £1,021,021 (2023: £961,609).

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out-of-pocket expenses totalling £nil (2023: £38) in respect of General and Diocesan Synod duties and other duties as Trustees. The following table gives details of the Trustees who are ordained and whether in receipt of a stipend and associated allowances and/or housing provided by the SDBF during the year.

	Stipend	Housing
The Right Revd Christopher Chessun	No	No
The Right Revd Dr Martin Gainsborough	No	Yes
The Right Revd Dr Rosemarie Mallett	No	Yes
The Right Revd Alastair Cutting (from 3 July 2024)	No	Yes
The Venerable Moira Astin	Yes	Yes
The Venerable Alastair Cutting (to 2 July 2024)	Yes	Yes
The Venerable Simon Gates	Yes	Yes
The Venerable John Kiddle	Yes	Yes
The Venerable Jonathan Sedgwick	Yes	Yes
The Venerable Greg Prior	Yes	Yes
The Venerable Chigor Chike	Yes	Yes
The Revd Michael John	Yes	Yes
The Revd Jonathan Macy	Yes	Yes
The Revd Justine Middlemiss	Yes	Yes
The Revd Dr Eddie Scrase-Field	Yes	Yes
The Revd Fiona Weaver	Yes	Yes
The Revd Lotwina Farodoye	Yes	Yes
The Revd Nicholas Lebey	Yes	Yes
The Revd Antonio Garcia Fuerte	Yes	Yes
The Revd Dr Nicholas Peacock	Yes	Yes
The Revd Dr Charlie Bell	No	No
The Revd Jonathan MacNeaney	Yes	Yes
The Revd Anne Bennett	Yes	Yes
The Revd Bridget Shepherd	Yes	Yes

Notes to the financial statements

11. Staff costs (continued)

The SDBF is responsible for funding, via the Church Commissioners, the stipends of licensed stipendiary clergy in the diocese, other than Bishops and Cathedral staff. The SDBF is also responsible for the provision of housing for stipendiary clergy in the diocese excluding the Diocesan Bishop and Cathedral staff.
The SDBF paid an average of 299 (2023: 304) stipendiary clergy as office-holders holding parochial or diocesan appointments in the diocese, and the costs were as follows:

	2024 £'000	2023 £'000
Stipends	10,132	9,947
National Insurance contributions	849	776
Apprenticeship levy	44	43
Pension costs	2,279	2,324
Total	**13,304**	**13,090**

The stipends of the Diocesan Bishop and Area Bishops are paid and funded by the Church Commissioners and are in the range £42,350–£51,910 (2023 range: £39,953–£48,972). The annual rate of stipend, funded by the SDBF, paid to Archdeacons in 2024 was £41,109 (2023: £39,237) and other clergy who were Trustees were paid £30,684 (2023: £29,283).

12. Analysis of transfers between funds

2024	Unrestricted funds General	Unrestricted funds Designated	Restricted funds	Endowment funds	Total
	£'000	£'000	£'000	£'000	£'000
Unrestricted:					
General (net transfers below)	2,182	–	–	–	2,182
Designated					
From the General Fund to create the Net Zero Carbon Fund	–	100	–	–	100
From the General Fund to the Southwark Vision Development Fund	–	157	–	–	157
Restricted					
From the Strategic Development Fund to the General Fund for the cost of project work	–	–	(542)	–	(542)
Endowments					
From the Parsonage Capital Fund net movement from the purchase and sale of benefice houses	–	–	–	(1,897)	(1,897)
Total	**2,182**	**257**	**(542)**	**(1,897)**	**–**

2023	Unrestricted funds General	Unrestricted funds Designated	Restricted funds	Endowment funds	Total
	£'000	£'000	£'000	£'000	£'000
Unrestricted:					
General (net transfers below)	731	–	–	–	731
Designated					
From the Diocesan Pastoral Account to the General Fund for work on benefice houses	–	(2,422)	–	–	(2,422)
Restricted					
From the Strategic Development Fund to the General Fund for the cost of project work	–	–	(334)	–	(334)
Endowments					
To the Parsonage Capital Fund net movement from the purchase and sale of benefice houses	–	–	–	2,025	2,025
Total	**731**	**(2,422)**	**(334)**	**2,025**	**–**

Notes to the financial statements

13. Tangible fixed assets

	Freehold & leasehold properties	Leasehold improvements	Furniture & equipment	Total
	£'000	£'000	£'000	£'000
Cost or valuation:				
At 1 January 2024	265,507	355	570	266,432
Additions	2,719	26	158	2,903
Disposals	(3,129)	–	–	(3,129)
Revaluation	10,368	–	–	10,368
At 31 December 2024	**275,465**	**381**	**728**	**276,574**
Depreciation:				
At 1 January 2024	–	237	500	737
Charge for the year	–	30	55	85
At 31 December 2024	**–**	**267**	**555**	**822**
Net book value at 31 December 2024	**275,465**	**114**	**173**	**275,752**
Net book value at 31 December 2023	**265,507**	**118**	**66**	**265,691**

Freehold and leasehold properties in the balance sheet are all vested in the SDBF, except for benefice houses which are vested in the incumbent. All properties in the current year and prior years are stated at Fair Value, except for benefice houses which are stated at deemed cost. The carrying value of benefice houses held at deemed cost at the balance sheet date is £148,683,000 (2023: £148,844,000).

All properties other than benefice houses were revalued to Fair Value at 31 December 2015 and are subject to revaluation on a five-year cycle. Properties with a Fair Value of £21,150,000 at 31 December 2024 (2023: £22,976,000) were revalued. The revaluation was carried out by Rapleys LLP in accordance with Royal Institution of Chartered Surveyors' professional standards and valuation practice statements and resulted in a net increase in the value of these properties, excluding impairments, of £1,622,000 (2023: decrease £2,474,000). An impairment review was carried out on certain parsonage houses. There was no write down in 2024 (2023: £nil).

To maintain consistency with the SDBF's accounting policy of measuring properties other than benefice houses at Fair Value, the results of this valuation have been extrapolated across those assets not revalued at the balance sheet date. This has resulted in a total revaluation gain in the year of £10,368,000 (2023: loss £13,584,000).

The carrying value of leasehold properties included within freehold and leasehold properties amounts to £2,429,000 (2023: £2,029,000). Details of any charges over the tangible fixed assets are shown at note 17.

13. Tangible fixed assets (continued)

Certain properties have been purchased with the help of value-linked loans from the Church Commissioners. The properties are revalued to Fair Value annually. On disposal the agreed share of the net sale proceeds will be remitted to the Church Commissioners and the related loan liability extinguished. The value of these properties included within freehold and leasehold properties amounts to £3,974,000 (2023: £2,610,000). The revaluation gain on these properties amounts to £1,364,000 (2023: £10,000 loss).

14. Fixed assets investments

	At 1 January 2024	Additions	Disposal proceeds	Realised and unrealised gains	At 31 December 2024
	£'000	£'000	£'000	£'000	£'000
Unrestricted funds:					
Unit trusts and similar funds	3,143	–	–	88	3,231
Restricted funds:					
Unit trusts and similar funds	2,944	–	–	263	3,207
Endowment funds:					
Unit trusts and similar funds	19,283	2,063	(1,403)	763	20,706
Total	**25,370**	**2,063**	**(1,403)**	**1,114**	**27,144**

Notes to the financial statements

15. Debtors

	2024	2023
	£'000	£'000
Due within one year:		
Loans to parishes	38	44
Loans to others	6	10
Other debtors and prepayments	542	509
	586	**563**
Due after more than one year:		
Loans to parishes	467	526
	467	**526**
Total debtors	**1,053**	**1,089**

16. Creditors: amounts falling due within one year

	2024	2023
	£'000	£'000
Bank loan repayment instalments due in one year	–	1,000
Other taxes and social security	153	133
Other creditors and accruals	731	1,000
Total creditors: amounts falling due within one year	**884**	**2,133**

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

	2024 £'000	2023 £'000
Loans repayable in instalments due after more than one year:		
Bank loan	2,500	1,000
Church Commissioners' value-linked loans	2,363	2,610
Total creditors: amounts falling due after more than one year	**4,863**	**3,610**

	2024 £'000	2023 £'000
The maturity of the above loans may be analysed as follows:		
Between two and five years	1,000	–
In five years and more	3,863	3,610
	4,863	**3,610**

The bank loan comprises £1,000,000 from NatWest with interest charged at 1.55% above Base Rate. The term of the loan is between two and five years and this loan is charged against the Trinity House Property. £1,500,000 is loaned from HSBC Private under a Lombard Facility with interest charged at 1.25% above Base Rate. This loan is charged against investments.

Value-linked loans from the Church Commissioners are repayable on the sale of the property to which they relate. On disposal the agreed share of the net sale proceeds will be remitted to the Church Commissioners and the related loan liability extinguished.

Notes to the financial statements

18. Summary of fund movements

2024	Balances at 1 January 2024	Income	Expenditure	Transfers	Gains and losses	Balances at 31 December 2024
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds:						
General	3,278	22,797	(26,130)	2,182	841	2,968
	3,278	**22,797**	**(26,130)**	**2,182**	**841**	**2,968**
Designated funds:						
Diocesan Pastoral Account	787	–	–	–	–	787
Net Zero Carbon	–	–	–	100	–	100
Board Property Fund	37,982	–	–	–	3,632	41,614
Southwark Vision Development Fund	997	–	(20)	157	–	1,134
	39,766	**–**	**(20)**	**257**	**3,632**	**43,635**
Restricted funds:						
Strategic Development Fund	123	2,293	(1,453)	(542)	–	421
Gilmore Fund	365	16	(8)	–	27	400
Dartmouth House Fund	2,992	127	–	–	224	3,343
Strategic Ministry Fund	94	90	(184)	–	–	–
Ordinand Training Fund	240	221	(364)	–	–	97
Other restricted	541	–	–	–	12	553
	4,355	**2,747**	**(2,009)**	**(542)**	**263**	**4,814**
Endowment funds:						
Ministry Fund	3,748	–	–	–	307	4,055
Diocesan Stipendiary Fund	93,982	–	–	–	6,686	100,668
Parsonage Capital Fund	144,783	2,992	–	(1,897)	–	145,878
	242,513	**2,992**	**–**	**(1,897)**	**6,993**	**250,601**
Total funds	**289,912**	**28,536**	**(28,159)**	**–**	**11,729**	**302,018**

18. Summary of fund movements (continued)

2023	Balances at 1 January 2023	Income	Expenditure	Transfers	Gains and losses	Balances at 31 December 2023
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds:						
General	6,240	22,015	(25,815)	731	107	3,278
	6,240	**22,015**	**(25,815)**	**731**	**107**	**3,278**
Designated funds:						
Diocesan Pastoral Account	3,209	–	–	(2,422)	–	787
Board Property Fund	43,175	–	–	–	(5,193)	37,982
Southwark Vision Development Fund	997	–	–	–	–	997
	47,381	**–**	**–**	**(2,422)**	**(5,193)**	**39,766**
Restricted funds:						
Strategic Development Fund	–	1,166	(709)	(334)	–	123
Gilmore Fund	351	18	–	–	(4)	365
Dartmouth House Fund	2,886	125	–	–	(19)	2,992
Strategic Ministry Fund	–	94	–	–	–	94
Ordinand Training Fund	128	353	(241)	–	–	240
Other restricted	498	–	–	–	43	541
	3,863	**1,756**	**(950)**	**(334)**	**20**	**4,355**
Endowment funds:						
Ministry Fund	3,746	–	–	–	2	3,748
Diocesan Stipendiary Fund	102,131	40	–	–	(8,189)	93,982
Parsonage Capital Fund	142,758	–	–	2,025	–	144,783
	248,635	**40**	**–**	**2,025**	**(8,187)**	**242,513**
Total funds	**306,119**	**23,811**	**(26,765)**	**–**	**(13,253)**	**289,912**

Notes to the financial statements

19. Summary of assets by fund

2024	Fixed assets tangible	Investments	Current assets	Creditors	Net assets
	£'000	£'000	£'000	£'000	£'000
Unrestricted funds:					
General	2,950	3,230	2,535	(5,747)	2,968
	2,950	**3,230**	**2,535**	**(5,747)**	**2,968**
Designated funds:					
Diocesan Pastoral Account	–	–	787	–	787
Net Zero Carbon	–	–	100	–	100
Board Property Fund	45,862	–	(4,248)	–	41,614
Southwark Vision Development Fund	–	–	1,134	–	1,134
	45,862	**–**	**(2,227)**	**–**	**43,635**
Restricted funds:					
Strategic Development Fund	–	–	421	–	421
Gilmore Fund	–	338	62	–	400
Dartmouth House Fund	–	2,362	981	–	3,343
Strategic Ministry Fund	–	–	–	–	–
Ordinand Training Fund	–	–	97	–	97
Other Restricted Fund	–	508	45	–	553
	–	**3,208**	**1,606**	**–**	**4,814**
Endowment funds:					
Ministry Fund	–	3,266	339	–	3,605
Diocesan Stipendiary Fund	78,257	17,440	5,422	–	101,119
Parsonage Capital Fund	148,683	–	(2,806)	–	145,877
	226,940	**20,706**	**2,995**	**–**	**250,601**
Total funds	**275,752**	**27,144**	**4,869**	**(5,747)**	**302,018**

19. Summary of assets by fund (continued)

2023	Fixed assets tangible	Investments	Current assets	Creditors	Net assets
	£'000	£'000	£'000	£'000	£'000
Unrestricted funds:					
General	2,794	3,143	3,084	(5,743)	3,278
	2,794	**3,143**	**3,084**	**(5,743)**	**3,278**
Designated funds:					
Diocesan Pastoral Account	–	–	787	–	787
Board Property Fund	42,544	–	(4,562)	–	37,982
Southwark Vision Development Fund	–	–	997	–	997
	42,544	**–**	**(2,778)**	**–**	**39,766**
Restricted funds:					
Strategic Development Fund	–	–	123	–	123
Gilmore Fund	–	311	53	–	364
Dartmouth House Fund	–	2,137	856	–	2,993
Strategic Ministry Fund	–	–	94	–	94
Ordinand Training Fund	–	–	241	–	241
Other Restricted Fund	–	496	44	–	540
	–	**2,944**	**1,411**	**–**	**4,355**
Endowment funds:					
Ministry Fund	–	2,959	789	–	3,748
Diocesan Stipendiary Fund	71,509	16,324	6,149	–	93,982
Parsonage Capital Fund	148,844	–	(4,061)	–	144,783
	220,353	**19,283**	**2,877**	**–**	**242,513**
Total funds	**265,691**	**25,370**	**4,594**	**(5,743)**	**289,912**

Notes to the financial statements

20. Description of funds

General Fund	The fund represents the unrestricted, undesignated fund available for any of the SDBF's purposes.
Diocesan Pastoral Account	This is a designated fund for the purposes defined in the Mission and Pastoral Measure 2011. It represents capital receipts released following the sale of benefice houses (parsonages) and redundant churches. To the extent that any remaining funds are not required, or are not likely to be required, for these purposes then the funds may be applied to any general purpose of the SDBF.
Net Zero Carbon Fund	The Net Zero Carbon Fund is to help fund work on parsonages to improve their energy efficiency as part of our plan to achieve Net Zero Carbon in line with the Church of England's Routemap to 2030.
Board Property Fund	This fund is a designated fund. It represents the Fair Value of properties held by the SDBF at the year end.
Southwark Vision Development Fund	This is a designated fund to support Southwark Vision 2024–35 across the diocese with significant expenditure expected in the next two years.
Strategic Development Fund	This is a restricted fund. It represents grants received from the Church Commissioners and Archbishops' Council for specific projects to fund mission and growth across the diocese.
Gilmore Fund	The Isabella Gilmore Fund is a restricted fund for the purpose of the education and development of licensed, commissioned or ordained women.
Dartmouth House Fund	This is a restricted fund for the purpose of facilitating clergy and lay training, retreats or conferences to assist and promote the work of the Church of England in the Diocese of Southwark and to use the monies to acquire any buildings which may be necessary to forward such purposes, subject always to the consent in writing of the Bishop of Southwark.
Ordinand Training Fund	This is a restricted fund. It represents the block grant received from the Archbishops' Council to fund Ordinand training.
Other Restricted Fund	This represents other restricted funds held by the diocese. These include amounts gifted for use in the Croydon Episcopal Area and to assist the training of ordinands throughout the diocese.
Ministry Fund	This is a permanent endowment fund held under the Endowments and Glebe Measure 1976 from which the income arising and/or benefit of use of the asset has been passed to the SDBF for the purpose of supporting clergy stipends within the diocese. Investment income from the fund is credited to the General Fund where it is used only to fund clergy stipend payments.
Diocesan Stipendiary Fund	This is a permanent endowment fund. It represents the glebe assets of benefices from which the income arising and/or benefit of use has been passed to the SDBF under the provisions of the Mission and Pastoral Measure 2011. Investment income from the fund is credited to the General Fund where it is used only to fund clergy stipend payments.
Parsonage Capital Fund	This is an expendable endowment fund. It represents the capital assets relating to benefice houses (parsonages) but which under the Repairs of Benefice Buildings Measure 1972 are maintained by the diocese. Under the Mission and Pastoral Measure 2011, capital receipts released following the sale of benefice houses are held in the Diocesan Pastoral Account, a designated fund. To the extent that the funds are not required for future building or improvement works to benefice houses, the funds may be applied to any general purpose of the SDBF.

21. Capital commitments

At 31 December 2023, the SDBF had no capital expenditure commitments authorised but not contracted for (2023: none), and commitments contracted for but not provided for of £193,890 (2023: £144,000).

22. Operating leases

Total commitments under non-cancellable operating leases are as follows:

	2024 £'000	2023 £'000
Minimum lease payments payable:		
Within one year of the balance sheet date	656	403
In the second to fifth years inclusive of the balance sheet date	292	171
Total	**948**	**574**

Total lease rental payments expensed in the year are £739,000 (2022: £588,000).

	2024 £'000	2023 £'000
Minimum lease payments receivable:		
Within one year of the balance sheet date	474	392
In the second to fifth years inclusive of the balance sheet date	229	324
More than five years from the balance sheet date	561	528
Total	**1,264**	**1,244**

23. Members' liability

The charitable company is a company limited by guarantee, Company Registration Number 236594 (England and Wales). The trustees are the members of the charitable company for company law purposes. In the event of the charitable company being wound up the liability in respect of the guarantee is limited to £1 per member of the charitable company.

Notes to the financial statements

24. Pensions

The SDBF participates in two pension schemes administered by the Church of England Pensions Board: the **Church of England Funded Pensions Scheme (CEFPS)** for stipendiary clergy and the **Church Workers' Pension Fund (CWPF)** for lay staff.

Church of England Funded Pensions Scheme

Southwark DBF 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 scheme separately from those of the Responsible Bodies.

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, which were £2,279,000 in 2024 (2023: £2,324,000). The 2021 valuation showed the Scheme to be fully funded and as such in 2024, following the valuation results being agreed, the deficit contributions paid were £nil (2023: £nil).

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

- 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% pa pre 2030 moving to RPI with no adjustment from 2030 onwards;
- increase in pensionable stipends in line with CPIH;
- mortality in accordance with 90% of the S3NA tables, with allowance for improvements in mortality rates from 2013 in line with the CMI2020 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7, an initial addition to mortality improvements of 0.5% pa and an allowance for 2020 data of 0% (i.e. w2020 = 0%).

For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

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

24. Pensions (continued)

Church Workers' Pension Fund

The SDBF participates in the Pension Builder Scheme section of CWPF for lay staff. CWPF is administered by the Church of England Pensions Board, which holds the CWPF assets separately from those of the Employer and other participating employers.

CWPF has two sections:

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

Pension Builder Scheme

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

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

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are the contributions payable (2024: £nil, 2023: £377,000).

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

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

For the Pension Builder Classic section, the valuation revealed a surplus of £34.8m on the ongoing assumptions used. At the most recent annual review effective 1 January 2025, the Board chose to grant a discretionary bonus of 6.7% to both pensions not yet in payment and pensions in payment in respect of service prior to April 1997; and a bonus on pensions in payment in respect of post April 2006 service so that the pension increase was 2.7% (where usually it would be calculated based on inflation up to 2.5%). This followed improvements in the funding position over 2024. There is no requirement for deficit payments at the current time.

The next valuation is due as at 31 December 2025.

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

25. Related party transactions

The SDBF has related party relationships with connected organisations as detailed on page 37 of this annual report. Except as disclosed in notes 10 and 11, there are no related party transactions requiring disclosure (2023: none).

Notes to the financial statements

26. Prior year Statement of Financial Activities

2023	Note	Unrestricted funds: General £'000	Unrestricted funds: Designated £'000	Restricted funds £'000	Endowment funds £'000	Total funds 2023 £'000
Income and endowments from:						
Donations	3					
Parish contributions		16,044	–	–	–	16,044
Archbishops' Council		270	–	1,613	–	1,883
Other donations		2,038	–	–	–	2,038
Charitable activities	4	2,139	–	–	–	2,139
Investments	5	1,129	–	143	–	1,272
Gains on disposal of properties	6	395	–	–	40	435
Total		**22,015**	**–**	**1,756**	**40**	**23,811**
Expenditure on:						
Charitable activities	7	25,815	–	950	–	26,765
Total		**25,815**	**–**	**950**	**–**	**26,765**
Net (expenditure)/income before investment gains/(losses)		**(3,800)**	**–**	**806**	**40**	**(2,954)**
Net unrealised gains on investments	15	107	–	20	204	331
Net (expenditure)/income		**(3,693)**	**–**	**826**	**244**	**(2,623)**
Transfers between funds	13	**731**	**(2,422)**	**(334)**	**2,025**	**–**
Other recognised losses : Revaluation of property	14	–	(5,193)	–	(8,391)	(13,584)
Net movement in funds		**(2,962)**	**(7,615)**	**492**	**(6,122)**	**(16,207)**
Total funds brought forward		6,240	47,381	3,863	248,635	306,119
Total funds carried forward	20	**3,278**	**39,766**	**4,355**	**242,513**	**289,912**

27. Funds held as Diocesan Authority

The SDBF acts as Diocesan Authority or Custodian Trustee for many trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956, as amended, and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are PCCs and others. Assets held as Diocesan Authority are not controlled by the SDBF and are not included in these financial statements. They are summarised as follows:

	2024 £'000	2023 £'000
CBF Church of England Investment Fund	11,242	11,089
M&G Equities Investment Fund for Charities	1,443	1,472
CBF Church of England Global Equity Income Fund	786	725
Other CBF Church of England Funds	757	744
Other Common Investment and OEIC holdings	496	611
Direct holdings in UK Equities	216	215
CBF Church of England Deposit Fund	2,471	2,142
Cash	3	7
Total assets held as Diocesan Authority	**17,414**	**17,005**

28. Subsidiary undertaking

The SDBF is the beneficial owner of a subsidiary undertaking, Southwark DBF Trading, a company limited by guarantee, which is registered in England and supplies property and administrative services to the SDBF. The company did not trade during the current or prior year and had no assets or liabilities at the Balance Sheet date (2023: £nil).

Glossary of terms

Acronym	Meaning
ADOs	Area Directors of Ordinands
ARC	Anti-Racism Charter
aSa	Average Sunday Attendance
BAP	Bishops' Advisory Panel
CAH	Church at Home
CBF	Central Board of Finance
CEFPS	Church of England Funded Pensions Scheme
CEMES	Church of England Ministry Experience Scheme
CLTG	Cost of Living Task Group
CTBI	Churches Together in Britain and Ireland
CWPF	Church Workers' Pension Fund
CYP	Children and young people
DAC	Diocesan Advisory Committee
DBF	Diocesan Board of Finance
DBS	Disclosure and Barring Service
DCT	Diocesan Council of Trustees
DIP	Diocesan Investment Programme
DMPC	Diocesan Mission and Pastoral Committee
DRG	Diocesan Referrals Group
DSAP	Diocesan Safeguarding Advisory Panel
DST	Diocesan Safeguarding Team
EDWG	Eco Diocese Working Group
FRC	Financial Reporting Council
FRS	Financial Reporting Standard
fxC	Fresh Expression of Church
GDPR	General Data Protection Regulation
GMH	Global Majority Heritage
HR	Human resources
IICSA	Independent Inquiry into Child Sexual Abuse

Acronym	Meaning
IME2	Initial Ministerial Education Phase 2. The (up to) four years of curacy also referred to as IME 4–6.
ISAs (UK)	International Standards on Auditing (UK)
JPIC	Justice, Peace and Integrity of Creation
LLF	Living in Love and Faith
MAP	Mission Action Plan
MAT	Multi Academy Trust
MFA	Multi-factor Authentication
PCC	Parochial Church Council
PCR2	Past Cases Review 2
PFC	Policy and Finance Committee
PGS	Parish Giving Scheme
PSF	Parish Support Fund
RJC	Racial Justice Committee
SDBE	Southwark Diocesan Board of Education
SDBF	South London Church Fund & Southwark Diocesan Board of Finance
SDF	Strategic Development Funding
SDP	Shared Discernment Process
SIR	Serious Incident Reporting
SMT	Senior Management Team
SoFA	Statement of Financial Activities
SORP	Statement of Recommended Practice for Charities
SPA	Southwark Pastoral Auxiliary
SVDF	Southwark Vision Development Fund
UKME	United Kingdom Minority Ethnic
uSa	Usual Sunday Attendance



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The Diocese of
Southwark

Christ Centred | Outward Focused

THE SOUTH LONDON CHURCH FUND AND SOUTHWARK DIOCESAN BOARD OF FINANCE

England & Wales - Charity number 249678

Accounts

The Diocese of Southwark

The South London Church Fund & Southwark Diocesan Board of Finance

Annual Report 2023

Company registration number 236594
Registered charity number 249678



Christ Centred | Outward Focused

***'Seeing Through Our Eyes'*, a stained glass art project, designed by Diocesan secondary school students from Bacon's College, Rotherhithe and Christ's School, Richmond.**

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Overview

Introduction by the Bishop of Southwark

2023 has been a year of change, of farewells and new beginnings in this Diocese.

At Candlemas, Dr Martin Gainsborough was consecrated Bishop of Kingston at Canterbury Cathedral and began his ministry in the Diocese.

In June, The Very Revd Andrew Nunn retired as Dean of Southwark. It is difficult to express how much we owe to Andrew for his service as Dean, Sub-Dean, and as Chaplain to Bishop Roy Williamson and Bishop Tom Butler. Andrew was a key part of life in this Diocese since 1995. We were all blessed by his preaching, pastoral care, wisdom, gentle – but wicked – sense of humour, and capacity to make friends and draw people together.

September saw the very sad loss of our brother, Bishop Karowei, Bishop of Woolwich, after a long struggle with his health. His funeral Eucharist was held on 28 September. Southwark Cathedral was filled with a great number of people remembering their brother, friend and bishop and celebrating his life, his accomplishments, and his passionate commitment to spreading the Good News of Jesus Christ.

On Advent Sunday I was delighted to welcome Dr Mark Oakley as the new Dean of Southwark. This was a joyful occasion and a wonderful way to mark the beginning of the new liturgical year and new season in the life of our Mother Church.

In my staff team, over the summer we said farewell to Ruth Martin as she stepped down from the role of Diocesan Secretary, which she filled with so much commitment and energy for more than eight years – and in September I was very pleased to welcome Nicola Thomas as her successor. I look forward to continuing to work with Nicola over the coming months and years. I am also pleased that Ruth accepted my request to remain on with some specific responsibilities for two more years, providing further resilience for the Diocese and a smooth transition for Nicola.

Our diocesan emphasis on the ministry of all those baptised received fresh impetus during Epiphany, following the continued success of our 'Season of Lay Ministries'. I am thankful that in October at a service of great celebration at the Cathedral, I licensed three Readers, one Lay Pastoral Assistant, four Lay Pioneer Ministers, one Children and Families Worker, and two Church Army Officers – alongside commissioning three new Southwark Pastoral Auxiliaries.

During the year I also commissioned Canon Will Cookson as Director of Mission (in addition to his roles as Dean of Pioneering Ministry and Fresh Expressions), bringing together the Mission team with the Justice, Peace and Integrity of Creation and Pioneering teams into one department with a focus on all five Marks of Mission.

The Church nationally saw the commendation of the Prayers of Love and Faith, following the prayerful deliberations of General Synod. I welcome these prayers – and recognise that not all do. In my Presidential Address to Diocesan Synod in November I said, "The leadership of this Diocese will be utterly unshakeable in protecting the spectrum of conviction on this matter and will continue to hold in high esteem and respect the sincerity of those who do not wish to use the prayers as we will for those who do. I simply ask once again that we continue to speak well of each other as befits our calling as fellow members of the Body of Christ. No one will be asked or required to use the Prayers of Love and Faith unless they choose to do so from their hearts. Those who do use them will use them with my blessing."



Bishop Christopher

In all things God is faithful and we face the future with hope, trust and confidence, the Lord being our helper.

+Christopher Southwark

Chair of the Diocesan Board of Finance

I am delighted to be overseeing my second Annual Report as Chair of the Diocesan Board of Finance, in a year which has seen a great deal of change in the Diocese and much to celebrate. In particular, I am hugely grateful for the extraordinary generosity of parishes and individuals who, as they emerge from a global pandemic and in the throes of a cost-of-living crisis, continue to support the Parish Support Fund so that in 2023 we have achieved a remarkable collection rate of 99 per cent. This provides a degree of financial resilience to the Diocese and means that we can budget more effectively, thereby providing a better service to all our parishes and people.

The context this year has been challenging, with continued global uncertainty and local financial challenges – not least the state of the property market in South London and East Surrey. While that led to a deficit at the end of the year, two property sales scheduled for 2023 have been completed in early 2024 and so the gains that did not occur in 2023 will instead transfer to 2024.

I am pleased to record that our other sources of income were ahead of budget, and that our expenditure has generally been well contained, except in relation to property maintenance, where building costs – both material and labour – have risen far more than levels of inflation. Repairs and maintenance for the houses occupied by our clergy have to be carried out and this has, inevitably, led to increased costs in this area.

This year the Diocese has refreshed its Vision and reset its priorities for 2024–35. This is an exciting time as we continue seeking to grow and deepen our discipleship. Parishes are the top priority in our Vision and we remain committed to maintaining the maximum possible number of stipendiary clergy (including curates) to serve our team.

I have been delighted to welcome Nicola Thomas to her role as our new Diocesan Secretary in September and to have walked alongside her as she has settled into the new role. Nicola has made an excellent start and I much look forward to continuing to work with her in 2024 and beyond.

I also pay warm tribute to Ruth Martin who was so committed to the work of the DBF as Diocesan Secretary, and I am delighted that she is continuing to support the work of the Diocese as Bishop's Lead for Strategic Development and Property Strategy. The property strategy includes the maintenance and replacement of the properties occupied by our clergy and is more important than ever as the Diocese seeks to support clergy in this time of high fuel bills and high inflation, while also working towards Net Zero Carbon. Improvements to buildings such as double-glazing and insulation are essential to meet these twin goals and I am grateful to the Property team for working to achieve this wherever possible when a property is vacant.

Ruth Martin is also leading the work on the Diocesan Investment Programme, a multi-year bid for funding to resource our refreshed Southwark Vision. This funding will resource growth and development in our Diocese, and I am hugely grateful to Ruth for the energy, commitment and rigour she brings to this work.

My role has been wonderfully supported by the Diocesan staff and also by all the volunteers who give up their time to contribute to the governance and safe stewardship of the Diocese, in particular Sarah Docx as Vice-Chair, Nick Burt as Chair of the Policy and Finance Committee, Gill Reynolds as Chair of the Audit and Risk Committee, and Alan Saunders as Chair of the Investment Committee. I am immensely grateful to them and also to all the members of those and other committees who give so freely of their time and expertise. We are indeed fortunate to have so many talented and skilled people who are willing to give their time and abilities to support and oversee the mission and ministry of the Diocese.



Sir David Beamish



The Diocesan Secretary



Nicola Thomas

I am writing this halfway through my first year as Diocesan Secretary. It is a huge privilege to be called to serve in this way and I am glad that my public sector training in leadership, management and stewardship is being put to good use in the service of the people and parishes of South London and East Surrey.

I took up the role in September 2023 and am hugely indebted to my predecessor, Ruth Martin, for her wisdom and support and the generosity and kindness with which she shares them. Ruth, of course, has not left the Diocese but remains on in a part-time, temporary role as Bishop's Lead for Strategic Development and Property Strategy. The Diocese is very fortunate to have had Ruth's steady hand overseeing the development of the new, refreshed Southwark Vision from 2024–35 which was enthusiastically approved by Diocesan Synod in November 2023. The Vision is not a change of direction but a development, moving the centre of our mission on to being 'Christ centred and outward focused' and I am excited to see how it will be worked out in the coming months and years in Southwark.

No vision can be delivered without resources, and we are fortunate to be able to bid for resources in a number of key areas from the National Church. 2023 saw the first of what I hope will be many Net Zero Carbon[1] grants from the National Church, providing a capacity building grant for a temporary member of staff to develop our net zero plan and build our bid for a longer-term Net Zero Carbon Programme Manager who joined the team early in 2024.

We also received the excellent news in December 2023 that our bid for Racial Justice Funding to continue the implementation of the Anti-Racism Charter was successful, and that we have been awarded just over £0.5m over 3 years to build on our strong foundations in this area. I look forward to seeing the development of this work in 2024 and beyond.

Ruth is also overseeing the development of our bid for large-scale, longer-term funding from the Strategic Mission and Ministry Board of the national Archbishops' Council. The development of this Diocesan Investment Programme ('DIP') bid has been a hugely important piece of work in 2023 and will continue into 2024.

The financial climate in 2023 was challenging, with high inflation and ongoing international conflicts creating uncertainty for our world. We are hugely grateful to our parishes who continued to give generously through this time. The resources entrusted to the Diocese were managed responsibly and carefully, keeping within our operational budget for the year. However, due to the near stagnation of the London property market, we were unable to deliver on our capital plan for the year as we sold only three properties in 2023. This was a very disappointing outcome for the Property team who worked so hard under the leadership of our new Director of Property Services, Andrew Bennett. Sadly, this meant that instead of achieving our projected balanced out-turn for the year, we ended on a £3m deficit, almost entirely due to these unachieved property sales. I very much hope that this situation will recover in 2024 and beyond.

We are indebted to volunteers in our parishes who take on many essential roles, including that of Parish Safeguarding Officer. Following the backlog resulting from the Covid-19 pandemic, I am very pleased that the hard work of the Safeguarding team and those volunteers has resulted in a 19% increase in those undertaking safeguarding training, and a 45% reduction in those with outstanding training requirements.

I am extremely grateful to all those who have helped me settle in over these first few months in role. I have already mentioned Ruth's support, but thanks also go to Jackie Pontin who as Deputy Diocesan Secretary has been the continuity in leadership over this period, together with Mark Rhodes as Finance Director, David Loft as HR Director, and all the senior staff team as well as Charlie Hudson-Beddows who works so hard behind the scenes to keep the governance processes working smoothly. This will be an additional challenge in 2024 as we re-elect our Deanery and Diocesan Synods.



1 *Sometimes previously known as 'Carbon Net Zero'; we have adopted 'Net Zero Carbon' as our standardised terminology going forward.*

Our Vision: a fruitful future

We share a vision for the future in which we will see:

- growing churches, new worshipping communities and new Christians deepening discipleship: engaged, prayerful and informed Christians, growth in vocations to existing and new ministries
- generous giving and prayer supporting all we do
- justice and peace built up, and violence challenged, in our local and global community
- a shared commitment to the integrity of Creation
- a Church for all which reflects our diverse community in membership and leadership, including growth in United Kingdom minority ethnic or global majority heritage (UKME/GMH) vocations and appointments

Our Vision is founded on mutual commitment from all who make up the Diocesan family to walk together in the pilgrimage of faith, supporting, encouraging and resourcing each other in our common task.

The Diocese of Southwark serves...



2.9 million people

in the **16** local authorities of South London and East Surrey

through **356** places of worship – a church of England presence in every community



and **103** church schools educating more than **37,000** young people





© Eleanor Bentall

The churchyard garden at St John, Waterloo – the first of our parishes to be awarded Gold Eco Church status.

Legal objects

The Trustees, who are also Directors for the purposes of company law, present their Annual Report, together with the audited financial statements, for the year ended 31 December 2023.

The Directors/Trustees are one and the same, and in signing as Trustees they are also signing the Strategic Report sections in their capacity as Directors.

This combined report satisfies the legal requirements for:

- a Directors' Report of a charitable company;
- a Strategic Report under the Companies Act 2006; and
- a Trustees' Annual Report under the Charities Act 2011.

Legal objects

The objects of the South London Church Fund & Southwark Diocesan Board of Finance (SDBF) are "for the public benefit to assist, promote and further the religious and other charitable work (including but not limited to the educational work) of the South London Church Fund & Southwark Diocesan Board of Finance within the Diocese, and any other diocese which shall at any time be formed, wholly or in part out of the Diocese, either with or without the addition of any part or parts of other dioceses."

Its function is to serve as the corporate body of the Church of England in the Diocese, responsible for the financial stewardship of the Diocese through performing, working and transacting business in connection with the Church and Diocese. It is the Diocese's Board of Finance for the purpose of the Diocesan Boards of Finance Measure 1925 and other legislation. Through its Parsonages Committee, it may act as the Parsonages Board for the Diocese within the meaning of the Repair of Benefice Buildings Measure 1972.

The Diocese of Southwark covers most of Greater London south of the Thames and parts of East Surrey. Within the Diocesan boundaries are the Royal Borough of Greenwich, the London Boroughs of Croydon, Lambeth, Lewisham, Merton, Southwark, Sutton and Wandsworth, plus parts of the London Boroughs of Richmond upon Thames, Bromley and Bexley and the Royal Borough of Kingston upon Thames. In Surrey, it also includes parts of the Borough of Reigate and Banstead, Tandridge District Council and Mole Valley District Council.

The SDBF has the following responsibilities:

i. the management of glebe property and investments arising from the Endowments and Glebe Measure 1976 to generate income to support the cost of stipends;
ii. managing the repair of benefice houses under the Repair of Benefice Buildings Measure 1972;
iii. to act as custodian of permanent endowment and real property assets relating to trusts held by Incumbents and Archdeacons and by Parochial Church Councils (PCCs) as Diocesan Authority under the Incumbents and Churchwardens (Trusts) Measure 1964 and the Parochial Church Councils (Powers) Measure 1956.

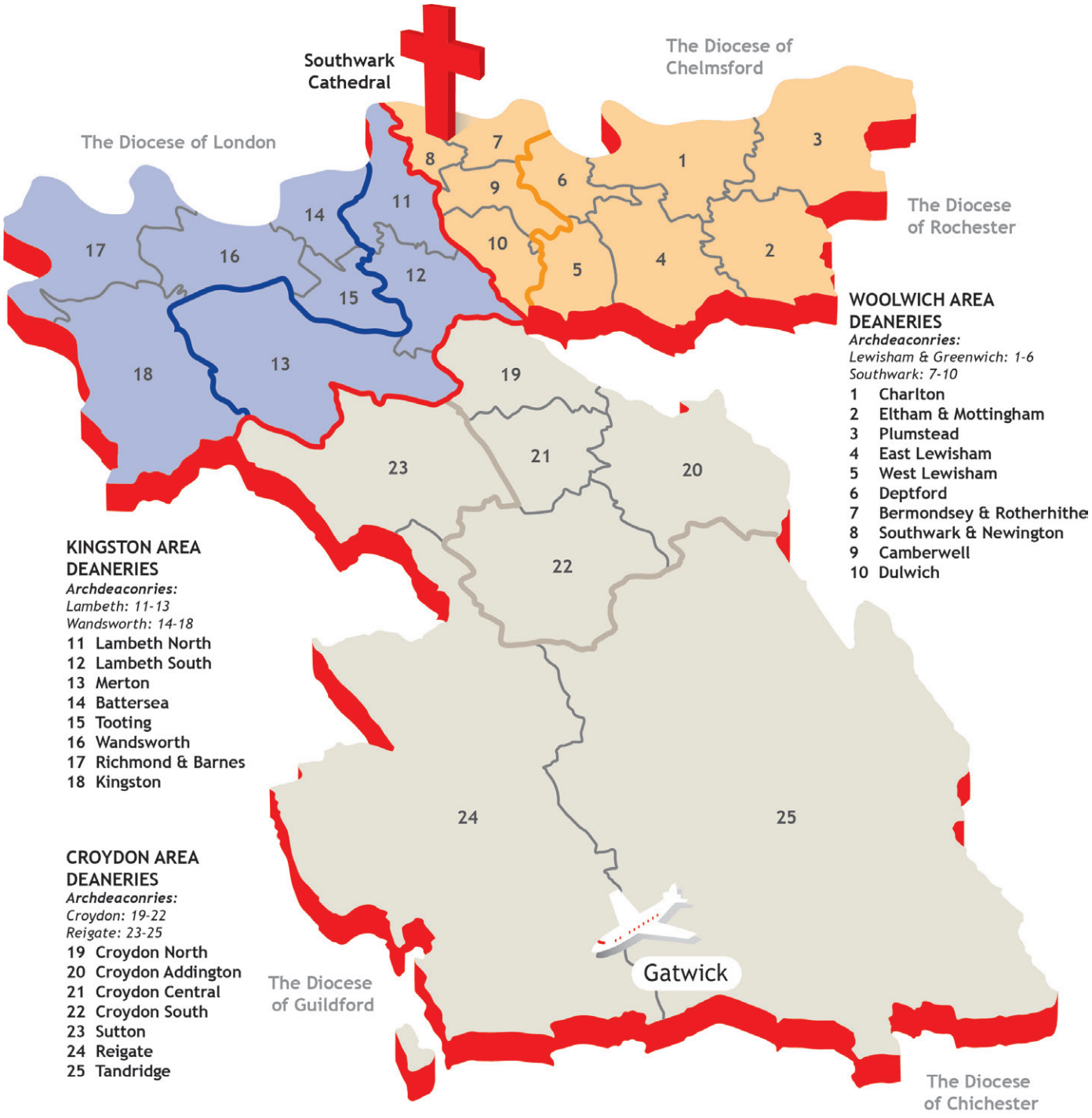
The SDBF is empowered to act as a committee of the Diocesan Synod, responsible for providing the secretariat and other corporate services of the Diocese and also for raising and disbursing money and employing staff.

The standing committee of the Diocesan Synod is the Diocesan Council of Trustees (Bishop's Council). Its members are also the members of the SDBF and the Diocesan Mission and Pastoral Committee (DMPC). Each of these three bodies has coterminous membership.

The strategic priorities of the Diocese are established by the Diocesan Synod, and its standing committee the Diocesan Council of Trustees (DCT), in consultation with Deanery Synods, PCCs and the Bishop of Southwark (in respect of his responsibility for the provision of the cure of souls).

The DCT (acting as Bishop's Council, the Diocesan Board of Finance (DBF) and the DMPC) fulfils its objectives within this framework, together with the committees and advisory groups of the Diocese shown in the governance structure on page 38. To this end, significant time and effort is committed to communication between and with these bodies, as well as with the Church nationally; this includes consultation on specific matters relating to the priorities for the forthcoming year, taking into account the commitments arising from the Diocesan Budget.

Map of the Diocese of Southwark



WOOLWICH AREA DEANERIES
Archdeaconries:
Lewisham & Greenwich: 1-6
Southwark: 7-10
1 Charlton
2 Eltham & Mottingham
3 Plumstead
4 East Lewisham
5 West Lewisham
6 Deptford
7 Bermondsey & Rotherhithe
8 Southwark & Newington
9 Camberwell
10 Dulwich

KINGSTON AREA DEANERIES
Archdeaconries:
Lambeth: 11-13
Wandsworth: 14-18
11 Lambeth North
12 Lambeth South
13 Merton
14 Battersea
15 Tooting
16 Wandsworth
17 Richmond & Barnes
18 Kingston

CROYDON AREA DEANERIES
Archdeaconries:
Croydon: 19-22
Reigate: 23-25
19 Croydon North
20 Croydon Addington
21 Croydon Central
22 Croydon South
23 Sutton
24 Reigate
25 Tandridge

Strategic report

Strategic report

The main role of the Southwark Diocesan Board of Finance is to identify and manage resources within the Diocese, particularly the financial aspects of the provision of ministry. This is so as to lead, enable and serve the Diocesan Synod, deaneries, parishes, schools and communities of the Diocese in furthering mission and ministry and fulfilling the vision of the Diocese, whilst also ensuring full compliance with statutory responsibilities.

The purposes are:

- to provide sufficient ministerial resources to ensure a Christian presence in every parish, including appropriate housing; also including support for communities across the Diocese through school, university, hospital and prison chaplaincies
- to provide resources for people of all ages and at all stages of their spiritual journey to grow in understanding of the Christian faith
- to support and enable the work of the Southwark Diocesan Board of Education (SDBE), establishing and maintaining contacts with universities, colleges and schools and including support for the SDBE Multi Academy Trust (MAT) where the SDBF is represented as a member
- to engage actively in local debate and ensure that Christian voices are heard in all areas of public life
- to support and strengthen the Church's work for the common good, including resources and support for God's bias for the poor and disadvantaged, through care for creation, racial justice, and through interfaith dialogue. This includes intentional care for the environment including a journey towards Net Zero Carbon, and continued implementation of the Diocesan Anti-Racism Charter. It also includes direct financial support for, and board membership of, Welcare, a charity aimed at supporting the needs of families. In addition, the Diocese is the sole corporate member of Together Southwark, which is aimed at alleviating poverty through development projects and which, until the end of 2020, was supported financially by the Church Urban Fund.





Top: The Revd Betsy Blatchley, Pioneer Minister in the Arts in Nine Elms – the ministry became the newest Bishop's Mission Order. Below: The Revd Dr Sharon Moughtin speaking at the *Mixed Ecology Conference* in November.

Southwark Vision 2017–25 and strategic objectives

Southwark Vision

From the Archbishop of Canterbury's Charge given to Bishop Christopher in 2011, the Diocese of Southwark has been on a journey of discernment towards a shared vision – Southwark Vision – which was brought together from the themes and agreed outcomes described in the *Strategy for Ministry* final report adopted by Synod in November 2015, and *Hearts on Fire Vision for Mission*, with its commitment to the Five Marks of Mission and the five strategic objectives, adopted by Synod in March 2016. During 2023, this vision has been refreshed and in November, Synod approved the new Southwark Vision for 2024–35: Christ Centred | Outward Focused.

This refreshed Vision has six core priorities:

- Parishes
- Ministry
- Growth
- Youth and Diversity
- Deepening our discipleship
- Healing

Southwark Vision 2017–25 was focused around growth, mission action planning, developing worshipping communities and Fresh Expressions of Church, growing lay and ordained vocations, developing the diversity of our leadership and representation to reflect the rich diversity of our Diocese, and maintaining a strong and sustainable financial base to resource mission and ministry in South London and East Surrey. These objectives and outcomes have been carried through into Southwark Vision 2024–35, updated and refreshed for the next stage of our journey. This next evolution of our vision comes as we continue to walk together, discerning God's wisdom and guidance in our shared pilgrimage of faith. Keeping Christ as our centre and the focus of unity, we will continue to turn outwards – seeking to support, encourage, resource and learn from one another as we serve our parishes and God's world.

Objective One

To grow average weekly attendance by 5% by 2025, partly through having each church develop a high-quality Mission Action Plan (MAP) which includes a course for evangelism and discipleship.

The Mission Team has been running regular MAP surgeries and 26 parishes participated in six sessions held online between May and July 2023. The surgeries aim to support parishes who want to develop or refresh their Mission Action Plans, with supporters available to work with individual parishes when this is needed. Having the Justice, Peace and Integrity of Creation (JPIC) Team embedded in the Mission Team allows a holistic view of the Five Marks of Mission to be brought into the MAP process. The team works closely together to provide support and resources to parishes across all Five Marks of Mission.

As we have continued to find a post-pandemic reality, churches have continued with new ways of worshipping and gathering, as developed during the pandemic. Bubble Church is a superb example of this, and Southwark is leading the way in growing this form of church with families with pre-school children. We are delighted that the national Church has funded a full-time post to train and support those around the country seeking to replicate the model, which began at Ascension Church in Balham.

The latest available published figures below relate to 2022 (not 2023) and in-person attendance figures were as follows:

- the Worshipping Community in Southwark churches was 49,700, a decline of 1% on the 2021 figure (Church of England comparison: an increase of 2%)
- the average Sunday attendance at Southwark churches was 25,500 adults and children, an increase of 9% since 2021 (CofE comparison: 7% increase)
- it was a similar story with average weekly attendance – on average 30,000 people attended weekly services in Southwark churches, an increase of 9% since 2021 (CofE comparison: 8% increase)
- weddings in Southwark churches were 550 in 2022, compared to 610 in 2021 – a decline of 10%, compared to an 18% increase across the Church of England
- baptisms in Southwark showed a 46% increase from 1,930 in 2021 to 2,810 in 2022 (CofE comparison: 48% increase)
- funerals held in Southwark churches decreased by 4% to 1,160 compared to 1,210 in 2021 (CofE comparison: 6% increase)

- funerals in crematoria in Southwark decreased by 16% to 1,070 in the same period (CofE comparison: 19% decrease)
- in total, 2,230 funerals were held in Southwark Diocese, a decrease of 10% in the period from 2021 to 2022 (CofE comparison: 5% decrease).

Objective Two

By 2025, to increase the number of worshipping communities with a primary focus on areas of population growth through investment in Fresh Expressions of Church (fxC) in the areas where the data suggests the existing congregations are increasingly unrepresentative of the resident community and therefore unlikely to be successful in reaching them without intentional intervention.

The ongoing adoption of Pioneer Curates continues to help grow new worshipping communities and our Pioneer Curacy pathway continues to thrive with the addition of seven curates – bringing the total to 20 Pioneer Curates across up to four training years (known as IME4–6).

We have developed a second Greenhouse learning community in Tandridge deanery and as a result are now supporting over 20 churches' new Fresh Expressions through our Greenhouses.

The appointment of a New Dean of Estates Ministry – The Revd Canon Gary Jenkins – has enabled a significant focus on estates and has provided an opportunity for the development of two key initiatives. These are:



Lay Ministers, prior to their licensing in October 2023, pictured with Bishop Christopher at the Wychcroft retreat centre.

- area estates networks – to foster mutual encouragement and the sharing of ideas amongst estates ministry practitioners in each episcopal area
- the Magnify Course – a 30-week course designed to equip estates people to share the message of God's love with estates people.

Objective Three

To grow a financial resource base that allows investment in growth for the future. Key measurables include an annual financial surplus, maintaining working financial reserves equivalent to three months' operating costs by 2020; 1% of Diocesan turnover annually dedicated to major Diocesan ministry and mission projects beginning in 2016, rising to 2% by 2020.

Global challenges have made this a very challenging financial year, with an almost stagnant property market and high costs and inflation – especially in the area of building repairs and maintenance, which is so critical for the support of our clergy. Whilst we purchased two new parsonages in the year and spent £2.5m on capital improvements to our properties, our inability to realise the sales projected in our capital plan for the year resulted in an end-of-year deficit of £3m. However, we expect that the sales that did not take place in 2023 will take place in 2024, so that the property gain will be deferred and not lost.

This year, the target of three months' unrestricted expenditure in cash reserves was not met due to the inability to achieve property sales, but it is expected that this position will be recovered in 2024.

Southwark Vision 2017–25 and strategic objectives *(continued)*

We are, of course, hugely grateful to our parishes whose generous donations to the Parish Support Fund are our principal source of income. Despite cost-of-living pressures, parishes provided £16m to Diocesan income in 2023, from an exceptional collection rate of 99%.

Diocesan Synod approved a broadly balanced budget (with a small deficit of £0.17m) for 2024 at its meeting in November 2023. Given the transfer of some property sales from 2023 to 2024, this may move the Diocese into a surplus in 2024, if the economic environment improves.

Objective Four

To grow the number of ordained and lay vocations by 50% by 2020 by enabling and discerning ordained ministers, by expanding opportunities for licensed and commissioned lay leadership, and by affirming and growing other forms of lay ministry (for example, worship leaders, family and youth leaders, and spiritual directors); to offer relevant and enriching training; to create networks of support and celebration which reflect the diversity of the Diocese, and our commitment to evangelism and discipleship; and to deliver fully integrated and pioneering church growth and Fresh Expressions of Church.

Our original target for increasing ordained vocations was achieved in 2018 (50% increase) and has continued to increase, with the growing number of UKME/GMH ordained vocations and potential pioneer curates a particularly encouraging development.

We continue our expansion of lay ministry, with an increasing number of people licensed and commissioned to some of our new lay ministries, as well as to our more established ministries of Reader and Southwark Pastoral Auxiliary (SPAs).

Fifteen people entered training for lay ministry in 2023: three SPAs, eight Readers, three Children Youth and Family Ministers, and one Lay Pioneer. They join two Readers and one Pastoral Minister, who began their second year at St Augustine's College of Theology. One Lay Pioneer is training for a Master's degree and thirteen Readers are presently in post-licensing training – ten in year two and three in year one.

In 2023, the Discipleship and Ministry Team offered an expanding and varied series of 33 short courses (both online and in person) to which 915 people signed up.

Broadening the diversity of our clergy continues to be a priority, with a growing number of UKME/GMH curates already in post. Of the 15 candidates recommended for training through the national Shared Discernment Process (SDP) or Candidates Panel in 2023, six were UKME/GMH (40%), compared with 5 out of 15 (33%) in 2022.

This movement is supported by a commitment to the diversity of our Vocations Advisers and Area Directors of Ordinands (ADOs). Currently, among our Vocations Advisers, 50% are women and 30.5% are UKME/GMH. Amongst the ADOs, 47% are women and 33% UKME/GMH.

The appointment of the first ever Dean of Cultural Diversity – The Revd Canon Roxanne Eversley – in Southwark Diocese will provide opportunities to consolidate the work done in ensuring diversity amongst our vocations candidates and wider vocations team. The appointment will also provide mentoring to ordinands and curates.

Objective Five

By 2025, to grow leadership and representation that reflects the rich diversity of our Diocese and especially focusing where the data suggests groups are currently under-represented: through ethnicity, age (especially 18–40), educational opportunities, material wellbeing, or tradition.

The Diocese of Southwark's Anti-Racism Charter (ARC) is being fully implemented and includes a range of specific tools and measures aimed at growing a leadership that reflects the rich diversity of our many UKME/GMH members. Following the launch of the ARC, we appointed The Revd Canon Roxanne Eversley as Dean of Cultural Diversity and Canon Librarian, a role which embodies our commitment to building a Church for all which reflects its diverse community and seeks to transform unjust structures of society. Roxanne will provide a strategic focus to supporting our rich cultural diversity and will be working closely with the Vocations Team. Additionally, we are seeking to grow our work on urban estates to encourage leadership opportunities in our worshipping communities.

In our committees and trustee bodies, we seek to establish leadership which reflects diversity across gender, physical mobility, ethnicity, age, and background.

To date 15.4% of clergy are from UKME/GMH backgrounds and 19.5% of lay ministers are from UKME/GMH backgrounds. Candidates recommended for ordination training at selection panels included five out of 17 from UKME/GMH backgrounds.

Annual objectives for 2023

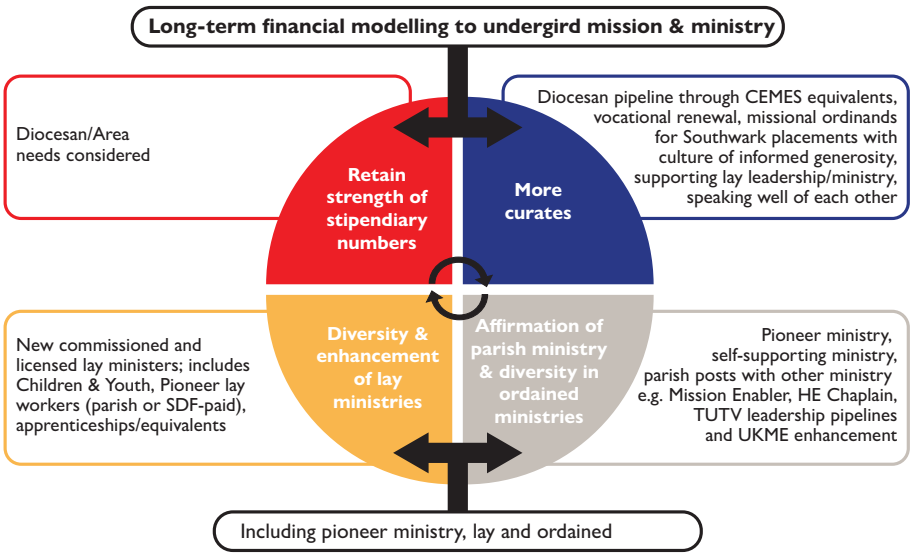
The Annual Objectives were approved by the Diocesan Synod in November 2023 and continued the themes of *Connectedness & Communication and Rebuilding Finances: Parishes and the Diocese*, set in 2022. Together they formed a broad remit of major synodical priorities to which they were drawn:

- clergy wellbeing in times of change
- environment (including Net Zero Carbon)
- implementation of Anti-Racism Charter
- parish finances for growth in post-pandemic recovery.

Southwark Vision (2017–25) was at the heart of our strategy, with plans and annual objectives in 2023 flowing from that. The Diocese maintained a firm commitment to parish structures as well as support for innovation, new projects and initiatives.

A key objective for 2023 was to work alongside parishes and archdeacons to seek to rebuild the Parish Support Fund to 2019 levels by the end of the year through the 2024 pledges. Our multiple-year programme to achieve the target of 66% parishes covering their full ministry costs, so they can be more generous to others, continued. Embedding digital giving continued to be a priority through encouraging contactless payments and online giving in our parishes. A new cloud-based finance system for the diocesan office was put in place in January 2023 and is being used successfully.

Strategic ministry deployment and vision



The Strategic Vision Ministry and Deployment policy continued to be an integral part of Southwark Vision (2017–25) and the approved Southwark Vision (2024–35), which was wholeheartedly approved and endorsed by Diocesan Synod in November 2023.

Our commitment on the development and embedding of our Anti-Racism Charter continued. Establishing Hub and Resourcing Churches, to encourage and support parishes with mission and Fresh Expressions, also continued and is showing promise. Supporting mission and ministry through the work of our Justice, Peace and Integrity of Creation (JPIC) team also continued in 2023, as Diocesan Synod approved a diocesan roadmap to Net Zero Carbon and staff began to develop the plan for reducing carbon emissions, in line with our Diocesan Environment Policy. Diocesan Synod also made a commitment to achieving our Eco Diocese Silver award by 2027–28. Following the achievement of Bronze status in 2023, work on this has begun in earnest.

Annual objectives *(continued)*

Progress made towards achieving 2023 objectives

Objective	Progress made
To implement the Diocesan action plan for Anti-Racism Charter (ARC).	The implementation of the ARC is an ongoing process which continues into 2024, but it has been established and embedded within all areas of Diocesan Governance. The planned pilot and training for parishes has begun and crucial data has been compiled. A new Dean of Cultural Diversity – The Revd Canon Roxanne Eversley – was announced and took up her post in early 2024.
To further establish Hub and Resourcing Churches through SDF3 application in 2023.	These continue to evolve and are key to the forthcoming Diocesan Investment Programme application. As of November 2023, there were five Resourcing churches and four Hub churches in our Diocese.
Embed initiatives to support clergy wellbeing during times of change and uncertainty.	The Diocese now has a Dean of Clergy Wellbeing – The Revd Canon Leanne Roberts – to ensure that our clergy are given tools for and help with maintaining their wellbeing. We have established a Diocesan Referrals Group whose remit (among other things) is to develop and agree procedures, policies and strategies to support our clergy. This includes a complaints procedure (due for completion in 2024), and partnerships with Hub of Hope and Employers' Initiative on Domestic Abuse.
Develop the plan for reducing Carbon emissions within Diocesan control and begin its implementation.	The Diocese has had two successful funding bids, culminating in funding for a Net Zero Programme Manager to help implement Diocesan Synod's agreed route map to Net Zero Carbon.
Seek synodical commitment to Eco-Diocese Silver Award by 2027–28 throughout the diocese.	Diocesan Synod approved the Diocese's commitment to reaching Eco Diocese Silver Award and work now continues to accomplish this by 2027–28.
To work alongside parishes and archdeacons to seek to rebuild the PSF to 2019 levels by the end of 2023 through the 2024 pledges.	54% of parishes responded to the Bishop's request to increase their Parish Support Fund pledges in line with indicative costs, which has helped move the PSF towards 2019 levels.
To plan the 10-year programme to reach 66% parishes covering their ministry costs so they can be more generous to others.	This is now an ongoing and reviewed programme working closely with our Archdeacons.
Embed digital giving.	Southwark Diocese has grown the number of its churches using digital giving and, for the second year running, is the Church of England diocese with the highest number of parishes with a digital offering.
Review priorities for property in the light of the cost-of-living crisis and Net Zero Carbon plans.	Data capturing continues in this area as part of our Net Zero Carbon route map, working closely with the Property Team, and future objectives will include a revised Property Strategy.

Objective	Progress made
Review of Glebe land across the Diocese continues.	A review of our Glebe land has been completed by an external consultant and this information will be used in developing our revised Property Strategy and Net Zero Carbon plans.
Continue to build the integrated database across the Diocese, including data to measure the success of the Anti-Racism Charter over time.	Achieved.
Continue to implement, as required, any new actions following the IICSA Report (October 2020) and PCR2.	Actions and recommendations continue to be implemented, with further recommendations from the National Church. These are kept under continual review.
To develop further guidance and provide further advice to all parishes in the stewardship of their property assets, mindful of the mission and ministry imperative.	We continue to offer advice and support through the Finance and Giving Teams when seeking to help parishes with their financial resilience. This area forms one of the Property Team's objectives continuing into 2024.
To consider how the DAC can provide further guidance and advice to all parishes for the cost-effective management of church buildings.	This continues through to 2024, following a successful funding application to the national Church's 'Buildings for Mission' project. This will fund a new post to give support to parishes in capital fundraising, as well as DAC roles in Net Zero Carbon and minor repair grants for churches.
Develop strategies to give greater support to parishes where they lack volunteers in critical roles, e.g. treasurers and churchwardens.	In 2023 we held PCC Secretaries and Treasurers conferences, as well as offering churchwarden training in Episcopal areas. The Giving and Finance Teams offered additional resource and strategies to parishes. This included easing their administration burden through the Parish Giving Scheme, offering mentoring, one-to-one support with the launch of digital giving, and advice and support from the Secretariat for parishes and deaneries.

Reflections from 2023





Left: The Rt Revd Dr Karowei Dorgu, Bishop of Woolwich, who died on 8 September 2023. Right: The Very Revd Dr Mark Oakley, the new Dean of Southwark Cathedral.

In 2023, thanks to the enormous generosity of our parishes in rebuilding the Parish Support Fund (PSF) and an incredible collection rate of 99% (with over 94% paying, or exceeding, their full pledge), our Diocese was able to deliver a high standard of support and services for parishes, as well as engaging in a range of diocesan and national initiatives.

Thousands came together over the Coronation Weekend (6–7 May 2023) to celebrate the coronation of His Majesty King Charles III and Queen Camilla following the death of Her Late Majesty Queen Elizabeth II on 8 September 2022. A special Choral Evensong took place at Southwark Cathedral to mark the historic event and parishes across our Diocese held special services, street parties and parades.

On Thursday 22 June, Southwark Cathedral hosted the national Windrush 75 Service of Thanksgiving on the theme of 'Remembering the struggle, celebrating the contribution and flourishing for the future'. The service marked the 75th anniversary of the docking of the MV Empire Windrush into Tilbury Docks, which brought more than 500 Caribbean men and women who responded to an invitation to come to a country in recovery from World War II. Organised by the ecumenical Windrush Planning Committee and the Racial Justice Advocacy Forum, the event celebrated the significant role of the Windrush Generation in shaping the cultural landscape of Britain, while seeking to recognise the costs borne by so many in that generation. A special walk of witness preceded the service and included participation from a number of diocesan schools. Many parishes also held events in their local communities.

In October, Southwark also hosted its 16th annual Black History Month Thanksgiving Service at the Cathedral, building on the themes of the Windrush anniversary and entitled: 'Faith, Legacy, Heritage.' The event, held in partnership with Southwark Diocesan Board of Education, was an opportunity to worship together and participate in a series of afternoon workshops on racial justice.

It was also a year of change in some of the key roles in our Diocese. We said farewell to the Dean of Southwark the Very Revd Andrew Nunn, who retired in July – and welcomed his successor, The Revd Dr Mark Oakley, to the Cathedral in Advent. Bishop Christopher, in consultation with the Chair of the Diocesan Board of Finance Sir David Beamish, also appointed Nicola Thomas (formerly Head of Justice Peace and Integrity of Creation) as Diocesan Secretary to succeed Ruth Martin, who retired from that role in August. Ruth continues to serve the team for a further two years as Bishop's lead for Strategic Development and Property Strategy.

In September 2023, the Diocese entered a period of mourning following the death of the Rt Revd Dr Karowei Dorgu, Bishop of Woolwich, after a long struggle with his health. There were a number of opportunities for people to give thanks for Bishop Karowei's life and ministry, including a service of songs in Nigerian style, a vigil for prayer and reflection and a funeral Eucharist, all held at Southwark Cathedral. Opportunities for thanksgiving were also offered across the Woolwich Episcopal Area.

Ministry and discipleship

In 2023, the Season of Lay Ministries was celebrated during Epiphany, which is to be when it takes place in future years. The Season aims to encourage people to consider the lay ministries that they might be called to follow. We offered resources including a prayer, sermon outlines, video sermons, hymn suggestions and materials for children and young people. Parishes were encouraged to request preachers during the Season of Lay Ministries and we were pleased to be able to offer preachers to those who requested them.

During the year, online lay ministry taster sessions were offered via Zoom to give people an opportunity to find out about the different lay ministries they may feel called to through a process of discernment. There has been active engagement with deaneries and chapters to encourage a clearer understanding of the process of discernment and selection. Lay Deanery Vocations Champions have been identified to continue the promotion in local areas and they will be commissioned by the Bishop of Southwark in 2024.

In October, a licensing and commissioning service took place at Southwark Cathedral, seeing people licensed and commissioned for the first time to some of our new lay ministries as well as to our more established ministries such as Reader and Southwark Pastoral Auxiliary (SPA). It was a joyful service attended by over 500 people, which saw the licensing of three Readers, one Pastoral Minister, three Lay Pioneers and two Church Army Officers. Three SPAs, three Lay Pioneers and one Children Youth and Family Minister were also commissioned at the combined service.

Fifteen people entered training for lay ministry in 2023: three SPAs, eight Readers, three, Children Youth and Family Ministers, and one Lay Pioneer. They join two Readers and one Pastoral Minister, who began their second year at St Augustine's College of Theology. One Lay Pioneer is training for an MA at Sarum College, studying 'Theology, Culture and Imagination' and thirteen Readers are presently in post-licensing training – ten in year two and three in year one.

The Discipleship and Ministry Team offered an expanding and varied series of 33 short courses (both online and in-person) to which 915 people signed up. (This does not include safeguarding training, Vocations Forums, Children's and Youth events or courses run by the Mission Team, which are organised separately.) The Ground Floor Guides have continued to be particularly well received. The Bishop's Certificate is once again well-subscribed with 50 people following the course which is delivered both in person and online. Of these 50 people, 17 are in touch with Vocations Advisers.

The Diocesan Lay Council met twice in 2023, providing support and guidance for the work concerning Discipleship and Lay Ministry.

During the year the Discipleship and Ministry team facilitated five training events focused on Unconscious Bias for parishes and deaneries and delivered training to enable others to lead training, too.

Reflections from 2023 *(continued)*

Vocations and clergy formation

The new team looking after the processes from joining a Vocations Forum (VF) through to a person taking on their first role post-curacy is now in place. We are confident that it will help to smooth the experience of people as they discern their calling and go through major life transitions.

While the national Church has seen a decline in the number of people exploring their vocation, we have seen a small increase in the attendance at VFs. In 2023 we held extra VFs in the first quarter to make it possible for those offering for lay ministry to start training in September.

As part of the Diocese's commitment to its Anti-Racism Charter, broadening the diversity of our clergy continues to be a priority – with a growing number of UKME/GMH curates already in post. Of the 15 candidates recommended for training through the Shared Discernment Process (SDP) or Candidates Panel in 2023, six were UKME/GMH (40%), compared with five out of 15 (33%) in 2022. This movement is supported by a commitment to the diversity of our Vocations Advisers and ADOs. Currently, among the Vocations Advisers, 50% are women and 30.5% UKME/GMH. Amongst the ADOs, 47% are women and 33% UKME/GMH. Given the numbers of candidates coming through the discernment process, we do need to increase our numbers of Vocations Advisers (VAs). However, despite various recruitment initiatives, there has been a significant challenge in attracting applications to the VA team from UKME/GMH VA candidates. All ADOs spend time as a VA before becoming a ADOs, and so this has had an impact on recruitment to the ADO team.

In 2023, 20 people were ordained as Deacon, including seven pioneers, four Self Supporting Ministers – four UKME/GMH, seven female and 13 male (this includes those imported from other dioceses).

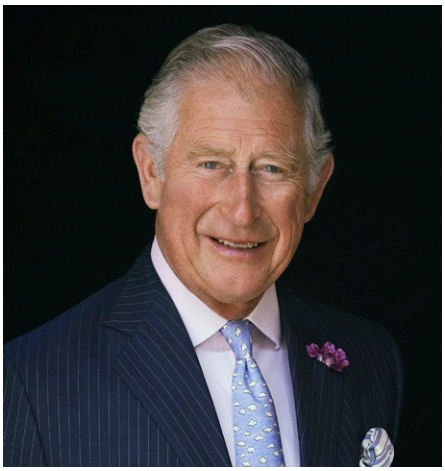
The appointment of The Revd Canon Roxanne Eversley as Dean of Cultural Diversity and Canon Librarian was announced. This new role will be partly focused on consolidating the work already done in ensuring diversity amongst vocations candidates and the wider vocations team. Roxanne's mentoring role will also support our ordinands and curates. She took up her role in February 2024.

Mission and evangelism

In December 2023, The Revd Canon Will Cookson was appointed as Director of Pioneering Ministry and Dean of Pioneering Ministry and Fresh Expressions – bringing together the Mission, JPIC and Pioneering teams into one department. This is an exciting opportunity to encourage parishes to explore the five marks of mission and support them to be confident in being Christ centred and outward focused.

It has been encouraging to see how the different grant streams we provide have been used to strengthen the mission of our parishes – from starting new worshipping communities, through to supporting and encouraging our children and youth work to grow and helping churches to work with their communities.

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Left: His Majesty King Charles III. Right: A celebratory Coronation fair in Kingston town centre.



© Eve Milner

Windrush 75 – the London Fire Brigade participate in the Windrush 'Walk of Witness'.

Pioneering and fresh expressions

In November, the Pioneering and Fresh Expressions Team held a Mixed Ecology conference at Christ Church, Blackfriars Bridge. Over 120 participants attended the day of seminars and workshops around what it means to be a 'Mixed Ecology Church' and what mixed ecology might look like in different contexts. Speakers on the day included Bishop Christopher, The Revd Dr Sharon Moughtin and The Revd Martin Poole from Chichester Diocese.

Our Pioneer Curacy pathway continues to thrive, with an additional seven curates joining in 2023. This brings the total number of Pioneer Curates to twenty across all year groups. We continue to be hugely encouraged to see them grow in confidence and skill over the time of their curacies, in reaching people in their communities and continuing to use what they have learnt in their appointments.

We have started a second Greenhouse Learning Community in Tandridge Deanery and are now supporting over 20 churches to develop new Fresh Expressions of Church through our Greenhouses. Three additional Lay Pioneers have been licensed following their training at St Augustine's college which included extensive pioneering practice and development of new worshipping communities alongside their study. We have provided regular online training for leaders of Fresh Expressions throughout the year and have actively supported leaders through accompaniment, advice and mentoring. We have over 100 Fresh Expressions of Church across our Diocese and are encouraged by the continued growth of new examples. Grant s funding has allowed many of these to start, restart or develop – including thriving examples amongst the Farsi-speaking community, an expanding number of Bubble churches and a wide variety of outdoor churches and Fresh Expressions engaging with families and young people.

The appointment of The Revd Canon Gary Jenkins as Dean of Estates Ministry has given a significant focus to our estates communities. Two key initiatives have been the Area Estates Networks and the Magnify Course. The Area Estates Networks are designed to foster mutual encouragement and the sharing of ideas amongst estates ministry practitioners in each episcopal area, through termly meetings of each network.

A key element of the latest Strategic Development Fund (SDF) bid was to focus on growing leaders from our

Reflections from 2023 *(continued)*

estates for our estates via lay pioneers. The Magnify course is part of this and is a new initiative developed by our Dean of Estates Ministry and one of our Pioneer Curates, The Revd Katie Kelly. Magnify is a 30-week course designed to equip estates people to share the message of God's love with estates people. It will be launching in three places across the Diocese in early 2024, with the hope and expectation of more later in the year.

The Justice, Peace and Integrity of Creation Team continues its work on the issues of poverty, refugees, homelessness, modern day slavery and the environment. This year saw the undertaking of various initiatives and further extended its support to parishes and wider community.

With the tragic events of serious youth violence in our Diocese we continue the work of awareness, prevention and advocacy. Building on the success of last year's 'Through their eyes' project, Southwark Diocese in partnership with SDBE, Southwark Cathedral and The Worshipful Company of Glaziers focused in 2023 on the theme of serious youth violence. Students from two schools in our Diocese undertook a day's workshop by Operation Forgiveness about knife crime and forgiveness. The students created powerful artwork that contributed to a stained-glass piece that is now on display in Southwark Cathedral. The Serious Youth Violence Development Officer delivered workshops and presentations in several schools and parishes. Further work on serious youth violence continues through partnership with the Synergy Network and participation in the working group for the Violence Reduction Unit Multi Faith Alliance at City Hall.

Together Southwark continues to work in the areas of poverty alleviation, refugee support, cost-of-living crisis and homelessness. Through the work of Together Southwark, churches are supported with their community engagement through initiatives such as warm spaces, hosting programmes and weekly projects. Several workshops and social action surgeries have taken place in 2023 and an event co-hosted with the Diocese of London enabled churches to learn about and be empowered to address homelessness.

In relation to caring for creation (the fifth mark of mission) we have seen more churches supported to become eco churches and training has been delivered in Carbon Literacy. Our Diocesan Environmental Officer continues to support parishes in their work and funding has been secured from the national Environment team to support our journey to becoming a Net Zero Carbon diocese. There remains a further commitment to review annually the progress being made. We are delighted also that one of our churches achieved their Eco Church Gold award in 2023.

Property

2023 was a tumultuous year within the property market, with high inflation and costs of materials and labour outstripping that inflation. The costs of materials have increased by nearly 43% since 2021 – and a labour shortage and labour costs affecting contractors were also significant. Following successful recruitment, a new Director of Property Services – Andrew Bennett – was appointed and joined the team in June 2023. The team has worked well together through a difficult year, prioritising vacancy works and repairs – although it remains challenging to recruit specialists in the property profession. Given the cost-of-living crisis and its effect on clergy living in diocesan

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Left: A prayer vigil for climate justice outside the Houses of Parliament. Right: A student workshop at the Church of England *'Flourishing Together'* educational conference.

houses, quinquennial inspections have focused (and will continue to focus) on action needed to improve our housing stock. Whilst the capital market in 2023 made it virtually impossible to sell and purchase housing, property that the South London Church Fund rents out during times of vacancy was in significant demand. We also completed the purchase of two new properties to replace parsonages that were no longer fit for purpose.

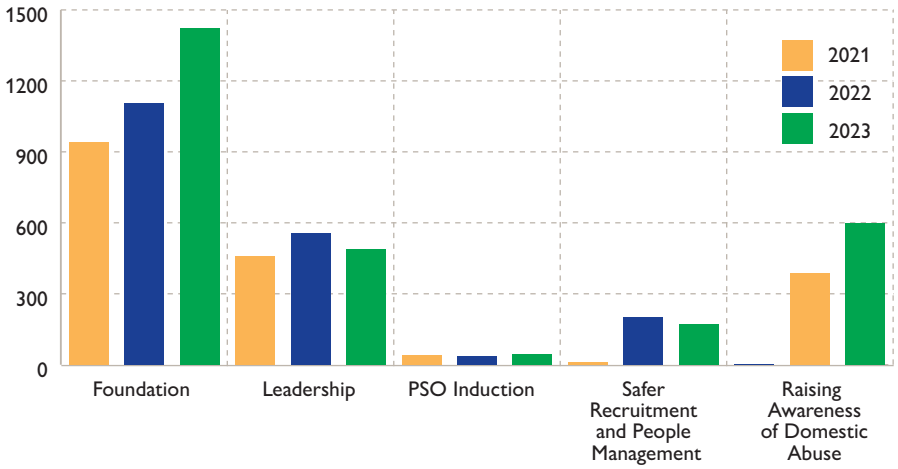
Safeguarding

Our Safeguarding activity throughout 2023 has focused on quality assurance with a focus on practice improvement and migration to a new case management system – MyConcern – as recommended for national adoption by the Past Cases Review 2 (PCR2). This has seen a review of 1,202 safeguarding cases and 17 safeguarding agreements.

Audit and evaluation of the team's response to safeguarding agreements by an external consultant have led to a 'back to basics' reinvigoration of processes and procedures, underpinned by refresher risk assessment and risk management training. Future work throughout 2024 will include embedding best practice through workshops and parish engagement.

Offering and delivering training remains a key focus for the team in supporting a healthy culture and safer worshipping communities. Emphasis is placed on the delivery of Safeguarding Leadership, Safer Recruitment and People Management and Domestic Abuse Training. Going forward into 2024, there will be greater focus on delivering support to parishes through the continued delivery of Parish Safeguarding Officer (PSO) Induction courses and in mobilising parishes to deliver their own Safeguarding Basic and Foundation courses.

Safeguarding courses attendance 2021–2023



During 2023:

- There was a 19% increase in the number of people across our Diocese and Cathedral that completed safeguarding training courses, either in person or online.
- There was a 45% reduction in the backlog of those requiring training (from 135 to 73).
- There was a 55% increase in the number of people who completed Raising Awareness of Domestic Abuse Training.
- There were around 360 new safeguarding matters referred to the Diocesan Safeguarding Team, of which 323 are currently recorded on MyConcern. Full data will be submitted for review at 21 May 2024 Audit and Risk Committee.
- There were 21 new Core Group Meetings (required in cases relating to Church Officers) – compared to 19 in 2022.
- There were 2,770 Disclosure and Barring Service (DBS) checks – a 20% increase in comparison with 2022 (2,305).

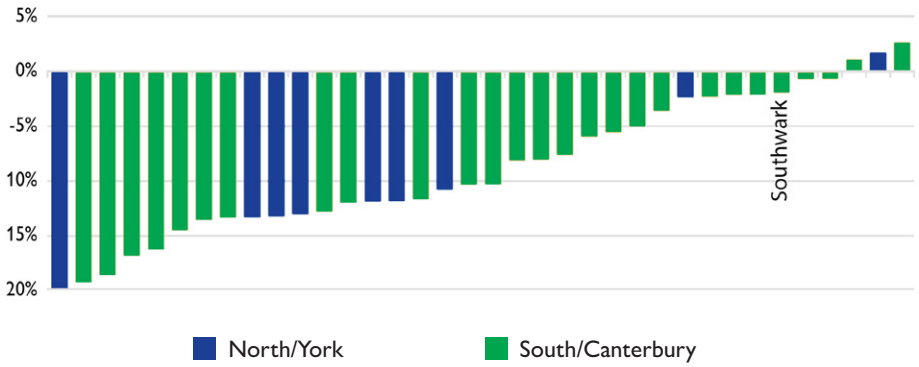
Giving and funding

In 2023, the PSF achieved a collection rate of 99%, compared with 99.4 % in 2022. However, the 2023 collection rate reflects a 0.5% reduction due to parishes withholding pledge payments due to concerns over the introduction by the Church of England of the Prayers of Love and Faith. We are enormously thankful for parishes' generosity enabling us to meet the 2023 budget of £15.9m – an increase on 2022.

As in 2023, 94% of our parishes paid their pledges in full. The national Church of England Parish Share Report was received for December 2023 and showed that Southwark was one of the dioceses recovering most strongly from the pandemic. We continue to seek to rebuild the PSF to 2019 levels.

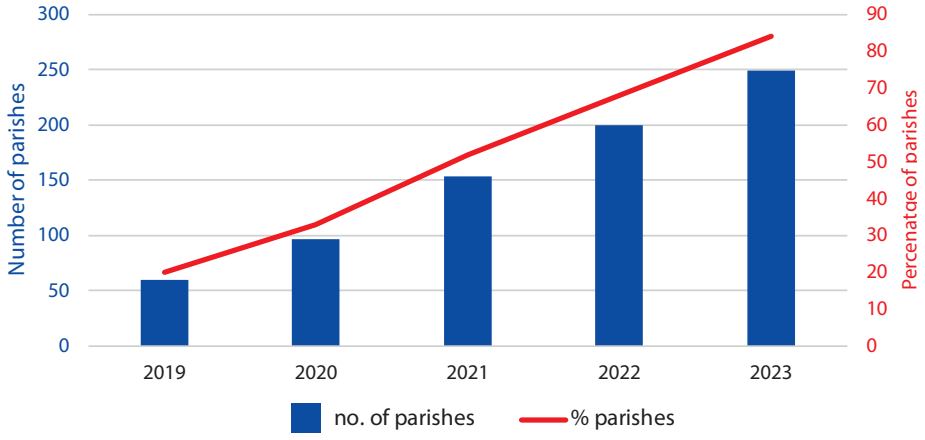
Reflections from 2023 *(continued)*

2023 parish share receipts by diocese



Percentage change in cash received in 2023 compared to 2019. Southwark, with a drop of less than 5%, is sixth out of 36 dioceses reported. Data from Church of England.

Southwark Parishes with at least one form of digital giving (contactless or online)



Digital Giving

84% of our parishes now have at least one form of digital giving. During 2023 we encouraged a further 16% of churches to use digital giving, halving the number of parishes which have no form of digital giving.

What started with a pilot of 86 churches in 2021 has now developed into a new wave of giving. For the second year in a row, Southwark is the Church of England diocese with the highest percentage of parishes with an active digital account, raising over £925,000 in 2023.

The Parish Giving Scheme

In 2023, the Parish Giving Scheme (PGS) collected nearly 17,500 donations from – and remitted over £2m in donations and gift aid to – 79 parishes in Southwark Diocese. The value of donations made via PGS increased by 37% from 2022.

Personnel

In 2023, the Diocese had over 500 clergy, based primarily in parishes, of which 361 were stipendiary. Additionally, we had more than 240 clergy with Permission to Officiate (PTO), many of whom play a very active role in parish life and ministry. There were also 115 Readers, 110 SPAs and 14 other Licensed Lay Ministers, including Church Army Evangelists and Lay Pioneers.

We provide a human resources (HR) advisory service to parishes. During 2023 there were at least 128 separate enquiries, with parishes seeking advice about a variety of employment matters, ranging from the provision of templates and telephone advice, to cases requiring more extensive support

about employment matters. There were 13 cases requiring more intensive longer term support to parishes, ranging from restructures and redundancies to performance issues, and matters of serious misconduct.

In 2022, The Revd Canon Leanne Roberts was appointed as Dean of Clergy Wellbeing and continues to work to ensure that our clergy are given tools for and help with maintaining their wellbeing. This includes access to counselling services. Our Diocesan Referrals Group works to develop and agree procedures, policies and strategies to support our clergy. This includes a complaints procedure (due for completion in 2024), and partnerships with Hub of Hope and Employers' Initiative on Domestic Abuse.

Church buildings and DAC

During 2023, the Diocesan Advisory Committee (DAC) gave 84 formal recommendations to parishes and other recipients, comparable to the 85 issued in 2022. A further 86 "List B" items were approved by Archdeacons (after DAC advice), compared with 117 the previous year.

The Diocese of Southwark has been awarded £217,000 over two years for its work to improve church buildings for mission and ministry across South London and East Surrey. This grant is part of a national Church of England 'Buildings for Mission' initiative, funded by the Church Commissioners and administered by the Archbishops' Council, which will see £9 million shared with dioceses for repairs and specialist advice to parishes.

The Diocese will use this funding for two key areas of work:

1. £73,000 will be put towards creating a new full-time role that will offer parishes advice on making repairs and improvements to church buildings – including fundraising support. This Church Buildings Fundraising Support Officer (a role that will be funded until the end of 2025, with 40% of the costs covered by diocesan funding) will also offer guidance on the sustainability of church buildings.

2. Throughout 2024 and 2025, parishes will be able to apply to the Diocese for grants towards the costs of minor repairs and improvements for church buildings. Funds awarded will typically be between £5,000 and £10,000 per parish and will be drawn from a total of £144,000 to be awarded over the two years.

Communications

2023 was a year of significant change for the Communications Team. We said farewell to Digital Communications Manager Daniel Stone and Communications Assistant Susana Rojas who both moved on to new roles and welcomed three new staff members: Anna Drew (Director of Communications), George Clarke (Digital Communications Manager) and Joseph Callanan (Communications Assistant).

The Team offered communications support for parishes for key diocesan and national events – including the Coronation of King Charles III, the consecration of the Bishop of Kingston, the Rt Revd Dr Martin Gainsborough, the Season of Lay Ministries, the Bishop's Lent Call, Windrush commemorations, Black History Month and opportunities to give thanks for the life and ministry of Bishop Karowei.

We continued to seek fresh ways of encouraging and informing people across our parishes, expanding our use of digital media. The team continued to produce *The Bridge* newspaper – which is available 10 times a year in both digital and print formats – and introduced a new fortnightly email newsletter, The Southwark Digest. Throughout December, we encouraged people to engage with our Diocesan Advent Calendar. Daily videos welcomed people through the doors of different churches across our Diocese, shared the Christmas story and invited people to visit their local church at Christmastime.

We continued to support our bishops in their advocacy on key issues affecting our world such as care for refugees, the conflict in Israel and Gaza, racial justice, cost-of-living, care for creation and violent crime in our communities. We also offered direct advice and support to parishes and schools in sharing their stories and dealing with challenging communications issues.

Future plans

This is an extraordinarily exciting time to be writing about future plans for the Diocese of Southwark. At the Diocesan Synod in November, our refreshed Southwark Vision 2024–35: **Christ Centred | Outward Focused** was overwhelmingly endorsed as a foundation for future work to grow God's Kingdom in South London and East Surrey and. This provides a basis for growth and sustainability in our Diocese in numbers worshipping in our parishes and communities, those giving generously to support the life of our parishes and diocesan family, and in our stewardship of our resources – whether financial, physical or environmental.

Through the first half of 2023 we engaged extensively with people from across our Diocese to develop this new iteration of Southwark Vision, in particular seeking to hear a diversity of perspectives, reflecting the glorious variety which characterises the Diocese of Southwark. Among the input received was a sense of the paramount importance of parishes in all their difference – and this is reflected in the explicit commitment of the new Vision to value all our parishes, enabling and serving them so they can minister to the whole people of God in their local context. As well as refreshing the Vision we are working hard to resource its delivery and help it to become a reality, seeking to make best use of available funding from central sources.

In 2023 we took full advantage of a £15,000 capacity-building 'starter grant' from the National Environment Team and recruited a temporary Net Zero Carbon Project Manager to develop our Net Zero Carbon action plan and, crucially, to develop a strong bid for longer term funding. This was successful and in 2024 we will use this funding to recruit a dedicated Net Zero Carbon Programme Manager, to help us develop the next stages of our plans to achieve Net Zero Carbon by our Diocesan target of 2035, following the processes set out in the national Church of England Routemap to Net Zero Carbon. This will include engaging with the national Environment Team and bidding for further capacity building and implementation funding as it becomes available.

In 2024, we will also be recruiting two officers funded by the national Racial Justice Unit to further develop the work of implementing our Anti-Racism Charter. Additionally, in late 2023 we were given the excellent news that our bid for funding to develop data, training and work on contested heritage had been successful, and in 2024 we will recruit a Racial Justice Development Officer to sit in the Secretariat with the Data Team under the leadership of the Deputy Diocesan Secretary. We will also appoint a Racial Justice Training Officer to be part of the Discipleship, Lay Ministry and Continuing Ministry & Training Team to provide more resource for this extremely important work.

As mentioned above, we have also been awarded £217,000 over two years under the Buildings for Mission initiative which will enable us to recruit a Church Buildings Fundraising Support Officer (partially funded by the grant and partially by the Diocese) and to offer grants in 2024 and 2025 for minor repairs and improvements to church buildings.

As well as these specific funding applications, in 2024 we will be making a substantial application for a funding partnership with the national Church to provide additional resources to implement Southwark Vision. The proposed funding partnership is called the Diocesan Investment Programme, and the Diocese will be applying for the maximum nine-year funding, which we expect will cover most of the Southwark Vision timespan.

Seeking to support, encourage and enable parishes to learn from each other and resource one another is key to Southwark Vision going forward, as it has been in the outworking of our first Southwark Vision. We will be continuing to develop Hub Churches to come alongside other parishes and Resourcing churches that will graft or plant new worshipping communities – initiatives which speak to the range of church traditions, languages and the many different contexts of our parishes. We expect to continue to be able to offer small grants to help with new Fresh Expressions of Church, with the potential of larger grants being available every few years. The development and deployment of Pioneer Ministers – both lay estates Pioneers and Pioneer Curates – is another area of work that we will be developing over the next 10 years and this will be reflected in our Diocesan Investment Programme funding application.

The Covid pandemic had significant ramifications for our church communities, with demographic changes in the inner urban parts of our Diocese as many families left the London area altogether. Additionally, many churches have simply struggled to recover – both financially and in terms of the recruitment of volunteers. The costs of living, particularly for our families and vulnerable members of our communities, have given renewed focus for estates ministry and work with families, children and young people.

Deepening our discipleship and seeking healing for our communities are also amongst our priorities. We will be seeking to revitalise our parishes and develop opportunities to engage new potential members of our worshipping communities, as we also look to establish new worshipping communities. By 2033, we hope to have enabled 25% of our parishes to participate in a parish revitalisation programme with groups of other parishes across our Diocese. We hope that up to a further 25% will benefit from paid children's and youth work – which in some cases will involve an apprentice in this field. Our overall aim is to equip and encourage our parishes within a mixed ecology of church – especially seeking to grow ministries with children, families and young people, on our estates and with our bilingual communities.

Developing new leaders in ministry and mission in Southwark means that we must better address how we can have more people among our leaders who reflect the diversity of the communities we serve – and so our work will include a research project on cultural diversity in our vocational pipelines to lay and ordained ministry. We also need to attract new children's and youth workers and our plans to address this include an apprenticeship scheme for young people as well as the provision of additional resources through mission enablers to our paid and volunteer CYP colleagues in parishes. We want to see our Diocese surpassing pre-pandemic levels of attendance in the next five years, growing a mixed ecology of worship patterns and creating a culture that encourages innovation and seeks to share learning from our experiences.

As well as applying for external funding, we will also be working to grow our financial sustainability within the Diocese. We are delighted that parish giving in this Diocese continues to be generous and we received £16m of income in 2023. Our collection rate continues to be particularly impressive at 99%. This is very important for stewardship and budgeting purposes and having some certainty about income is hugely helpful. In 2024 we will be working with our Archdeacons to continue to grow the number of parishes that are fully self-supporting – that is, meeting their indicative costs of ministry, including housing, training, wider support costs and their incumbent without needing financial support from other parishes in our Diocese.



EcoFair at St Luke, Kew.

Diocesan staff continue to work hard to support our parishes. This includes provision of statutory services such as safeguarding, HR, and the Diocesan Advisory Committee for the Care of Churches – as well as advice and resources for all aspects of parish mission and ministry. In 2024 we will appoint a new Information and Data Manager for Safeguarding to fill the vacancy left by Uzma Osinibi, which will enable us to conduct a parish safeguarding audit. We will also recruit an additional Assistant Diocesan Safeguarding Advisor, so that we can continue to provide parishes with timely advice on safeguarding issues. The National Safeguarding Team recommends a focus on two of the five Safeguarding Standards every year and in 2024 our focus will be *Standard Four: Victims and Survivors* and *Standard Five: Learning, Supervision and Support*. Going forward, we hope in 2025 to focus on *Standard One: Culture, Leadership and Capacity* and *Standard Three: Recognising, Assessing and Managing Risk*. In 2026 we will focus on *Standard Four: Victims and Survivors* and *Standard Two: Prevention*.

In 2024 we will be electing a new Diocesan Synod for the forthcoming triennium. We have begun planning for the elections, and for the induction process for new members. We will be seeking a more diverse and representative Synod and are building on the work already begun by the Chairs of the Houses of Clergy and Laity to encourage a wide range of people to come forward for election. This includes leaflets to encourage a wide range of participation, and a promotional video which will be shared across our diocesan communication channels.

Financial review

Financial performance

A deficit of £3.0m (2022: £0.2m surplus) is reported before property revaluations and losses or gains on investments. The principal reason for this deficit was a severe slowdown in the property market during 2023. While we made all the property purchases intended and completed a significant amount of capital expenditure, both to improve our property stock, the property sales we had expected to make in large part did not take place. We expect that the sales that did not take place in 2023 will take place in 2024, the realisation of the property gain being deferred rather than lost.

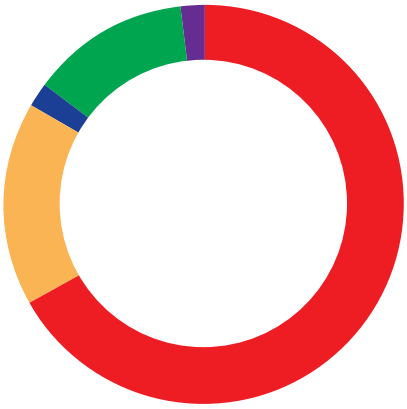
Aside from this our other sources of income were ahead of budget. Our expenditure was well controlled and overall was on budget, aside from property maintenance. Building costs inflation, both materials and labour, was higher than the general level of inflation and essential repairs and maintenance has to be carried out to our housing stock.

The decrease in the value of Board and Diocesan Stipendiary property was £13.6m (2022: £2.1m increase), again a reflection of the depressed state of the housing market. The net gain on investments was £0.3m (2022: £2.6m loss), as the market regained some of the value lost earlier in the year.

The donations made by parishes through the Parish Support Fund (PSF) are our principal source of income. Income from the PSF in 2023 was £16.0m (2022: £15.9m). The collection rate for 2023 was 99%, compared to 99.4% in 2022, an exceptional result in both years. The collection rate is testament to the partnership working between parishes and the Diocese, and the strength of our pledge system based on informed generosity.

Contributions from the Archbishops' Council were £1.9m (2022: £1.7m) with the increase attributable to a higher level of Strategic Development grant. Other donations remained stable at £2.0m (2022: £2.0m). Income from charitable activities was £2.1m (2022: £2.5m) as more of our housing was used for mission and ministry in the year, resulting in a reduction in rental income compared to 2022.

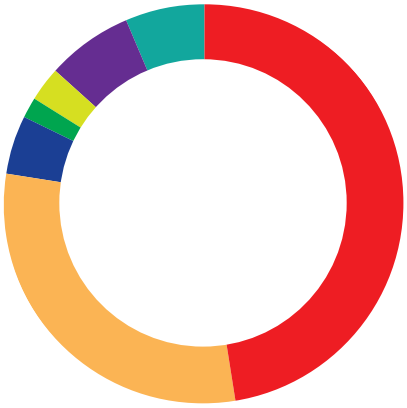
Costs rose to £26.8m (2022: £25.9m). Housing costs rose significantly due to high inflation on property maintenance. Stipends also increased year on year, with a 5% general uplift, partly offset by a reduction in the annual clergy pension scheme payment requirement. We did not benefit from a £0.6m credit



2023 FY Income vs (Budget)

- Parish share: £16.0m (£15.9m)
- Funding from outside Diocese: £3.9m (£3.4m)
- Gain on asset disposal: £0.4m (£3.0m)
- Funding from Diocesan assets: £3.1m (£2.9m)
- Parochial fees: £0.4m (£0.4m)

£23.8m (£25.6m)



2023 Expenditure vs (Budget)

- Ministry stipends: £12.8m (£12.6m)
- Ministry housing, training & support: £8.0m (£7.3m)
- Area Mission & JPIC: £1.3m (£1.3m)
- Board of Education: £0.4m (£0.4m)
- Strategic Development & Fresh Expressions: £0.8m (£0.8m)
- Governance and administration: £1.8m (£1.7m)
- National Church: £1.7m (£1.7m)

£26.8m (£25.8m)

in the pension scheme liability as we had in 2022.

The amount spent on administration as a proportion of the total gross expenditure of the SDBF amounted to 10% (2022: 9.5%). This expenditure continues to be monitored rigorously. It is comparable to other dioceses and other charities of a similar size and complexity.

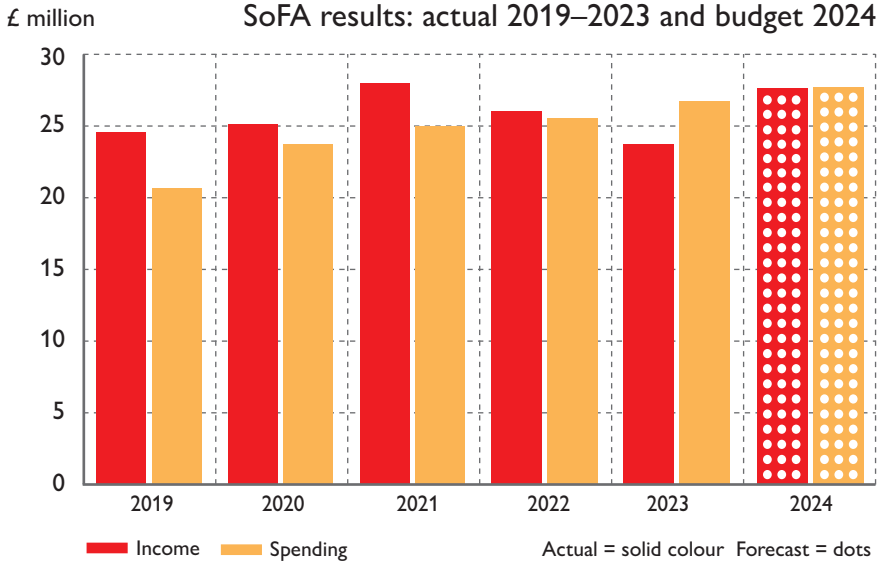
The value of investments increased by £0.3m (2022: £2.6m decrease). During the year there were no net sales of purchases of investments (2022: £0.4m purchases). There were £4.5m of sales and purchases to increase the exposure of the portfolio to global equities and bonds, away from UK equities and property funds. Further details on the investments and their performance can be found in the investment policy section on page 33.

There was no impairment to the value of parsonages in the year. Properties are held for the long term and our experience has been that sale prices exceed the carrying value of the asset.

The capital value of non parsonage properties fell by £13.6m (2022 £2.1m increase), a decrease of 10.8% (2022 1.7% increase). This decrease reflected the South London property market through 2023. Following the decision taken by the Trustees in 2016, whereby properties other than benefice houses were to be valued on a five-yearly cycle, one-fifth of the portfolio was revalued during the year by the SDBF's appointed firm of chartered surveyors, and the average change in the value of the properties revalued was applied to the remainder of the portfolio.

Financial history and plan

SoFA results: actual 2019–2023 and budget 2024



Significant property transactions

A summary of property transactions that took place during the year is shown in the table on page 32. Expenditure on property development and improvements continues to take place, to ensure that parsonage houses are fit for purpose and that the correct numbers and placement of properties are available for curates and other church workers. This is in line with the property strategy endorsed by Diocesan Synod and to support Southwark Vision.

Two parsonages were purchased in 2023, to replace those sold in 2022 deemed not fit for purpose.

Our policy continues to be:

- to accommodate the changing geographical deployment of clergy within the Diocese
- to release the development and refurbishment potential in some properties to enable more effective use of funds for the ministry of the church and to house curates
- to replace unsuitable properties to ensure that each parish/benefice has a benefice house.

Under the Mission and Pastoral Measure 2011, the Diocesan Pastoral Account is available for the purchase and/or improvement of benefice houses. To the extent that any remaining funds are not required, or are not likely to be required, for these purposes then the Account may be applied to any general purpose of the SDBF. The policy of the SDBF is to use the Account for exceptional property expenditure and for property staff costs where they are principally engaged in the purchase, sale and maintenance of the property portfolio but not to use it for routine property administration and maintenance.

Financial review *(continued)*

Balance sheet position

In year the Diocese replaced a loan of £1m from CCLA which it uses to fund parish loans. CCLA has withdrawn the facility and this was replaced by a facility with NatWest. A credit facility of £1m with HSBC was activated late in the year to assist with liquidity following the slowdown in the housing market. It is expected that this will be repaid in 2024 as budgeted property sales take place.

The Trustees consider that the balance sheet, together with Note 20 (pages 80–81), 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. The net assets as at the balance sheet date totalled £289.9m (2022: £306.1m). Included in this total are properties, mostly in use for ministry, whose value amounted to £265.7m (2022: £275.6m).

	2023 Number	2023 £'000	2022 Number	2022 £'000
Property development and improvement:				
Parsonage	23	1,565	18	1,396
Glebe property	10	633	4	152
DBF property	7	396	3	135
Total	**40**	**2,594**	**25**	**1,683**
Purchases at book value:				
Parsonage	2	2,025	1	2,000
Total	**2**	**2,025**	**1**	**2,000**
Sales at book value:				
Parsonage	–	–	2	1,675
Glebe property	2	919	3	2,075
DBF property	1	10	1	2,655
Total	**3**	**929**	**6**	**6,405**

Reserves policy

Free reserves are deemed to be the total of the unrestricted General Fund. Having considered financial risk, liquidity requirements and the timing of cash flows throughout the year, the Trustees reviewed and amended the policy in 2019. The Trustees' policy was gradually to grow working financial reserves in the General Fund such that it was equivalent to three months' budgeted unrestricted expenditure by the end of 2020, with an aspiration to achieve six months' budgeted unrestricted expenditure by the end of 2025. The target of three months' unrestricted expenditure was not achieved, due to the in year deficit reducing the General Fund. In addition, the aim is to have this backed by cash, which has also been not achieved. It is expected that those property sales scheduled for 2023 will be made in 2024 and restore the reserves and cash position to three months unrestricted expenditure in 2024.

Reserves invested in fixed assets

The General Fund comprises net assets amounting to £3.3m (2022: £6.2m), of which £2.8m (2022: £2.8m) relates to tangible fixed assets, principally freehold and leasehold property, and a further £3.1m (2022: £3.0m) is held in pooled investments.

Designated funds

The Trustees may designate additional unrestricted reserves to be retained for an agreed purpose where this is prudent. Such designated reserves are reviewed on an annual basis and returned to the General Fund if the purpose of their designation is no longer considered to be adequate justification for their retention.

A description of each reserve, together with the intended use of the reserve, is set out in Note 21 (see page 82). At 31 December 2023, total designated reserves were £39.8m (2022: £47.4m). The policy of the Trustees is to gradually return as many of these funds as possible to the General Fund.

Restricted and endowment funds

As set out in Note 20 (see pages 80–81), the SDBF holds and administers a number of restricted and endowment funds. As at 31 December 2023, restricted funds totalled £4.4m (2022: £3.9m) and endowment funds totalled £242.5m (2022: £248.6m). Neither are available for the general purposes of the SDBF.

Grant-making policy

The Articles of Association of the SDBF allow for the making of grants in pursuance of its objects. The grants made in the current and previous year are disclosed in Note 11 (see pages 68–69). All grants are made from budgets set aside for specific purposes and are subject to authorisation policies and criteria.

Investment policy

The SDBF is permitted by its Articles of Association to make investments. Note 20 (see pages 80–81) provides details of the assets of each fund, together with the related purposes. Note 15 (see page 75) summarises the movements in investments during the year. The investment principles were reviewed towards the end of 2018.

With most of its capital assets in residential housing, the focus of the Trustees is on the selection and review of investment funds to provide additional income to the Diocese whilst aiming to maintain the inflation-adjusted value of capital. The investment policy and principles in this align with the property strategy and Southwark Vision 2017–25.

	Funds at 31 December 2023	Proportion of portfolio	Income yield in year	Total return in year
	£'000	%	%	%
Managed funds:				
M&G Equity Investment Fund for Charities	4,925	19.5	6.0	3.6
J O Hambro UK Equity Income Fund	4,622	18.2	6.1	5.7
CBF Investment Fund	5,061	19.9	2.7	12.4
Savills Charities Property Fund	974	3.8	4.8	0.1
Mayfair Capital PITCH Fund	1,513	6.0	6.2	(0.6)
Sarasin Global Higher Dividend Fund	5,734	22.6	2.9	2.8
Blackrock Charities UK Bond Fund	2,541	10.0	4.1	6.0
Total	**25,370**	**100.0**		

The Trustees' investment policy is to pursue an ethical investment policy. The Trustees are committed to following the ethical and climate change investment guidelines laid down by the Ethical Advisory Group of the National Investing Bodies of the Church of England, not to invest directly but through collective investment vehicles, to seek the best economic returns consistent with commercial prudence following the judgment in the Bishop of Oxford case. Following a motion of Synod the Diocese is committed to divest from all holdings of fossil fuel investments by the end of 2024.

The investment objectives are:

- to seek the best possible overall return on investments, having due regard to the preservation of capital and subject to agreed risk tolerance
- for the Diocesan Stipendiary Fund and Ministry Fund, the aim is to maximise the growth of income in the longer term whilst maintaining the inflation-adjusted value of the capital
- for Board of Finance investments, the aim is to maximise capital and income in the longer term.

Excluding purchases, sales, and transfers, the value of investments has increased by 1%. The movement in the FTSE All Share index over the same period was a decrease of 2.5%. Total distributions increased to £1.3m (2022: £1.2m).

The SDBF does not adopt a total return policy for its investments but looks to identify investment managers who can produce income growth whilst preserving capital subject to agreed risk tolerances.

Principal risks and uncertainties

The Senior Management Team considers, evaluates and records the major areas of risk to which the SDBF is exposed, assessing both the likelihood and impact of those risks being realised, together with the measures in place to manage and mitigate such risks. These are discussed and scrutinised through the Audit and Risk Committee and the principal risks are submitted annually to the Diocesan Council of Trustees (DCT) for their discussion, feedback and approval.

The principal risks below reflect the eight risks approved by Trustees for 2023 which were revised in light of the national Church's Living in Love & Faith processes, as well as continuing economic difficulties.

All of the process of identification and assessment of risk, the risks identified and the measures for mitigation are reviewed at least annually by the Audit and Risk Committee, with at least one area of principal risk reviewed in detail at each meeting. Responsibility for delivery of the mitigation strategies identified is delegated to the Diocesan Secretary. The Risk Register is presented to, discussed by, and amended as Trustees determine and formally agreed by Trustees annually. As an organic document, it is available for inspection by all Trustees.

The Risk Register for the year ended 2023 identified eight areas where the risk of either failure to act or the impact of the events was considered 'high'. These areas and the associated mitigation strategies were as follows, listed in alphabetical order:

1. Communications

The parishes work in partnership with the DBF to promote Southwark Vision and to resource the Vision to cover the costs of ministry through the Parish Support Fund (PSF). Constant communication is required about the work and mission of our Diocese across South London and East Surrey, including new and existing mission initiatives.

The primary impact is that insufficient funds are generated through the PSF and that mutual support across the Diocese is weakened.

Mitigants include:

- close, transparent working relationships with all parishes and ensuring high-quality communications are delivered by a professional team, building on the revised engagement strategy for PSF.
- an integrated communications strategy focusing strongly ensuring good news stories from across the Diocese are widely shared ensuring effective and integrated use of different channels of communication including social media, the website and *The Bridge*.

A new risk is that the Diocesan change of culture needed to embed Lay Leadership and Lay Ministry does not gain traction, and that congregations become disillusioned, resulting in lower financial giving. This is mitigated by ensuring that we communicate a more balanced focus on the role of laity, and equip and enthuse clergy to develop and encourage lay ministers in their parishes.

An additional communications risk is that poor media coverage might lead to reputational loss for the Diocese. This is mitigated by high quality public relations management, provided by our in-house team. The team focuses on the fostering of good relationships with journalists, rigorous attention to the press agenda and social media trends – and, in particular, the careful management of communications around safeguarding issues.

2. Data and data protection

The development of the integrated database for our Diocese has ensured much more effective collection of data. This underpins the integrity and interpretation of diocesan data, which is essential for good strategic decision-making.

The principal risks for this area remain unaltered and are that incomplete, inaccurate or misinterpreted data leads to poor decision-making, wasted resources and reputational damage.

Mitigants include:

- ensuring that IT systems and processes are capable of collecting and reporting the data required
- maintaining close contact with parish offices so that reporting is timely and accurate
- working closely with the National Church Institutions' systems to ensure that collection systems are compatible
- keeping the processes of data collection under review to ensure that the data available meets the needs of decision-making processes

The Diocese and all its parishes must comply with data protection legislation or risk both legal and reputational consequences.

Mitigants include:

- providing a helpline for clergy and parish officers to deal with ad hoc queries and taking additional advice from the Diocesan Registrar, where necessary
- training all Diocesan staff in GDPR and data protection and carrying out Data Protection Impact Assessments for all new processes

3. Diocesan growth

Our Southwark Vision (2017–25) includes five strategic objectives which we believe will lead to growth. The risk, exacerbated by the current economic climate, is that the progress towards achieving these objectives is slowed, if not stalled.

Mitigants include:

- a focus on helping parishes to re-energise congregations, discipleship and social action
- a greater focus on children and young people
- the development of Hub and Resourcing churches, Fresh Expressions of Church and pioneer posts (lay and ordained) as churches are encouraged to create new forms of engagement and a 'mixed ecology' approach
- putting further energy into lay vocations and new lay ministries, while maintaining the momentum of ordained vocations
- a focus on growing leaders and representation that reflects the diversity of our Diocese
- dissemination of good practice about church growth.

4. Financial risks

The lasting impact of the Covid-19 pandemic, together with the economic downturn continue to result in lower income and cash flow difficulties for many of our parishes – with the consequential risk of a reduction in PSF pledges and payments.

Mitigants include:

- a renewed effort on communication with parishes and specific support through Archdeacons, where this is helpful
- identifying opportunities for parishes to become, or remain, self-financing, while continuing to support those that cannot
- ensuring that our communications commend different forms of giving, particularly digital
- providing support to parishes in sourcing alternative income streams
- a continued focus on the theology of generosity, supported by resources for parishes through our Director of Giving post
- close monitoring of pledge receipts and offering support to parishes with financial planning

5. Governance

The compliance and regulatory framework for large charities is increasing and evolving and the key risk here is a lack of accountability and transparency in decision-making.

Mitigants include:

- ensuring that the scheme of delegation on decision-making is strictly adhered to and that matters are dealt with at the correct level of governance – with all terms of reference of the constituent bodies being rigorously followed
- following the agreed Terms of Reference for each of the constituent bodies, sub-committees, working groups and any advisory groups
- ensuring transparent reporting by the Management Team through the Chair of the DBF, Policy & Finance Committee and the Diocesan Council of Trustees (DCT)
- maintaining strong links between Diocesan Synod and DCT and between the Southwark Diocesan Board of Education and Diocesan Synod.

6. IT

The loss of access to electronic data, including emails, would affect the ability of Diocesan staff to fulfil their responsibilities. The risk of malicious cyber attacks and phishing scams continues to be a concern.

Mitigants include:

- ongoing investment in IT hardware and software infrastructure
- completing the recommendations of the external IT Review by finalising a move to the cloud which is in progress
- frequent backups, with a robust disaster recovery plan Mandatory use of multi-factor authentication (MFA) enrolment with the National
- Cyber Security Centre and penetration security scans. Staff training enrolment for cyber security for new and existing staff.

Principal risks and uncertainties *(continued)*

7. Living in Love & Faith

The General Synod's decision to approve Prayers of Love & Faith for same-sex couples leads to risks and difficulties which result from the differences in theological perspectives across our Diocesan family. This is a changing risk area, causing deep levels of anxiety for many and is being constantly monitored by Senior Staff, Bishops and Archdeacons. Risks and impacts may come from both those in favour and those against General Synod's recommendations – which in themselves continue to evolve. Our Diocese is committed to speaking well of each other notwithstanding differences of conviction which are held in good faith. It is recognised that this is a difficult area for many, but there are opportunities to serve, minister and evangelise regardless of any outcome and any associated risks should be understood in that context.

Mitigants include:

- continuing partnership working and open dialogue with all parishes
- engaging with the national expertise and Registrar in matters of legalities
- senior clergy continuing to build trust with parishes and the wider diocese through successful communications at all levels – including publications and face to face contact
- ensuring an intentional focus on clergy and laity wellbeing

8. Safeguarding

As the requirements for safeguarding policy and procedures have rightly become more rigorous, there has been an increased focus on this risk area. Any occurrences of abuse by someone working for or on behalf of the Church will have significant consequences for those affected and there is also a reputational risk in the event of poor safeguarding practice.

Mitigants include:

- effective staff and volunteer recruitment and training at parish and deanery level, with a focus on prevention as well as case up-to-date Diocesan policies and procedures in line with the national Church's practice guidance
- ensuring that transparent accountability is robust and secure, and that the Safeguarding Team is fully resourced
- ensuring regular parish safeguarding self-audits form part of the Archdeacons' annual parish inspections

Core Groups for safeguarding case management meet as required and are chaired by an Archdeacon, a senior lay member of the DCT or the Diocesan Safeguarding Advisory Panel Chair. Parishes are required to use the online systems for Disclosure and Barring Service checks as part of the safe recruitment of those working with children, young people and adults who may be at risk of harm. We work to ensure the rigorous recording of data and produce statistics to allow full and ongoing reviews of Diocesan safeguarding processes, as well as input into continuing implementation of IICSA and national Church initiatives. All safeguarding work is supported by proactive and sensitive communications, provided by our in-house team. Formal reporting of safeguarding activity and the key risk areas is provided for annual scrutiny by the Diocesan Audit and Risk Committee and the whole Trustee body at the DCT as a further mitigant.

Governance

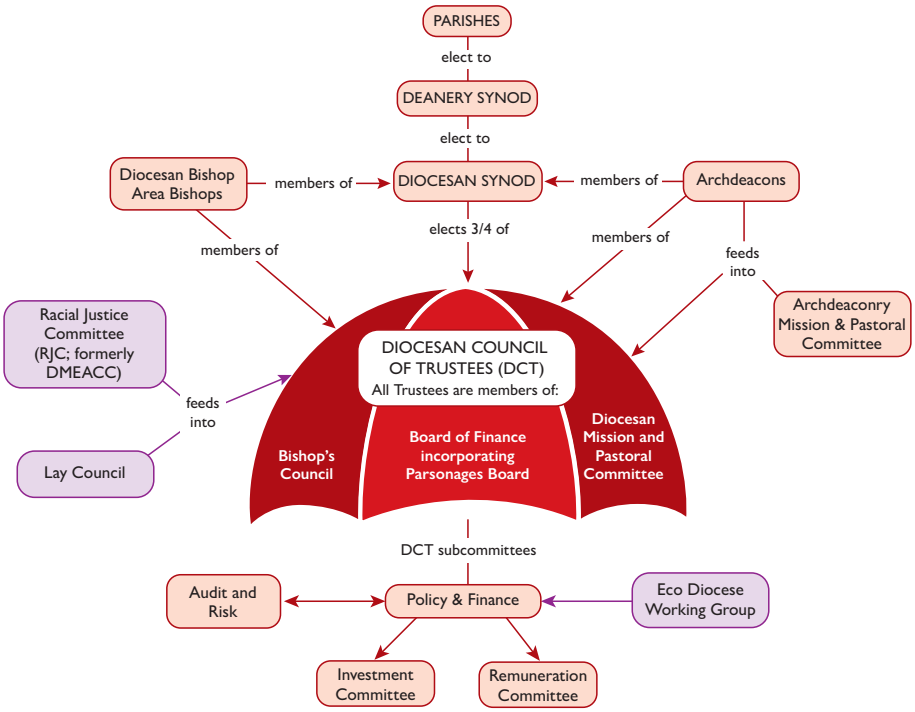
Structure and governance

Summary information about the structure of the Church of England

The Church of England is the established Church and HM The King is the Supreme Governor. It is organised into two provinces (Canterbury and York) and 42 dioceses. Each diocese is a See under the care of a Bishop who is charged with the cure of souls of all the people within that geographical area. This charge is shared with Priests within benefices and parishes which are separate charitable entities but also part of sub-divisions of the Diocese, served by the Diocese and accountable to the Diocese.

The National Church has a General Synod comprising ex-officio and elected representatives from each diocese, and it agrees and lays before Parliament Measures for the governance of the Church's affairs which, if enacted by Parliament, have the force of statute law. In addition to the General Synod, the Archbishops' Council has a coordinating role for work authorised by the Synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pensions Board administers the pension schemes for clergy and lay workers.

Within each diocese, overall leadership lies with the Diocesan Bishop. The Diocese of Southwark is itself divided into 25 deaneries, each with its own Deanery Synod, and within each parish there is a Parochial Church Council (PCC). The PCC shares responsibility with the parish priest for the mission of the Church in that place, in a similar way to that in which the Bishop shares responsibilities with the Diocesan Synod. Whilst each diocese is a separate legal entity, with a clear responsibility for a specific geographical area, being part of the Church of England requires and enables each diocese to seek support from and work in partnership with other dioceses and national bodies.



Committees in purple are not formally part of the governance structure but feed into them via reporting lines to the Bishop of Southwark or the Diocesan Secretary.

Organisational structure

The South London Church Fund & Southwark Diocesan Board of Finance (SDBF) is a company limited by guarantee (No 236594) and a registered charity (No 249678) governed by its Articles of Association. It was incorporated in 1929. The Articles were updated and modernised during 2017. The Company Secretary is the Diocesan Secretary.

The governance and policy of the SDBF is the responsibility of the Trustees, who are also members and directors of the company and trustees for the purposes of charity law. Since November 2015, the Diocesan Council of Trustees (DCT, see diagram, above) has been the standing committee of the Diocesan Synod, and its members are members of the Diocesan Board of Finance (DBF), the Bishop's Council and the Diocesan Mission and Pastoral Committee (DMPC); i.e. co-terminous membership. In November 2022, the Parsonages Board was incorporated within the DBF and so became the Parsonages Committee with the same co-terminous membership of the DCT. As with most other dioceses, it did not hold separate bank accounts or financial accounting. The Parsonages Committee sits within the DBF.

Under the revised governance, the DCT comprises the Diocesan Bishop (President of the Diocesan Synod), Chair and Vice Chair of the Board of Finance (both laity), Area Bishops, Archdeacons, Chairs of the Houses of Clergy and Laity of the Diocesan Synod, six clergy (two from each Episcopal Area), 12 members of the laity elected by the House of Laity of the Diocesan Synod (including three from each Area) and up to six further lay members with up-to-date financial or other relevant expertise formally elected by the House of Laity of the Diocesan Synod. The implementation of this revised governance structure was reviewed by an external consultant during 2018 and was found to be successful and robust.

The Diocesan Synod, the statutory governing body of our Diocese, is an elected body drawn from across the Diocese with responsibility for setting the vision and strategy of the Diocese. The Synod membership is elected every three years, the last elections having been in 2021. The Synod elects from its members 12 of the lay Trustees of the SDBF and six of the clergy members. The SDBF is subject to the direction of the Synod in all its activities, unless such direction is not in accordance with the governing documents or statutory regulations. Since the DBF developed coterminous membership with the Bishop's Council and DMPC membership, trusteeship and directorship of the SDBF also includes membership of those other bodies, all part of the DCT. The Diocesan Secretary is Secretary to each of these, except that the Deputy Diocesan Secretary is Secretary to the DMPC.

Decision-making structure

Corporate priorities and the overall financial strategy for the Diocese, in its primary object to promote, assist and advance the work of the Church of England within the Diocese of Southwark, are set by the Diocesan Synod and the SDBF. The responsibility for ensuring that these priorities and strategies are delivered is delegated to the Diocesan Secretary who reports to the Bishop of Southwark and is also accountable to Trustees through the Chair of the SDBF.
The Policy and Finance Committee, which is the standing committee of the Council of Trustees, holds the work of the Diocesan Secretary to account. The company meets once a year in a General Meeting to receive and approve the Annual Report and Financial Statements, appoint the auditors and elect the Chair and Vice Chair, nominated by the Bishop of Southwark.

Each year the Diocesan Synod receives and agrees the annual budget, prepared and approved by the Board. The Diocesan Council of Trustees holds five meetings each year, including one all-day meeting to consider the annual budget and objectives. Trustees formulate and co-ordinate policies on mission, ministry and finance by:

- initiating proposals for action by the Synod and advising it on matters of policy
- delegating, where appropriate, deliberation of policy and review of decisions to its Policy and Finance Committee and Audit and Risk Committee and the Investment Sub-Committee
- transacting the business of the Synod when it is not in session, subject to the directions of the Synod and in accordance with Synod Standing Orders
- acting as the Trustees of the Board establishing ad hoc review groups, their terms of reference and membership carrying out such other functions as the Synod delegates to it
- appointing members to committees and representatives to external bodies, subject to the direction of the Synod

The Trustees are assisted in their work by two committees:

The Policy and Finance Committee (PFC) is the standing committee of the DCT and monitors management accounts and budgets, the use of assets and investment policies and exercises the authority delegated to it by the Trustees in areas such as grants and loans. It also undertakes the Board's operational responsibilities under the Parsonages Measures 1938 and 1947; the Repair of Benefice Buildings Measure 1972; the Parochial Church Councils (Powers) Measure 1956, as amended, and the Incumbents and Churchwardens (Trusts) Measure 1964 (with respect to parochial property); the Endowment and Glebe Measure 1976 (with regard to property assets); and the Mission and Pastoral Measure 2011 (with regard to redundant churches).

In addition, this committee considers and initiates areas of strategic policy where proposals are at an early stage of development prior to submission to the SDBF. It meets five times a year including one all-day meeting which particularly examines the forthcoming budget, work plans and annual objectives. It holds the work of the Diocesan Secretary to account and, through the Diocesan Secretary, the work of the executive team.

Structure and governance
(continued)

The Audit and Risk Committee scrutinises performance, oversees issues of financial probity, reviews the work of external audit, prepares the response to the external auditor's management letter, scrutinises the effectiveness of governance, and reviews the risk register and major areas of risk. It meets four times a year.

In addition, the SDBF is advised by its **Investment Sub-Committee**, which provides advice to the PFC and to the Diocesan Secretary on the SDBF's investments and funds available for investment. This meets five times a year including two all-day meetings. The Board is also advised by its **Remuneration Committee**, which normally meets annually.

Trustee recruitment, selection and induction

Board Trustees of the Diocesan Board of Finance are also members of the Bishop's Council and DMPC, and are selected as set out above. Potential Trustees complete skills audits, there is a role description and Trustees are given induction at the outset of the triennium and at other times as appropriate, such as when Trustees are elected or appointed during the triennium. They are also informed, before seeking membership and at all other relevant times, of the role and function of each committee and constituent element of the DCT. Some staff hold the title of 'Director' but this relates to their function within the organisation and has no legal meaning within the terminology associated with the Companies Act. All Trustees are required to sign the Diocesan Declaration of Eligibility, Responsibility and Conflicts of Interest statement forms. A Handbook of Governance is given to each Trustee.

Remuneration of key management personnel

Remuneration of the Diocesan Secretary is determined annually by the Remuneration Committee, which also receives the Diocesan Secretary's remuneration recommendations for members of the Senior Management Team, which the Remuneration Committee then considers for approval. The committee is a sub-committee of the PFC, formally reporting through it to the DBF. It is chaired by the Bishop of Southwark and includes the Chair and Vice-Chair of the SDBF and any external consultants, as they determine. The committee also includes the Chair of the PFC.

Delegation of day-to-day delivery

The Trustees and the committees which assist them in the fulfilment of their responsibilities delegate management to the Diocesan Secretary who, with the Senior Management Team, delivers the activities of the company in accordance with the policies of the Trustees. The Diocesan Secretary is given specific and general delegated authority to deliver the business of the Board.

Funds held as Diocesan Authority

The Board acts as Diocesan Authority or Custodian Trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956, as amended, and the Incumbents and Churchwardens (Trusts) Measure 1964 where the Managing Trustees are PCCs and others. These assets are not aggregated in the financial statements as the SDBF does not control them, and they are segregated from the SDBF's own assets by means of a separate bank account, separately identified investment holdings and a separate accounting system. Further details of financial trust assets, whose market value amounted to £17m at 31 December 2023 (2022: £15.9m), are available from the SDBF on request, and are summarised in Note 29 (see page 88). Where properties are held as Diocesan Authority, the deeds are identified as such and held in safe custody by the SDBF's solicitor, Winckworth Sherwood LLP.

Section 172 statement

This section serves as our Section 172 statement and should be read in conjunction with the Strategic Report on pages 13–36. Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders in their decision-making. The Directors continue to have regard to the interests of the Company's employees and other stakeholders, including the impact of its activities on the community, the environment and the Company's reputation, when making decisions.

The majority of Directors are elected from the parishes and communities served by the Diocese, ensuring coverage geographically across the Diocese through elections from the Diocesan Synod. The presentations by the Chair of the Board to Diocesan Synod, covering budgets, objectives and the Annual Report, are examples of this.

Acting in good faith and fairly between members, the Directors consider what is most likely to promote the success of the Company in the context of being a DBF among some 40 others across the Church of England, and also in being a charity with charitable objectives focused on mission and ministry. Whilst the importance of giving due consideration to our stakeholders is not new, we wish to explain how the Board engages with our stakeholders to comply with the requirement to include a statement setting out how our Directors have discharged this duty.

- The Directors are fully aware of their responsibilities to promote the success of the Company in accordance with Section 172 of the Companies Act 2006
- The Board regularly reviews how we engage with the parishes and Deaneries across the Diocese which comprise the electing body of Synod. In effect, the Directors through the DBF are the standing committee of Synod, and the Chairs of both the House of Laity and the House of Clergy are on the Board, as are representatives of both parish clergy and lay people in parishes
- The stakeholder voice is brought into the boardroom throughout the annual cycle through information provided by management and also by direct engagement with stakeholders themselves. In our Strategic Report (pages 13–36), we set out some of our other principal stakeholders, how and why we engage, and detail engagement outcomes. The relevance of each stakeholder group may increase or decrease depending on the matter or issue in question, so the Board seeks to consider the needs and priorities of each stakeholder group during its discussions and as part of its decision-making
- The SDBF has good relationships with its suppliers, parishes and others. Committees of the DBF include members who hold roles in parishes; and engagement with parishes, including with volunteer lay officers and clergy, includes annual meetings across the Diocese, organised on an Archdeaconry and Deanery basis
- The Diocesan Secretary is effectively the Chief Executive Officer and is held accountable to the Board through regular meetings at least monthly with the Chair and Vice Chair, and through the Policy and Finance Committee where a range of employees attend, and through the Board meetings, any of which can be attended by employees from the Senior Management Team
- Directors of the Board include the six Archdeacons and four Bishops and they have regular and open contact with employees at all levels of the organisation. All heads of departments have team meetings and individual meetings with staff and there are also all-staff meetings.
- The Senior Management Team has been designated as "senior management" for the purposes of the 2018 Code but not for the purposes of section 414C(8) of the Companies Act 2006. It comprises the senior functional management roles and together is made up of those with responsibility for interacting with the charitable company's principal stakeholders. The Board has had in place, since 2015, measures to ensure that stakeholder interests are always taken into account. Where external legal advice is required, the Directors can consult with the Diocesan Registrar or ask senior staff such as the Diocesan Secretary or Deputy Diocesan Secretary to do so on their behalf.

Related parties

Related parties include:

- The Southwark Diocesan Board of Education (SDBE), a separate registered charity (No 31300) to which the SDBF makes grants. The SDBE supports 103 Church of England schools; 90 are primary schools and 13 are secondaries, of which two are all-through schools and 18 are academies. The SDBE supports the provision, effectiveness and development of education in all Church of England schools within the Diocese. It specifically seeks to develop the Christian ethos and distinctiveness of Church schools; to promote religious education and collective worship; and to advise School Governors and Trustees and support the maintenance and improvement of school buildings and facilities. The SDBE also supports the provision of chaplaincy in higher and further education institutions, a post funded by the SDBF. The SDBF also makes an grant to the SDBE towards the cost of delivering the Diocesan Measure for Education. The Bishop of Southwark is President of the SDBE, and the Rt Revd Dr Rosemarie Mallett is the Chair of the Board. The Ven Simon Gates, Archdeacon of Lambeth, is the Chair of the Schools Committee.
- SDBE Multi Academy Trust, which is an exempt charitable company (No 10385920). The SDBF has made a specific grant through the SDBE to underpin the development of the Multi Academy Trust (MAT). The SDBF is a member of the MAT and is represented through the Diocesan Secretary. As a member, the SDBF is entitled to nominate one-third of the directors of the MAT.



Southwark Cathedral.

- Southwark Diocesan Welcare (Welcare), a separate registered charity (No 1107859) to which the SDBF makes a grant. Welcare is a Christian charity working in South London and East Surrey with disadvantaged children and families, irrespective of faith, culture, abilities or life choices. By offering family support, mentoring services and group work with parents and children, Welcare empowers families to rebuild their lives and family ties, helping parents to give their children happier, more confident childhoods. The Board of Welcare includes the Head of JPIC as the DBF nominee.
- Southwark Cathedral (charity no. 1200866) to which the SDBF makes a grant. It is the seat of the Bishop of Southwark, and services and special events are held at the Cathedral that are paid for by the SDBF.
- Together Southwark (charity no 1153362) promotes the alleviation of poverty and relief of financial hardship among children, young people and vulnerable families. The Diocese is its principal funder. The Rt Revd Dr Rosemarie Mallett, Bishop of Croydon, was among the Directors during the year. Together Southwark is not consolidated in these accounts under section 405 of the Companies Act 2006 as its inclusion is not material.

Grants made to these parties are identified in note 11 to the accounts (see page 68). Any further related party transactions are identified in note 26 (see page 86).

Trustees' responsibilities



Members of Diocesan Synod take a vote.

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

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

- select suitable accounting policies and apply them consistently
- observe the methods and principles in the Charities SORP (FRS 102)
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to assume 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.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included in the Diocesan website.

Statement of disclosure to the auditor

So far as each Trustee is aware:

a) there is no relevant audit information of which the charitable company's auditor is unaware, and

b) each Trustee has taken all the steps that they ought to have taken as a Trustee in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

Appointment of auditor

Buzzacott LLP was appointed as the auditor in June 2021 and re-elected in May 2023.

Administrative details

Trustees

No Trustee had any beneficial interest in the Company during 2023. The following Trustees were in post during the period 1 January 2023 to the date of approval of these financial statements.

President

The Right Revd Christopher Chessun,
The Bishop of Southwark

Ex-officio

The Right Revd Dr Rosemarie Mallett,
The Bishop of Croydon

The Right Revd Dr Martin Gainsborough,
Bishop of Kingston

The Right Revd Dr Karowei Dorgu
(to 8 September 2023),
The Bishop of Woolwich

The Venerable Greg Prior,
The Archdeacon of Croydon

The Venerable Simon Gates,
The Archdeacon of Lambeth

The Venerable Alastair Cutting,
The Archdeacon of Lewisham & Greenwich

The Venerable Moira Astin,
The Archdeacon of Reigate

The Venerable Jonathan Sedgwick,
The Archdeacon of Southwark

The Venerable John Kiddle,
The Archdeacon of Wandsworth

Chair of the House of Clergy of Diocesan Synod

The Revd Lotwina Farodoye

Chair of the House of Laity of Diocesan Synod

Mr Adrian Greenwood, (Lay Canon)

Appointed by the Bishop of Southwark

Sir David Beamish
Chair of the Board of Finance

Mrs Sarah Docx
Vice Chair of the Board of Finance

Elected by Synod (House of Clergy)

The Revd Michael John
The Revd Jonathan Macy
The Revd Justine Middlemiss
The Revd Dr Eddie Scrase-Field
The Revd Fiona Weaver

Elected by Synod (House of Laity)

Mrs April Alexander
Mrs Rebecca Chapman
Mrs Despina Francois
Miss Vasantha Gnanadoss
Mr Joseph Goswell
Mr Richard Helliwell
Miss Solabomi Ogun
Miss Miranda Okon
Miss Olusola Oyeleye
Miss Susan Patterson
Miss Rosemary Wilson

Lay persons elected as specialists

Dr Nicholas Burt
Mr Michael Hartley
Miss Gill Reynolds
Mr Alan Saunders
His Honour Nigel Seed KC
Mr Nicholas Stansbury
(to 11 August 2023)

Senior staff

Ms Ruth Martin (Lay Canon)
(to 31 August 2023)
Diocesan Secretary

Mrs Nicola Thomas
(from 1 September 2023)
Diocesan Secretary

Mrs Jacqueline Pontin
Deputy Diocesan Secretary

Mr Mark Rhodes
Director of Finance and Financial Assets

Mr Colin Bushell
(to 11 June 2023)
Diocesan Surveyor

Ms Ruth Martin (Lay Canon)
(from 1 September 2023)
Bishop's Lead for Strategic Development (including Property Strategy)

Mr Andrew Bennett
(from 12 June 2023)
Director of Property Services

Mr David Loft
Director of Human Resources

Mr Mark Charlton (to 30 June 2023)
Director of Information Technology

Mr Devas Palokkaran (from 1 July 2023)
Director of Information Technology & Data

The Revd Canon Wendy Robins
Director of Discipleship, Lay Ministry & Continuing Ministerial Education

The Revd Jeremy Clark-King,
Director for Clergy Formation & Initial Ministerial Education

Ms Sophia Jones (to 31 January 2023)
Director of Communications

The Revd Anna Drew
(from 17 April 2023)
Director of Communications

Ms Pamela Chisholm
Diocesan Safeguarding Advisor

Mrs Gabby Parikh
Director of Giving and Parish Funding

Registered office

Trinity House, 4 Chapel Court, Borough High Street,
London SE1 1HW

Advisers

Bankers

National Westminster Bank plc
91 Westminster Bridge Road, London SE1 7HW

HSBC UK Bank plc
10 York Road, London SE1 7ND

HSBC Private Bank (UK) Limited
8 Cork Street, London W1S 3LJ

Independent Auditor

Buzzacott LLP
130 Wood Street, London EC2V 6DL

Solicitors

Winckworth Sherwood LLP
Minerva House, 5 Montague Close, London SE1 9BB

Investment Fund Managers

CCLA Investment Management Ltd
Senator House, 85 Queen Victoria Street, London EC4V 4ET

J O Hambro Capital Management Ltd
1 St James's Market, London SW1Y 4AH

M&G Securities Ltd
10 Fenchurch Avenue, London EC3M 5AG

Mayfair Capital Investment Management Ltd
2 Cavendish Square, London W1G 0PU

Sarasin & Partners LLP
Juxon House, 100 St Paul's Churchyard, London EC4M 8BU

Savills Investment Management (UK) Ltd
33 Margaret Street, London W1G 0JD

BlackRock Investment Management (UK) Limited
2 Throgmorton Avenue, London EC2N 2DL

Insurers

Ecclesiastical Insurance Group plc
Beaufort House, Brunswick Road, Gloucester GL1 1JZ

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 13–36 in their capacity as Company Directors.

By order of the Trustees



Sir David Beamish
Chair of the Board of Finance
21 May 2024



Nicola Thomas
Secretary
21 May 2024

Financial statements

Independent auditor's report

To the Members of the South London Church Fund and Southwark Diocesan Board of Finance

Opinion

We have audited the financial statements of South London Church Fund & Southwark Diocesan Board of Finance (the "charitable company") for the year ended 31 December 2023, which comprise the statement of financial activities, the income and expenditure account, the balance sheet, the statement of cash flows, and the notes to the financial statements including the principal 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 income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the 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 12 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 2023, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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 Trustees' report, which is also the Director's Report for the purposes of company law and includes the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' report, which is also the Director's Report for the purposes of company law and includes the Strategic Report, has been prepared in accordance with applicable legal requirements.

Independent auditor's report
(continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report, including the Strategic Report.

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

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

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement in the Trustees' report, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charitable company through discussions with Trustees and management, and from our knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charitable company, including the Charities Act 2011; the Companies Act 2006; Church Assembly and General Synod Measures; and safeguarding regulations;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- we ensured that laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management and representatives of those charged with governance as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and

non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected financial relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining accounting estimates were indicative of potential bias;
- performed substantive testing on expenditure; and
- investigated the rationale behind significant or unusual financial transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management and representatives of those charged with governance as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of Trustees and management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion. 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.



Peter Mackereth
Senior Statutory Auditor

For and on behalf of Buzzacott LLP,
Statutory Auditor,
130 Wood Street,
London EC2V 6DL

3 June 2024

Statement of Financial Activities for the year ended 31 December 2023

	Note	Unrestricted funds: General £'000	Unrestricted funds: Designated £'000	Restricted funds £'000	Endowment funds £'000	Total funds 2023 £'000	Total funds 2022 £'000
Income and endowments from:							
Donations	3						
Parish contributions		16,044	–	–	–	16,044	15,947
Archbishops' Council		270	–	1,613	–	1,883	1,743
Other donations		2,038	–	–	–	2,038	2,026
Charitable activities	4	2,139	–	–	–	2,139	2,463
Investments	5	1,129	–	143	–	1,272	1,236
Gains on disposal of properties	6	395	–	–	40	435	2,705
Total		**22,015**	**–**	**1,756**	**40**	**23,811**	**26,120**
Expenditure on:							
Charitable activities	7	25,815	–	950	–	26,765	25,683
Loss on disposal of properties	8	–	–	–	–	–	224
Total		**25,815**	**–**	**950**	**–**	**26,765**	**25,907**
Net (expenditure)/income before investment gains/(losses)		**(3,800)**	**–**	**806**	**40**	**(2,954)**	**213**
Net unrealised gains/(losses) on investments	15	107	–	20	204	331	(2,643)
Net (expenditure)/income		**(3,693)**	**–**	**826**	**244**	**(2,623)**	**(2,430)**
Transfers between funds	13	**731**	**(2,422)**	**(334)**	**2,025**	**–**	**–**
Other recognised (losses)/gains: Revaluation of property	14	–	(5,193)	–	(8,391)	(13,584)	2,133
Net movement in funds		**(2,962)**	**(7,615)**	**492**	**(6,122)**	**(16,207)**	**(297)**
Total funds brought forward		6,240	47,381	3,863	248,635	306,119	306,416
Total funds carried forward	20	**3,278**	**39,766**	**4,355**	**242,513**	**289,912**	**306,119**

All activities derive from continuing activities. The notes on pages 55–88 form part of the financial statements. The full prior year Statement of Financial Activities (SoFA) is included at Note 27 (see page 87).

Income and expenditure account for the year ended 31 December 2023

	2023 £'000	2022 £'000
Total income	23,771	23,415
Total expenditure	(26,765)	(25,900)
Operating deficit for the year	**(2,994)**	**(2,485)**
Net gains/(losses) on investments	127	(465)
Net expenditure for the year	**(2,867)**	**(2,950)**
Other comprehensive income:		
Revaluation of fixed assets	(5,193)	1,087
Net assets transferred to endowments	–	(359)
Total comprehensive expenditure	**(8,060)**	**(2,222)**

The income and expenditure account is derived from the Statement of Financial Activities (SoFA) with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities.

Balance sheet as at 31 December 2023

Company Number 236594	Note	£'000	2023 £'000	£'000	2022 £'000
Fixed assets:					
Tangible assets	14		265,691		275,596
Investments	15		25,370		25,074
Total			**291,061**		**300,670**
Current assets:					
Debtors	16	1,089		1,938	
Cash on deposit		790		5,813	
Cash at bank and in hand		2,715		2,148	
Total		**4,594**		**9,899**	
Creditors: amounts falling due within one year	17	(2,133)		(830)	
Net current assets			**2,461**		**9,069**
Total assets less current liabilities			**293,522**		**309,739**
Creditors: amounts falling due after more than one year	18		(3,610)		(3,620)
Net assets			**289,912**		**306,119**
Funds:					
Endowment funds			242,513		248,635
Restricted income funds			4,355		3,863
Unrestricted income funds:					
General Fund			3,278		6,240
Designated funds			39,766		47,381
Total funds	**20**		**289,912**		**306,119**

The financial statements were approved by the Board of Trustees and authorised for issue on **21 May 2024** and signed on behalf of the Board by:



Sir David Beamish
Chair of the Board of Finance

Statement of cash flows for the year ended 31 December 2023

	2023		2022
	£'000	£'000	£'000
Net cash used in operating activities		(3,445)	(5,059)
Cash flows from investing activities:			
Dividends, interest and rent from investments	1,272		1,236
Proceeds from the sale of:			
Tangible fixed assets	1,354		8,886
Fixed asset investments	4,535		4,763
Purchase of:			
Tangible fixed assets	(4,662)		(3,683)
Fixed asset investments	(4,500)		(5,185)
Net cash (used in) provided by investing activities		**(2,001)**	**6,017**
Cash flows from financing activities:			
Loans received/(repaid)	990		(590)
Net cash provided by (used in) financing activities		**990**	**(590)**
Change in cash and cash equivalents in the reporting period		(4,456)	368
Cash and cash equivalents at 1 January		7,961	7,593
Cash and cash equivalents at 31 December		**3,505**	**7,961**

Notes to the statement of cash flows for the year ended 31 December 2023

Reconciliation of net (expenditure)/income to net cash flow from operating activities	2023 £'000	2022 £'000
Net income before investment (losses)/gains for the year	(2,954)	213
Adjustments for:		
Depreciation charges	54	71
Dividends, interest and rent from investments	(1,272)	(1,236)
Movement in pension deficit recovery creditor less contributions paid	–	(591)
Decrease in value of Value–Linked Loans	10	–
Gains on sale of fixed assets	(435)	(2,481)
Decrease/(increase) in debtors	849	(1,069)
Increase in creditors	303	34
Net cash used in operating activities	**(3,445)**	**(5,059)**

Analysis of cash and cash equivalents	2023 £'000	2022 £'000
Cash in hand	2,715	2,148
Notice deposits (less than three months)	790	5,813
Total	**3,505**	**7,961**

Analysis of changes in net debt	At 1 January 2023 £'000	Cash flows £'000	At 31 December 2023 £'000
Cash	7,961	(4,456)	3,505
Loans falling due within one year	–	(1,000)	(1,000)
Loans falling due after one year	(3,620)	10	(3,610)
Total	**4,341**	**(5,446)**	**(1,105)**

Notes to the financial statements

1. Accounting policies

a. General information

The South London Church Fund & Southwark Diocesan Board of Finance (SDBF) is a charitable company limited by guarantee, incorporated in England and Wales and registered with the Charity Commission. In the event of the charitable company being wound up the liability in respect of the guarantee is limited to £1. The SDBF meets the definition of a public benefit entity under FRS 102.

b. Accounting convention and basis of preparation

The financial statements have been prepared in accordance with the Companies Act 2006, applicable Accounting Standards in the United Kingdom (FRS 102) and the Statement of Recommended Practice for Charities (Charities SORP FRS 102).

The financial statements have been prepared on the historical cost basis with the exception of freehold properties, which are included at their Fair Value as determined under the applicable valuation method as detailed in 1.f, and fixed asset investments, which are included at their Fair Value at the balance sheet date.

c. Going concern

The Directors/Trustees have reviewed forecasts for a period of at least 12 months from the date of the approval of these financial statements and consider that there are no material uncertainties regarding the SDBF's ability to continue as a going concern.

d. Income

Income is recognised in the period in which the charitable company is entitled to receipt, if the amount can be measured reliably and it is probable that the funds will be received.

Income comprises donations, including parish contributions and grants receivable, legacies, income from listed investments, interest receivable, income directly related to charitable activities (including rent receivable), the net surplus on disposal of tangible fixed assets and miscellaneous income.

Parish contributions (or parish share) are recognised by the charitable company on receipt. Amounts not received are not recognised as debtors as the pledges represent a commitment that is not legally enforceable.

Other donations and grants are recognised when the charitable company has confirmation of both the amount and settlement date. In the event of donations and/or grants pledged but not received, the amount is accrued for where the receipt is considered probable. If a donation or grant is subject to conditions that require a level of performance before the charitable company is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charitable company and it is probable that those conditions will be fulfilled in the reporting period.

In accordance with the Charities SORP FRS 102 volunteer time is not recognised.

Legacies are included in the statement of financial activities when the charitable company is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charitable company. Entitlement is taken as the earlier of the date on which either: the charitable company is aware that probate has been granted, the estate has been finalised and notification has been made by the executor to the charitable company that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charitable company has been notified of the executor's intention to make a distribution.

Investment income is recognised once the dividend or similar income has been declared and notification has been received of the amount due.

Notes to the financial statements

1. Accounting policies (continued)

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charitable company; this is normally upon notification of the interest paid or payable by the bank.

Income from charitable activities includes parochial fees received for occasional offices including baptisms, weddings and funerals. These are recognised as income when receivable.

Gains or losses on the disposal of property assets are calculated as the difference between the sale proceeds net of sale costs and the net book value of the asset immediately prior to disposal. They are accounted for once legal completion of the disposal has taken place.

e. ***Expenditure***

Expenditure is recognised on the accruals basis and is classified in the SoFA under headings that aggregate related costs.

i) **Charitable expenditure** comprises expenditure on contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the Diocese, and expenditure relating to the running of the Diocesan Retreat House.

ii) **Grants payable** included within charitable expenditure are treated as expenditure in the year in which the grant is awarded. Where the grant is conditional on the recipient meeting performance, or other discretionary requirements to the satisfaction of the SDBF, it is recognised as expenditure when these have been met. Grants made subject to such conditions that have not been met at the year-end are noted as a commitment but not accrued as expenditure.

iii) **Support costs** comprise central management, administration and governance costs. All support costs are included within charitable activities. Costs are charged directly to the activity to which they relate, but where this is not possible, they are apportioned on the basis of staff time cost.

iv) **Pension contributions.** The SDBF participates in two defined benefit pension schemes (see Note 25 on pages 84–86): the Church of England Funded Pensions Scheme for clergy and the Church Workers' Pension Fund (CWPF) for SDBF lay staff. The SDBF closed the Defined Benefit Scheme section of the CWPF to new members in July 2013 and it closed for existing members on 31 December 2022.

SDBF staff joining after July 2013 are members of the Pension Builder section of the CWPF. Contributions to this scheme paid by the SDBF are charged to the SoFA as expenditure on the accruals basis. Former members of the CWPF Defined Benefit Scheme are now members of the Pension Builder Section of the CWPF.

The pension costs for the defined benefit schemes recognised as expenditure represent the SDBF's contributions payable in respect of the accounting period, in accordance with FRS 102.

f. ***Tangible fixed assets and depreciation***

Benefice houses

The SDBF has followed the requirements of FRS 102 in its accounting treatment of benefice houses (parsonages). FRS 102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The SDBF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Trustees consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at cost. For benefice houses owned at 1 January 2015, the SDBF has adopted the estimated reinstatement cost as at 1 January 2014 as deemed cost. Benefice houses purchased or built after 1 January 2015 are included at purchase or build cost. Benefice houses transferred from the Diocesan Stipendiary Fund are

1. Accounting policies (continued)

included at the carrying value at the date of transfer. An impairment review is carried out annually.

Non-benefice freehold and leasehold properties
Freehold and leasehold properties are initially recognised at cost and subsequently measured at Fair Value at each reporting date. Leasehold properties are not amortised over the term of the lease period on the grounds of materiality because of the very long lengths of the leases and the limited number of leasehold properties. The SDBF has appointed a firm of chartered surveyors to undertake a full valuation of its freehold and leasehold properties on a rolling basis over a five-year period. The results of these valuations are extrapolated across the remaining portfolio to ensure that the carrying value of the properties approximates Fair Value. The revaluation gains or losses are reported within other recognised gains and losses in the SoFA.

Properties subject to value-linked loans
Properties that have been bought with the assistance of value-linked loans from the Church Commissioners are included in the financial statements as fixed assets and the associated loans as loan creditors. The properties are stated at Fair Value and are revalued at each reporting date. On disposal the agreed share of the net sale proceeds will be remitted to the Church Commissioners and the related loan liability extinguished.

Depreciation on buildings
Depreciation is not charged on buildings as the Trustees consider that any provision (annual or cumulative) would not be material owing to the very long expected remaining useful economic life in each case, and that their expected residual value is not materially less than their carrying value. The SDBF has a policy of regular structural inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefice 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.

Leasehold improvements
Improvements made to leasehold properties are amortised in the SoFA over the shorter of the term of the lease or the break clause where there is an expectation that this will be exercised.

Capitalisation
Capital expenditure above £25,000 on properties is capitalised.

g. Other tangible fixed assets
Other tangible assets are recognised at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged to the SoFA over the expected useful economic life of the asset at the following rates:

- furniture and equipment, 10–25% per annum, straight-line basis.

h. Operating lease commitments
The SDBF has entered into operating lease arrangements for the use of certain property assets, the rental for which is charged in full as expenditure in the year to which it relates. Rent-free periods given as part of an operating lease are amortised in the SoFA over the lease term or break clause where there is an expectation that this will be utilised.

i. Financial instruments: assets and liabilities
Fixed asset investments
Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their Fair Value at the end of each calendar month using the closing quoted bid market price.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their carrying value or their purchase value if acquired after the latest monthly revaluation. Unrealised gains and losses are calculated as the difference between the Fair Value at the year end

Notes to the financial statements

1. Accounting policies (continued)

and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Concessionary loans
The SDBF makes loans to further its charitable purposes, typically being loans to parishes, at nil interest or at rates below prevailing market rates. It is also in receipt of loans that are interest-free or at rates below prevailing market rates from the Church Commissioners for England and the Central Board of Finance. Such loans are classified as concessionary loans and accounted for in accordance with Section 34 of FRS 102 whereby the loans are initially recognised and measured at the amount paid or received and subsequently adjusted to reflect any repayments, accrued interest and any subsequent impairment.

Debtors
Debtors are recognised at the settlement amount due.

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

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

Value-linked loans
The SDBF value-linked loans for which the settlement proceeds are based on the value of the related properties. As this constitutes a non-basic financial instrument under FRS 102, these loans are recognised at Fair Value and are revalued at each reporting date to match the value of the related property.

Financial instruments
The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Apart from fixed asset investments held at Fair Value, basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method.

j. Funds
Balances are split between unrestricted (general and designated), restricted and endowment funds.

- **Unrestricted funds** are the SDBF's corporate funds and are freely available for any purpose within the SDBF's charitable objects at the discretion of the Trustees. There are two types of unrestricted funds:
  - ***general funds*** which the SDBF intends to use for the general purposes of the SDBF
  - ***designated funds*** set aside out of unrestricted funds by the SDBF for a purpose specified by the Trustees.
- **Restricted funds** are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.
- **Endowment funds** are those held on trust and administered by the SDBF to be retained for the benefit of the charitable company as a capital fund. In the case of the Parsonage Capital Fund, there are discretionary powers to convert capital into income and this fund is classified as expendable endowment. The Ministry Fund and the Diocesan Stipendiary Fund are endowment funds where there is no provision for expenditure of capital and these are classified as permanent endowments.

2. Critical accounting estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the SDBF's accounting policies and the reported assets, liabilities, income and expenditure and the disclosures made in the financial statements. 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.

The key area of estimation is the measurement of the SDBF's property assets at Fair Value. The Charity SORP requires entities that have adopted a policy of revaluation to undertake valuations on a regular basis to ensure that the carrying amount of the revalued assets does not differ materially from Fair Value at the end of the reporting period. The SDBF engages a firm of chartered surveyors for the valuation of its freehold properties, excluding benefice houses, on a rolling basis over a five-year period. In order to ensure that the carrying value of the freehold properties excluding benefice houses approximates to Fair Value, the results of the proportion of the properties valued in the year are extrapolated across the remainder of the property portfolio excluding benefice houses to arrive at year-end Fair Value.

Those properties selected for valuation are taken across the SDBF's diverse property portfolio and the trustees consider this to be a reasonable basis for estimating the Fair Value of the SDBF's freehold properties at the balance sheet date. Any variances from actual Fair Value and the estimated Fair Value of the portfolio will affect the value of tangible fixed assets reported on the balance sheet, and other gains and losses reported in the SoFA. Income and expenditure is not impacted except in respect of profit or loss arising on the sale of a freehold property held at estimated Fair Value.

Other key accounting estimates and judgements used in preparing the financial statements include:

- the estimation of the useful economic life of tangible fixed assets for the purpose of determining the annual depreciation charge or determining no depreciation charge;
- the underlying assumptions in the actuarial valuations of the defined benefit pension schemes;
- the recoverability of debtors and any provision for bad or doubtful debts; and
- the assumptions underlying the assessment of future income and expenditure flows used in the trustees' assessment of the going concern basis of accounting.

Notes to the financial statements

3. Donations

Parish contributions

Donations are made by the parishes of the Diocese using an informed generosity system.

	2023	2022
	£'000	£'000
Unrestricted General Fund:		
Current year receipts from parishes	15,966	15,886
Previous year receipts from parishes	78	61
Total income	**16,044**	**15,947**

Church Commissioners and Archbishops' Council

2023	Unrestricted General Fund	Restricted funds	Total funds 2023
	£'000	£'000	£'000
Strategic Development grant	–	1,166	1,166
Strategic Ministry and Capacity grant	–	94	94
Ordinand grant	–	353	353
Area Bishops grant	270	–	270
Total	**270**	**1,613**	**1,883**

2022	Unrestricted General Fund	Restricted funds	Total funds 2022
	£'000	£'000	£'000
Strategic Development grant	–	618	618
Strategic Ministry and Capacity grant	–	418	418
Ordinand grant	–	414	414
Area Bishops grant	293	–	293
Total	**293**	**1,450**	**1,743**

3. Donations (continued)

Other donations

2023	Unrestricted funds			
	General	Designated	Restricted funds	Total funds 2023
	£'000	£'000	£'000	£'000
Benefact grant	226	–	–	226
Trust for London grant	1,603	–	–	1,603
Legacy income	8	–	–	8
Other grants and donations	201	–	–	201
Total	**2,038**	**–**	**–**	**2,038**

2022	Unrestricted funds			
	General	Designated	Restricted funds	Total funds 2022
	£'000	£'000	£'000	£'000
Benefact grant	258	–	–	258
Trust for London grant	1,690	–	–	1,690
Legacy income	–	17	–	17
Other grants and donations	59	–	2	61
Total	**2,007**	**17**	**2**	**2,026**

Notes to the financial statements

4. Charitable activities

2023	Unrestricted funds		Restricted funds	Total funds 2023
	General	Designated		
	£'000	£'000	£'000	£'000
Statutory fees	354	–	–	354
Reimbursement of stipends	620	–	–	620
Other income	205	–	–	205
Rents receivable	792	–	–	792
Diocesan Retreat House	168	–	–	168
Total	**2,139**	**–**	**–**	**2,139**

2022	Unrestricted funds		Restricted funds	Total funds 2022
	General	Designated		
	£'000	£'000	£'000	£'000
Statutory fees	401	–	–	401
Reimbursement of stipends	639	–	–	639
Other income	254	74	5	333
Rents receivable	994	–	–	994
Diocesan Retreat House	96	–	–	96
Total	**2,384**	**74**	**5**	**2,463**

5. Investment income

2023	Unrestricted General Fund	Restricted funds	Total funds 2023
	£'000	£'000	£'000
Dividends receivable	1,019	143	1,162
Interest receivable	110	–	110
Total	**1,129**	**143**	**1,272**

2022	Unrestricted General Fund	Restricted funds	Total funds 2022
	£'000	£'000	£'000
Dividends receivable	760	137	897
Interest receivable	339	–	339
Total	**1,099**	**137**	**1,236**

6. Gains on disposal of properties

2023	Unrestricted funds			
	General	Designated	Endowment funds	Total funds 2023
	£'000	£'000	£'000	£'000
Net surplus on disposal of other properties	395	–	40	435
Total	**395**	**–**	**40**	**435**

2022	Unrestricted funds			
	General	Designated	Endowment funds	Total funds 2022
	£'000	£'000	£'000	£'000
Net surplus on disposal of parsonages	–	–	2,316	2,316
Net surplus on disposal of other properties	–	–	389	389
Total	**–**	**–**	**2,705**	**2,705**

Notes to the financial statements

7. Charitable activities

2023	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2023
	General	Designated			
	£'000	£'000	£'000	£'000	£'000
Contributions to Archbishops' Council:					
Training for Ministry	868	–	–	–	868
National Church responsibilities	536	–	–	–	536
Retired clergy housing costs	295	–	–	–	295
	1,699	**–**	**–**	**–**	**1,699**
Resourcing mission and ministry:					
Parish ministry:					
Stipends, National Insurance and insurance	10,656	–	145	–	10,801
Pension contributions	2,289	–	35	–	2,324
Housing costs	4,733	–	–	–	4,733
Removal and resettlement grants	448	–	–	–	448
Other expenses	2,914	–	–	–	2,914
	21,040	**–**	**180**	**–**	**21,220**
Support for parish ministry	2,831	–	770	–	3,601
Diocesan Retreat House	245	–	–	–	245
	24,116	**–**	**950**	**–**	**25,066**
Total	**25,815**	**–**	**950**	**–**	**26,765**

7. Charitable activities (continued)

2022	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2022
	General	Designated			
	£'000	£'000	£'000	£'000	£'000
Contributions to Archbishops' Council:					
Training for Ministry	912	–	–	–	912
National Church responsibilities	550	–	–	–	550
Retired clergy housing costs	280	–	–	–	280
	1,742	**–**	**–**	**–**	**1,742**
Resourcing mission and ministry:					
Parish ministry:					
Stipends, National Insurance and insurance	10,292	–	146	–	10,438
Pension contributions	2,904	–	45	–	2,949
Reduction in pension scheme deficit	(591)	–	–	–	(591)
Housing costs	4,183	–	–	–	4,183
Removal and resettlement grants	612	–	–	–	612
Other expenses	3,355	–	–	7	3,362
	20,755	**–**	**191**	**7**	**20,953**
Support for parish ministry	1,583	15	1,081	–	2,679
Diocesan Retreat House	309	–	–	–	309
	22,647	**15**	**1,272**	**7**	**23,941**
Total	**24,389**	**15**	**1,272**	**7**	**25,683**

Notes to the financial statements

8. Loss on disposal of properties

There was no loss on disposal of properties in 2023.

2022	Unrestricted funds			
	General	Designated	Endowment funds	Total funds 2022
	£'000	£'000	£'000	£'000
Net deficit on disposal of properties	224	–	–	224
Total	**224**	**–**	**–**	**224**

9. Analysis of expenditure on charitable activities including allocation of support costs

2023	Activities undertaken directly	Grant funding of activities	Support costs	Total costs 2023
	£'000	£'000	£'000	£'000
Charitable activities:				
Contributions to Archbishops' Council	–	1,699	–	1,699
Resourcing parish ministry	20,612	930	2,744	24,286
Education and social responsibility	–	535	–	535
Diocesan Retreat House	245	–	–	245
Total	**20,857**	**3,164**	**2,744**	**26,765**

2022	Activities undertaken directly	Grant funding of activities	Support costs	Total costs 2022
	£'000	£'000	£'000	£'000
Charitable activities:				
Contributions to Archbishops' Council	–	1,742	–	1,742
Resourcing parish ministry	19,450	1,044	2,611	23,105
Education and social responsibility	–	527	–	527
Diocesan Retreat House	309	–	–	309
Total	**19,759**	**3,313**	**2,611**	**25,683**

10. Analysis of support costs

2023	Unrestricted General Fund	Endowment funds	Total funds 2023
	£'000	£'000	£'000
Central administration	2,615	–	2,615
Governance:			
Auditor remuneration:			
External audit	38	–	38
Other services	8	–	8
Registrar and Chancellor	79	–	79
Synodical costs	3	–	3
Total	**2,743**	**–**	**2,743**

2022	Unrestricted General Fund	Endowment funds	Total funds 2022
	£'000	£'000	£'000
Central administration	2,445	7	2,452
Governance:			
Auditor remuneration:			
External audit	33	–	33
Other services	–	–	–
Registrar and Chancellor	112	–	112
Synodical costs	14	–	14
Total	**2,604**	**7**	**2,611**

Notes to the financial statements

11. Analysis of grants made

2023	Individuals £'000	Institutions £'000	2023 total £'000
From unrestricted funds for National Church responsibilities:			
Contributions to Archbishops' Council	–	1,699	1,699
		1,699	**1,699**
From unrestricted funds:			
Southwark Diocesan Board of Education	–	362	362
Southwark Diocesan Welcare	–	173	173
Southwark Cathedral	–	18	18
Parishes for mission	–	240	240
Other institutions for mission	–	52	52
Individuals for mission	7	–	7
Clergy for settling in/first appointment	206	–	206
Clergy for study/sabbatical	14	–	14
Ordinands in training	301	–	301
	528	**845**	**1,373**
From restricted funds for various purposes within resourcing parish ministry:			
Mission and growth (Strategic Development Fund)	–	14	14
Education and development of women clergy (Gilmore Fund)	8	–	8
Clergy and lay training (Dartmouth House Fund)	–	70	70
	8	**84**	**92**
Total	**536**	**2,628**	**3,164**

11. Analysis of grants made (continued)

2022	Individuals	Institutions	2022 total
	£'000	£'000	£'000
From unrestricted funds for National Church responsibilities:			
Contributions to Archbishops' Council	–	1,742	1,742
	–	**1,742**	**1,742**
From unrestricted funds:			
Southwark Diocesan Board of Education	–	355	355
Southwark Diocesan Welcare	–	172	172
Southwark Cathedral	–	28	28
Parishes for mission	–	185	185
Other institutions for mission	–	52	52
Individuals for mission	140	–	140
Parishes for incumbent status housing	–	13	13
Clergy for settling in/first appointment	218	–	218
Clergy for study/sabbatical	13	–	13
Ordinands in training	260	–	260
	631	**805**	**1,436**
From restricted funds for various purposes within resourcing parish ministry:			
Mission and growth (Strategic Development Fund)	–	120	120
Education and development of women clergy (Gilmore Fund)	15	–	15
	15	**120**	**135**
Total	**646**	**2,667**	**3,313**

Notes to the financial statements

12. Staff costs

	2023 £'000	2022 £'000
Employee costs during the year were as follows:		
Wages and salaries	2,876	2,595
National Insurance contributions	298	316
Pension costs	377	500
Termination payments	20	30
	3,571	**3,441**

The average number of persons employed during the year based on full-time equivalents:	2023 Number	2022 Number
Administration and financial management	18.5	17.0
Property	11.0	8.9
Vocations, ministry, safeguarding and Diocesan Retreat House	17.5	14.8
Mission and public policy	19.0	17.4
	66.0	**58.1**

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

	2023 Number	2022 Number
£60,001–£70,000	6	5
£70,001–£80,000	1	1
£80,001–£90,000	1	–
£90,001–£100,000	–	1
Total	**8**	**7**

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the Trustees, for planning, directing and controlling the activities of the Diocese. During 2023 they were:

Diocesan Secretary and Company Secretary	Ms Ruth Martin (Lay Canon) (to 31 August 2023)
Diocesan Secretary and Company Secretary	Mrs Nicola Thomas (from 1 September 2023)
Deputy Diocesan Secretary	Mrs Jacqueline Pontin
Director of Finance and Financial Assets	Mr Mark Rhodes
Diocesan Surveyor	Mr Colin Bushell (key management personnel to 11 June 2023)
Director of Property Services	Andrew Bennett (from 12 June 2023)
Director of Human Resources	Mr David Loft

12. Staff costs (continued)

Director of Information Technology	Mr Mark Charlton (to 31 July 2023)
Director of Information Technology	Mr Devas Palokkaran (from 9 May 2023)
Director of Discipleship, Lay Ministry and Continuing Ministerial Education	The Revd Canon Wendy Robins
Director of Communications	Ms Sophia Jones (to 25 January 2023)
Director of Communications	The Revd Anna Drew (from 17 April 2023)
Director for Clergy Formation and Initial Ministerial Education	The Revd Canon Jeremy Clark-King
Diocesan Safeguarding Advisor	Ms Pamela Chisholm
Director of Giving and Parish Funding	Mrs Gabby Parikh

Remuneration, employer's National Insurance and pensions contributions in 2023 for these 15 employees and 11 key management posts (2022: 11 employees and posts) was £921,694 (2022: £921,115).

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out-of-pocket expenses totalling £38 (2022: £14) in respect of General and Diocesan Synod duties and other duties as Trustees. The following table gives details of the Trustees who were in receipt of a stipend and/or housing provided by the SDBF during the year.

	Stipend	Housing
The Right Revd Christopher Chessun	No	No
The Right Revd Dr Martin Gainsborough (from 2 February 2023)	No	Yes
The Right Revd Dr Rosemarie Mallett	No	Yes
The Right Revd Dr Karowei Dorgu (to 8 September 2023)	No	Yes
The Venerable Moira Astin	Yes	Yes
The Venerable Alastair Cutting	Yes	Yes
The Venerable Simon Gates	Yes	Yes
The Venerable John Kiddle	Yes	Yes
The Venerable Jonathan Sedgwick	Yes	Yes
The Venerable Greg Prior	Yes	Yes
The Revd Michael John	Yes	Yes
The Revd Jonathan Macy	Yes	Yes
The Revd Justine Middlemiss	Yes	Yes
The Revd Dr Eddie Scrase-Field	Yes	Yes
The Revd Fiona Weaver	Yes	Yes
The Revd Lotwina Farodoye	Yes	Yes

Notes to the financial statements

12. Staff costs (continued)

The SDBF is responsible for funding, via the Church Commissioners, the stipends of licensed stipendiary clergy in the Diocese, other than Bishops and Cathedral staff. The SDBF is also responsible for the provision of housing for stipendiary clergy in the Diocese excluding the Diocesan Bishop and Cathedral staff.
The SDBF paid an average of 304 (2022: 307) stipendiary clergy as office-holders holding parochial or Diocesan appointments in the Diocese, and the costs were as follows:

	2023	2022
	£'000	£'000
Stipends	9,947	9,651
National Insurance contributions	776	746
Apprenticeship levy	43	41
Pension costs	2,324	2,949
Total	**13,090**	**13,387**

The stipends of the Diocesan Bishop and Area Bishops are paid and funded by the Church Commissioners and are in the range £40,250–£48,972 (2022 range: £39,935–£48,972). The annual rate of stipend, funded by the SDBF, paid to Archdeacons in 2023 was £38,467 (2022: £36,635) and other clergy who were Trustees were paid £29,283 (2022: £27,889).

13. Analysis of transfers between funds

2023	Unrestricted funds General	Unrestricted funds Designated	Restricted funds	Endowment funds	Total
	£'000	£'000	£'000	£'000	£'000
Unrestricted:					
General	731	–	–	–	731
Designated					
From the Diocesan Pastoral Account to the General Fund for work on benefice houses	–	(2,422)	–	–	(2,422)
Restricted					
From the Strategic Development Fund to the General Fund for the cost of project work	–	–	(334)	–	(334)
Endowments					
To the Parsonage Capital Fund net movement from the purchase and sale of benefice houses	–	–	–	2,025	2,025
Total	**731**	**(2,422)**	**(334)**	**2,025**	**–**

2022	Unrestricted funds General	Unrestricted funds Designated	Restricted funds	Endowment funds	Total
	£'000	£'000	£'000	£'000	£'000
Unrestricted:					
General	3,530	–	–	–	3,530
Designated					
From the Diocesan Pastoral Account to the General Fund for work on benefice houses and net to the Diocesan Pastoral Fund from the purchase and sale of benefice houses	–	(671)	–	–	(671)
From the Board Property Fund to the General Fund from the sale of property	–	(2,655)	–	–	(2,655)
Restricted					
From the Strategic Development Fund to the General Fund for the cost of project work	–	–	(577)	–	(577)
To the Gilmore Fund from the General Fund following investment revaluation	–	–	8	–	8
To the Dartmouth Fund from the General Fund following investment revaluation	–	–	6	–	6
Endowments					
To the Ministry Fund from the General Fund following investment revaluation	–	–	–	20	20
To the Diocesan Stipendiary Fund from the General Fund following investment revaluation	–	–	–	14	14
To the Parsonage Capital Fund net from the purchase and sale of benefice houses	–	–	–	325	325
Total	**3,530**	**(3,326)**	**(563)**	**359**	**–**

Notes to the financial statements

14. Tangible fixed assets

	Freehold & leasehold properties	Leasehold improvements	Furniture & equipment	Total
	£'000	£'000	£'000	£'000
Cost or valuation:				
At 1 January 2023	275,401	355	527	276,283
Additions	4,619	–	43	4,662
Disposals	(929)	–	–	(929)
Revaluation	(13,584)	–	–	(13,584)
At 31 December 2023	**265,507**	**355**	**570**	**266,432**
Depreciation:				
At 1 January 2023	–	207	480	687
Charge for the year	–	30	24	54
At 31 December 2023	**–**	**237**	**504**	**741**
Net book value at 31 December 2023	**265,507**	**118**	**66**	**265,691**
Net book value at 31 December 2022	**275,401**	**148**	**47**	**275,596**

Freehold and leasehold properties in the balance sheet are all vested in the SDBF, except for benefice houses which are vested in the incumbent. All properties in the current year and prior years are stated at Fair Value, except for benefice houses which are stated at deemed cost. The carrying value of benefice houses held at deemed cost at the balance sheet date is £148,844,000 (2022: 143,253,000).

All properties other than benefice houses were revalued to Fair Value at 31 December 2015 and are subject to revaluation on a five-year cycle. Properties with a Fair Value of £22,976,000 at 31 December 2023 (2022: £27,650,000) were revalued. The revaluation was carried out by Rapleys LLP in accordance with Royal Institution of Chartered Surveyors' professional standards and valuation practice statements and resulted in a net decrease in the value of these properties, excluding impairments, of £2,474,000 (2022: increase £572,000). An impairment review was carried out on certain parsonage houses. There was no write down in 2023 (2022: £nil).

To maintain consistency with the SDBF's accounting policy of measuring properties other than benefice houses at Fair Value, the results of this valuation have been extrapolated across those assets not revalued at the balance sheet date. This has resulted in a total revaluation loss in the year of £13,584,000 (2022: gain £2,133,000).

The carrying value of leasehold properties included within freehold and leasehold properties amounts to £2,029,000 (2022: £2,476,000). Details of any charges over the tangible fixed assets are shown at note 18.

14. Tangible fixed assets (continued)

Certain properties have been purchased with the help of value-linked loans from the Church Commissioners. The properties are revalued to Fair Value annually. On disposal the agreed share of the net sale proceeds will be remitted to the Church Commissioners and the related loan liability extinguished. The value of these properties included within freehold and leasehold properties amounts to £2,610,000 (2022: £2,620,000). The revaluation loss on these properties amounts to £10,000 (2022: £nil gain) and has been netted off against the matching movement in the linked liability.

15. Fixed assets investments

	At 1 January 2023	Additions	Disposal proceeds	Realised and unrealised gains	At 31 December 2023
	£'000	£'000	£'000	£'000	£'000
Unrestricted funds:					
Unit trusts and similar funds	3,036	–	–	107	3,143
Restricted funds:					
Unit trusts and similar funds	2,924	–	–	20	2,944
Endowment funds:					
Unit trusts and similar funds	19,114	4,500	(4,535)	204	19,283
Total	**25,074**	**4,500**	**(4,535)**	**331**	**25,370**

Notes to the financial statements

16. Debtors

	2023 £'000	2022 £'000
Due within one year:		
Loans to parishes	44	220
Loans to others	10	8
Debtor from sale of investments	–	625
Other debtors and prepayments	509	825
	563	**1,678**
Due after more than one year:		
Loans to parishes	526	257
Other debtors	–	3
	526	**260**
Total debtors	**1,089**	**1,938**

17. Creditors: amounts falling due within one year

	2023 £'000	2022 £'000
Bank loan	1,000	–
Other taxes and social security	133	102
Other creditors and accruals	1,000	728
Total creditors: amounts falling due within one year	**2,133**	**830**

The bank loan is secured over part of the fixed asset investments.

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

	2023 £'000	2022 £'000
Loans repayable in instalments due after more than one year:		
CBF/NatWest loan	1,000	1,000
Church Commissioners' value-linked loans	2,610	2,620
Total creditors: amounts falling due after more than one year	**3,610**	**3,620**

	2023 £'000	2022 £'000
The maturity of the above loans may be analysed as follows:		
Between two and five years	–	1,000
In five years and more	3,610	2,620
	3,610	**3,620**

The CBF loan was repaid in full during the year with a replacement loan from NatWest. The term of the NatWest loan is five years and interest is charged at 1.55% above Base Rate. The loan is charged against the Trinity House property.

Value-linked loans from the Church Commissioners are repayable on the sale of the property to which they relate. Interest is charged at 4% per annum. On disposal the agreed share of the net sale proceeds will be remitted to the Church Commissioners and the related loan liability extinguished.

Notes to the financial statements

19. Summary of fund movements

2023	Balances at 1 January 2023	Income	Expenditure	Transfers	Gains and losses	Balances at 31 December 2023
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds:						
General	6,240	22,015	(25,815)	731	107	3,278
	6,240	**22,015**	**(25,815)**	**731**	**107**	**3,278**
Designated funds:						
Diocesan Pastoral Account	3,209	–	–	(2,422)	–	787
Board Property Fund	43,175	–	–	–	(5,193)	37,982
Southwark Vision Development Fund	997	–	–	–	–	997
	47,381	**–**	**–**	**(2,422)**	**(5,193)**	**39,766**
Restricted funds:						
Strategic Development Fund	–	1,166	(709)	(334)	–	123
Gilmore Fund	351	18	–	–	(4)	365
Dartmouth House Fund	2,886	125	–	–	(19)	2,992
Strategic Ministry Fund	–	94	–	–	–	94
Ordinand Training Fund	128	353	(241)	–	–	240
Other restricted	498	–	–	–	43	541
	3,863	**1,756**	**(950)**	**(334)**	**20**	**4,355**
Endowment funds:						
Ministry Fund	3,746	–	–	–	2	3,748
Diocesan Stipendiary Fund	102,131	40	–	–	(8,189)	93,982
Parsonage Capital Fund	142,758	–	–	2,025	–	144,783
	248,635	**40**	**–**	**2,025**	**(8,187)**	**242,513**
Total funds	**306,119**	**23,811**	**(26,765)**	**–**	**(13,253)**	**289,912**

19. Summary of fund movements (continued)

2022	Balances at 1 January 2022	Income	Expenditure	Transfers	Gains and losses	Balances at 31 December 2022
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds:						
General	5,843	21,730	(24,613)	3,530	(250)	6,240
	5,843	**21,730**	**(24,613)**	**3,530**	**(250)**	**6,240**
Designated funds:						
Diocesan Pastoral Account	3,806	74	–	(671)	–	3,209
Board Property Fund	44,743	–	–	(2,655)	1,087	43,175
Southwark Vision Development Fund	995	17	(15)	–	–	997
	49,544	**91**	**(15)**	**(3,326)**	**1,087**	**47,381**
Restricted funds:						
Strategic Development Fund	367	618	(408)	(577)	–	–
Gilmore Fund	370	20	(17)	8	(30)	351
Dartmouth House Fund	2,994	117	(74)	6	(157)	2,886
Strategic Ministry Fund	–	418	(418)	–	–	–
Ordinand Training Fund	69	414	(355)	–	–	128
Other restricted	519	7	–	–	(28)	498
	4,319	**1,594**	**(1,272)**	**(563)**	**(215)**	**3,863**
Endowment funds:						
Ministry Fund	4,008	–	–	20	(282)	3,746
Diocesan Stipendiary Fund	102,585	389	(7)	14	(850)	102,131
Parsonage Capital Fund	140,117	2,316	–	325	–	142,758
	246,710	**2,705**	**(7)**	**359**	**(1,132)**	**248,635**
Total funds	**306,416**	**26,120**	**(25,907)**	**–**	**(510)**	**306,119**

Notes to the financial statements

20. Summary of assets by fund

2023	Fixed assets tangible	Investments	Current assets	Creditors	Net assets
	£'000	£'000	£'000	£'000	£'000
Unrestricted funds:					
General	2,794	3,143	3,084	(5,743)	3,278
	2,794	**3,143**	**3,084**	**(5,743)**	**3,278**
Designated funds:					
Diocesan Pastoral Account	–	–	787	–	787
Board Property Fund	42,544	–	(4,562)	–	37,982
Southwark Vision Development Fund	–	–	997	–	997
	42,544	**–**	**(2,778)**	**–**	**39,766**
Restricted funds:					
Strategic Development Fund	–	–	123	–	123
Gilmore Fund	–	311	53	–	364
Dartmouth House Fund	–	2,137	856	–	2,993
Strategic Ministry Fund	–	–	94	–	94
Ordinand Training Fund	–	–	241	–	241
Other Restricted Fund	–	496	44	–	540
	–	**2,944**	**1,411**	**–**	**4,355**
Endowment funds:					
Ministry Fund	–	2,959	789	–	3,748
Diocesan Stipendiary Fund	71,509	16,324	6,149	–	93,982
Parsonage Capital Fund	148,844	–	(4,061)	–	144,783
	220,353	**19,283**	**2,877**	**–**	**242,513**
Total funds	**265,691**	**25,370**	**4,594**	**(5,743)**	**289,912**

20. Summary of assets by fund (continued)

2022	Fixed assets tangible	Investments	Current assets	Creditors	Net assets
	£'000	£'000	£'000	£'000	£'000
Unrestricted funds:					
General	2,815	3,036	4,839	(4,450)	6,240
	2,815	**3,036**	**4,839**	**(4,450)**	**6,240**
Designated funds:					
Diocesan Pastoral Account	–	–	3,209	–	3,209
Board Property Fund	47,352	–	(4,177)	–	43,175
Southwark Vision Development Fund	–	–	997	–	997
	47,352	**–**	**29**	**–**	**47,381**
Restricted funds:					
Gilmore Fund	–	315	36	–	351
Dartmouth House Fund	–	2,156	730	–	2,886
Ordinand Training Fund	–	–	128	–	128
Other Restricted Fund	–	453	45	–	498
	–	**2,924**	**939**	**–**	**3,863**
Endowment funds:					
Ministry Fund	–	2,957	789	–	3,746
Diocesan Stipendiary Fund	80,176	16,157	5,798	–	102,131
Parsonage Capital Fund	145,253	–	(2,495)	–	142,758
	225,429	**19,114**	**4,092**	**–**	**248,635**
Total funds	**275,596**	**25,074**	**9,899**	**(4,450)**	**306,119**

Notes to the financial statements

21. Description of funds

General Fund	The fund represents the unrestricted, undesignated fund available for any of the SDBF's purposes.
Diocesan Pastoral Account	This is a designated fund for the purposes defined in the Mission and Pastoral Measure 2011. It represents capital receipts released following the sale of benefice houses (parsonages) and redundant churches. To the extent that any remaining funds are not required, or are not likely to be required, for these purposes then the funds may be applied to any general purpose of the SDBF.
Board Property Fund	This fund is a designated fund. It represents the Fair Value of properties held by the SDBF at the year end.
Southwark Vision Development Fund	This is a designated fund to support Southwark Vision 2017–25 across the Diocese with significant expenditure expected in the next two years.
Strategic Development Fund	This is a restricted fund. It represents grants received from the Church Commissioners and Archbishops' Council for specific projects to fund mission and growth across the Diocese.
Gilmore Fund	The Isabella Gilmore Fund is a restricted fund for the purpose of the education and development of licensed, commissioned or ordained women.
Dartmouth House Fund	This is a restricted fund for the purpose of facilitating clergy and lay training, retreats or conferences to assist and promote the work of the Church of England in the Diocese of Southwark and to use the monies to acquire any buildings which may be necessary to forward such purposes, subject always to the consent in writing of the Bishop of Southwark.
Ordinand Training Fund	This is a restricted fund. It represents the block grant received from the Archbishops' Council to fund Ordinand training.
Other Restricted Fund	This represents other restricted funds held by the Diocese. These include amounts gifted for use in the Croydon Episcopal Area and to assist the training of ordinands throughout the Diocese.
Ministry Fund	This is a permanent endowment fund held under the Endowments and Glebe Measure 1976 from which the income arising and/or benefit of use of the asset has been passed to the SDBF for the purpose of supporting clergy stipends within the Diocese. Investment income from the fund is credited to the General Fund where it is used only to fund clergy stipend payments.
Diocesan Stipendiary Fund	This is a permanent endowment fund. It represents the glebe assets of benefices from which the income arising and/or benefit of use has been passed to the SDBF under the provisions of the Mission and Pastoral Measure 2011. Investment income from the fund is credited to the General Fund where it is used only to fund clergy stipend payments.
Parsonage Capital Fund	This is an expendable endowment fund. It represents the capital assets relating to benefice houses (parsonages) but which under the Repairs of Benefice Buildings Measure 1972 are maintained by the Diocese. Under the Mission and Pastoral Measure 2011, capital receipts released following the sale of benefice houses are held in the Diocesan Pastoral Account, a designated fund. To the extent that the funds are not required for future building or improvement works to benefice houses, the funds may be applied to any general purpose of the SDBF.

22. Capital commitments

At 31 December 2023, the SDBF had no capital expenditure commitments authorised but not contracted for (2022: none), and commitments contracted for but not provided for of £144,000 (2022: £27,000).

23. Operating leases

Total commitments under non-cancellable operating leases are as follows:

	2023 £'000	2022 £'000
Minimum lease payments payable:		
Within one year of the balance sheet date	403	389
In the second to fifth years inclusive of the balance sheet date	171	96
Total	**574**	**485**

Total lease rental payments expensed in the year are £739,000 (2022: £588,000).

	2023 £'000	2022 £'000
Minimum lease payments receivable:		
Within one year of the balance sheet date	392	454
In the second to fifth years inclusive of the balance sheet date	324	358
More than five years from the balance sheet date	528	658
Total	**1,244**	**1,470**

24. Members' liability

The charitable company is a company limited by guarantee, Company Registration Number 236594 (England and Wales). The trustees are the members of the charitable company for company law purposes. In the event of the charitable company being wound up the liability in respect of the guarantee is limited to £1 per member of the charitable company.

Notes to the financial statements

25. Pensions

The SDBF participates in two pension schemes administered by the Church of England Pensions Board: the **Church of England Funded Pensions Scheme (CEFPS)** for stipendiary clergy and the **Church Workers' Pension Fund (CWPF)** for lay staff.

Church of England Funded Pensions Scheme

Southwark DBF 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 scheme separately from those of the Responsible Bodies.

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, which were £2,324,000 in 2023 (2022: £2,935,000), 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: £352,000).

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

- an average discount rate of 2.7% p.a.;
- RPI inflation of 3.6% p.a. (and pension increases consistent with this);
- CPIH inflation in line with RPI less 0.8% pre 2030 moving to RPI with no adjustment from 2030 onwards;
- increase in pensionable stipends in line with CPIH;
- mortality in accordance with 90% of the S3NA tables, with allowance for improvements in mortality rates from 2013 in line with the CMI2020 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7, an initial addition to mortality improvements of 0.5% pa and an allowance for 2020 data of 0% (i.e. w2020 = 0%).

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

The deficit recovery contributions under the recovery plan in force at each 31 December were as follows:

	% of pensionable stipends
31 December 2021	7.1% payable from January 2021 to December 2022
31 December 2022	Nil
31 December 2023	Nil

An interim reduction to deficit contributions to 3.2% of pensionable stipends was made with effect from April 2022, and remained in place until December 2022.

For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

25. Pensions (continued)

Church of England Funded Pensions Scheme (continued)

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. However, as there are no agreed deficit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31 December 2022 and 31 December 2023 is nil. The movement in the balance sheet liability over 2022 and over 2023 is set out in the table below.

	2023 £'000	2022 £'000
Balance sheet liability as at 1 January	–	591
Deficit contribution paid	–	(352)
Remaining change to the balance sheet liability* (recognised in SoFA)	–	(239)
Balance sheet liability as at 31 December	**–**	**–**

*Comprises change in agreed deficit recovery plan, and change in discount rate and inflation assumptions between year-ends.

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

Notes to the financial statements

25. Pensions (continued)

Church Workers' Pension Fund

The SDBF participates in the Pension Builder Scheme section of CWPF for lay staff. CWPF is administered by the Church of England Pensions Board, which holds the CWPF assets separately from those of the Employer and other participating employers.

CWPF has two sections:

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

Pension Builder Scheme

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

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

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are the contributions payable (2023: £377,000, 2022: £500,000).

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent valuation was carried out as at 31 December 2019. The next valuation is due as at 31 December 2022. Calculations for this are currently under way.

For the Pension Builder Classic section, the 2019 valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review effective 1 January 2024, the Board chose to grant a discretionary bonus of 6.7% to both pensions not yet in payment and pensions in payment in respect of service prior to April 1997; and a bonus on pensions in payment in respect of post April 2006 service so that the pension increase was 5% (where usually it would be calculated based on inflation up to 2.5%). This followed improvements in the funding position over 2023. There is no requirement for deficit payments at the current time.

For the Pension Builder 2014 section, the 2019 valuation revealed a surplus of £5.5m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

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

26. Related party transactions

The SDBF has related party relationships with connected organisations as detailed on page 42 of this annual report. Except as disclosed in notes 11 and 12, there are no related party transactions requiring disclosure (2022: none).

27. Prior year Statement of Financial Activities

2022	Note	Unrestricted funds: General £'000	Unrestricted funds: Designated £'000	Restricted funds £'000	Endowment funds £'000	Total funds 2022 £'000
Income and endowments from:						
Donations	3					
Parish contributions		15,947	–	–	–	15,947
Archbishops' Council		293	–	1,450	–	1,743
Other donations		2,007	17	2	–	2,026
Charitable activities	4	2,384	74	5	–	2,463
Investments	5	1,099	–	137	–	1,236
Net surplus on disposal of properties	6	–	–	–	2,705	2,705
Total		**21,730**	**91**	**1,594**	**2,705**	**26,120**
Expenditure on:						
Charitable activities	7	24,389	15	1,272	7	25,683
Net deficit on disposal of properties	8	224	–	–	–	224
Total		**24,613**	**15**	**1,272**	**7**	**25,907**
Net (expenditure)/income before investment losses		**(2,883)**	**76**	**322**	**2,698**	**213**
Net unrealised losses on investments	15	(250)	–	(215)	(2,178)	(2,643)
Net (expenditure)/income		**(3,133)**	**76**	**107**	**520**	**(2,430)**
Transfers between funds	13	**3,530**	**(3,326)**	**(563)**	**359**	**–**
Other recognised gains: Revaluation of property	14	–	1,087	–	1,046	2,133
Net movement in funds		**397**	**(2,163)**	**(456)**	**1,925**	**(297)**
Total funds brought forward		5,843	49,544	4,319	246,710	306,416
Total funds carried forward	20	**6,240**	**47,381**	**3,863**	**248,635**	**306,119**

Notes to the financial statements

28. Funds held as Diocesan Authority

The SDBF acts as Diocesan Authority or Custodian Trustee for many trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956, as amended, and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are PCCs and others. Assets held as Diocesan Authority are not controlled by the SDBF and are not included in these financial statements. They are summarised as follows:

	2023 £'000	2022 £'000
CBF Church of England Investment Fund	11,089	9,529
M&G Equities Investment Fund for Charities	1,472	1,680
CBF Church of England Global Equity Income Fund	725	898
Other CBF Church of England funds	744	848
Other Common Investment and OEIC holdings	611	980
Direct holdings in UK equities	215	286
CBF Church of England Deposit Fund	2,142	1,694
Cash	7	10
Total assets held as Diocesan Authority	**17,005**	**15,925**

29. Subsidiary undertaking

The SDBF is the beneficial owner of a subsidiary undertaking, Southwark DBF Trading, a company limited by guarantee, which is registered in England and supplies property and administrative services to the SDBF. The company did not trade during the current or prior year and had no assets or liabilities at the Balance Sheet date (2022: £nil).

Glossary of terms

Acronym	Meaning
ADOs	Area Directors of Ordinands
ARC	Anti-Racism Charter
aSa	Average Sunday Attendance
BAP	Bishops' Advisory Panel
CAH	Church at Home
CBF	Central Board of Finance
CEFPS	Church of England Funded Pensions Scheme
CEMES	Church of England Ministry Experience Scheme
CLTG	Cost of Living Task Group
CTBI	Churches Together in Britain and Ireland
CWPF	Church Workers' Pension Fund
CYP	Children and young people
DAC	Diocesan Advisory Committee
DBF	Diocesan Board of Finance
DBS	Disclosure and Barring Service
DCT	Diocesan Council of Trustees
DIP	Diocesan Investment Programme
DMPC	Diocesan Mission and Pastoral Committee
DRG	Diocesan Referrals Group
DSAP	Diocesan Safeguarding Advisory Panel
DST	Diocesan Safeguarding Team
EDWG	Eco Diocese Working Group
FRC	Financial Reporting Council
FRS	Financial Reporting Standard
fxC	Fresh Expression of Church
GDPR	General Data Protection Regulation
GMH	Global Majority Heritage
HR	Human resources
IICSA	Independent Inquiry into Child Sexual Abuse

Acronym	Meaning
IME2	Initial Ministerial Education Phase 2. The (up to) four years of curacy also referred to as IME 4–6.
ISAs (UK)	International Standards on Auditing (UK)
JPIC	Justice, Peace and Integrity of Creation
LLF	Living in Love and Faith
MAP	Mission Action Plan
MAT	Multi Academy Trust
MFA	Multi-factor Authentication
PCC	Parochial Church Council
PCR2	Past Cases Review 2
PFC	Policy and Finance Committee
PGS	Parish Giving Scheme
PSF	Parish Support Fund
RJC	Racial Justice Committee
SDBE	Southwark Diocesan Board of Education
SDBF	South London Church Fund & Southwark Diocesan Board of Finance
SDF	Strategic Development Funding
SDP	Shared Discernment Process
SIR	Serious Incident Reporting
SMT	Senior Management Team
SoFA	Statement of Financial Activities
SORP	Statement of Recommended Practice for Charities
SPA	Southwark Pastoral Auxiliary
SVDF	Southwark Vision Development Fund
UKME	United Kingdom Minority Ethnic
uSa	Usual Sunday Attendance

Notes



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The Diocese of
Southwark

Christ Centred | Outward Focused

THE SOUTH LONDON CHURCH FUND AND SOUTHWARK DIOCESAN BOARD OF FINANCE

England & Wales - Charity number 249678

Accounts

The Diocese of Southwark

The South London Church Fund & Southwark Diocesan Board of Finance

Annual Report 2022

Company registration number 236594
Registered charity number 249678

Picture removed

Walking | Welcoming | Growing

Cover image: Queen Elizabeth II remembered – 'The Queue' which wound past Southwark Cathedral towards the lying-in-state at Westminster Hall.
© Eve Milner

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Overview

Introduction by the Bishop of Southwark

2022 will be a year that all of us will remember. It was the year when we emerged from pandemic restrictions in April; the year of the Platinum Jubilee of our late beloved Queen, followed by her death in early September and the accession of King Charles III to the throne. The front cover shows 'The Queue' which lined the South Bank past our Cathedral towards the Lying in State at Westminster Hall. Census statistics show a decrease in numbers identifying as Christians; yet I was privileged to join the teams of chaplain volunteers who engaged with the vast numbers of members of the public who wished to make their pilgrimage and pay their respects to Her Late Majesty who kept the Christian faith at the heart of her life of service to nation and Commonwealth. As I write, preparations are underway for the King's Coronation where the Church will play a pivotal role nationally, and in our parish celebrations locally. Emerging from pandemic restrictions was a joy. We were able to have a full Cathedral not only for the Chrism Eucharist, but also for our first combined Lay Ministry Licensing and Commissioning and we continue to grow these valuable and valued ministries. It was a great joy for me and the whole Diocese to see Archdeacon Rosemarie Mallett ordained as Bishop of Croydon in our Cathedral church. During the year, Bishop Richard Cheetham retired from his long 20 years of service as Area Bishop of Kingston, and it was most fitting that we achieved our Eco Diocese Bronze award just before the fond farewells.

Yet, we live in turbulent times. I know that 2022 proved difficult for many globally, nationally, and locally. The war in Ukraine has had dreadful consequences for our brothers and sisters living there, with many families separated and many welcomed as refuges in this and other nations. We continue to hold a peaceful resolution in our prayers. The Cost of Living Crisis also affected our clergy and parishioners; yet, from Warm Spaces to Foodbanks, our parishes have risen to the challenge and helped those struggling to provide food for their families or heat their homes. I have been particularly struck by the determination to forge ahead with thankful hearts despite the weariness around us, and sometimes within us, as we face the challenges of our Christian pilgrimage journey. Please continue to be of good heart. As the six year Living in Love and Faith process reached its conclusion, I am fully aware that our determination to speak well of each other across our differences is testing, given the spectrum of different convictions across the Diocese and more widely. However, it is my prayer that we continue to hold each other in love as Christ does us.

Despite such challenges, our parishes delivered 99.4% of their pledges. Thank you! This continues to be vital in supporting mission and ministry in our parishes. I know that the National Church hold our financial management in high regard and I am pleased to say that our fiscal health is not a result of any reduction in stipendiary clergy. This is the final Annual Report prepared under Ruth Martin, Diocesan Secretary, who retires from her post in the summer after more than eight years leading our executive administration and working with me to ensure strong Diocesan teams to serve our parishes. I express heartfelt thanks and appreciation to Ruth and I am glad she has accepted my request to take on two specific responsibilities in a part time capacity for a further two years. Without the work of the Archdeacons, Diocesan Staff, Clergy, and Parish Officers, we would not be able to play such a pivotal role in our local communities and I was delighted to commission Jonathan Sedgwick as Archdeacon of Southwark and Greg Prior as Archdeacon of Croydon during the last year. Sarah Docx became Vice-Chair of the Diocesan Board of Finance (DBF) as Sir David Beamish moved to his new role as Chair of the DBF and we are blessed by the quality of our team working. We must now work together to seek to build our Parish Support Fund further, to allow us to continue to maintain our parishes and resource new initiatives.

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I hold you all in prayer: fellow Clergy, all who hold my Licence or Commission Lay and Ordained, together with all Lay Leaders as we serve the people of South London and East Surrey, seeking to enable mission and ministry across our wonderful, diverse Diocese, the Lord being our helper. May God Bless you and your loved ones. Thank you for our partnership in the Gospel.



Chair of the Diocesan Board of Finance

I was honoured to be asked by Bishop Christopher to succeed Alan Saunders as Chair of the Diocesan Board of Finance in May 2022, having been Vice-Chair since September 2020. I am most grateful to Alan for providing me an excellent apprenticeship during my time as Vice-Chair, and for agreeing to continue as chair of the Investment Committee.

My term as Chair began a month after the pandemic restrictions finally ended after over two years. This was a cause for celebration and came after much disruption to everyone's lives. In a large charity like the Diocese, the previous two years had required frequent re-forecasting as we planned for different scenarios to enable us to ensure that our mission and ministry was sustained, and that we were still able to support our plans for growth.

Alan Saunders worked hard with the Diocesan Secretary and her team to ensure financial resilience in the event of further unexpected disruption. Our priorities have been to sustain the maximum number of stipendiary clergy (including our ongoing commitment to curates) and to continue planning for growth through Lay Ministry initiatives. As one of the largest dioceses, we need the financial resources to thrive, and I am pleased to say that we have emerged from the pandemic in a better position than we dared hope for.

This focus on financial resilience, which is also a key objective of Southwark Vision, has proved to be essential. The difficulties of 2022, including the war in Ukraine, fuel shortages, and the cost-of-living crisis, which have all had devastating effects, confirmed the importance of having sufficient financial resources. I am delighted to be able to record that this has been achieved in the financial statements for 2022. We were able to provide support to clergy living in Diocesan properties, and an increase in stipends to counter the dramatic rise in inflation.

In 2022 we succeeded in containing costs and achieving a broadly balanced out-turn in General and Total Funds – a remarkable outcome under the circumstances. We are greatly blessed by the collaboration we have with parishes, achieving a 99.4 percent return of Parish Support Fund pledges. We seek a partnership with parishes which is grounded in the principle of informed generosity. This, together with careful management of our property has enabled us to use our resources to sustain our mission and ministry on the front line.

I have seen at first hand the importance of the teamwork in the Diocesan office, as well as the commitment by staff to serve parishes through advice, help, and information. I am also a member of the panel of chairs of Safeguarding Core Groups, where I see the exemplary way in which our Diocese prioritises its safeguarding responsibilities.

I have been fortunate to have had the benefit of Ruth Martin's commitment and experience. She has been extraordinarily successful in putting the finances of the Diocese on a much sounder footing. We are now in a period of transition to a new Diocesan Secretary who will lead the executive administration through the next challenges, and I much look forward to supporting Nicola Thomas in her new role. As Ruth Martin steps down as Diocesan Secretary, I record my warmest thanks to her for all that she has achieved for the Diocese.

Picture removed

It will be important for us to hold on to the spirit of partnership, as well as financial resilience, as we navigate testing times ahead. We are now on the path to Carbon Net Zero including the continual review of our investment policies, while sustaining the pipeline of clergy and lay leaders vital to Parish ministry. To achieve this, we will need to focus on maximising the potential for grants from the National Church and on working together in building the Parish Support Fund further. I look forward to playing my part as Chair.



The Diocesan Secretary

This is my last annual report where I comment on behalf of the many colleagues who work with me. Amongst the pages of the annual report before you, there are some outstanding achievements which I feel we should all be pleased about.

Firstly, we ended the year not in a £1m deficit (which had been forecast) but on a broadly balanced out-turn on General and Total Funds. This was achieved not only from careful cost management but also due to the partnership with Diocesan teams, Archdeacons and parishes, such as in rental income from properties during vacancies, and notably in the remarkable achievement of the Parish Support Fund (PSF) which both Bishop Christopher and Sir David Beamish have already alluded to. In line with our property strategy, we were also able to start work on some significant property projects that had been delayed due to the pandemic and these will really help our parishes and clergy to have houses that are manageable and fit for purpose.

Secondly, the backlog of training for Safeguarding that had built up during 2020 and 2021 due to the pandemic was reduced by 57% in 2022. This was as a result of sustained effort by our Safeguarding Team and all those who support and work with them. During the previous two years it had been extremely difficult to sustain delivery of any face-to-face training and, whilst we moved as much as we could on to online provision, the combination of pandemic and turnover of volunteers and parish clergy had led to a backlog.

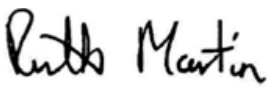
Another achievement central to Southwark Vision was the post-pandemic opportunity to invest in face-to-face 'training of the trainers' for those involved in unconscious bias training – part of the implementation of the Diocesan Anti Racism Charter – led by Bishop Rosemarie Mallett and Canon Wendy Robins. Thank you everyone for these significant steps forward.

The PSF continues to be the bulwark of our financial resilience and the result last year was, of course, remarkable even with the struggles parishes faced while recovering from the pandemic. Our aim, with your support, is to achieve a return to pre-pandemic levels of giving by the end of 2024. Many, if not most, parishes have seen families move away and yet parishes sustained their giving, with some giving further donations. We particularly wish to thank all those able and willing to give above their own ministry costs, as presently we have fewer than 30% covering their ministry costs in full.

The Diocese has also achieved further Church Commissioner grants including in 2022 an innovation grant for 'Bubble Church' aimed at preschool children and their carers and families and led from The Ascension Balham. Working in partnership with our parishes generates generosity, and not just in finances, but in supporting each other, and in volunteers to support our training, committees of the Diocese, Diocesan synod and deanery synods and deanery leadership teams. These bind us together in service to each other and to God. In the years ahead we aim to be able to do more to help our parishes apply successfully for grants, especially towards Church Buildings and in the pursuance of Carbon Net Zero.

I particularly wish to thank my deputies Jackie Pontin (Deputy Diocesan Secretary) and Mark Rhodes (Finance Director) and Charlie Hudson-Beddows who supports our governance so ably, together with our Archdeacons and all my colleagues who engage so well with our values of respect for all, transparent accountability, collaborative team working and the effective stewardship of the resources entrusted to us by our parishes. As I look forward to continuing to support the Diocese part-time for two years in a different capacity may I thank you all for the privilege of serving as your Diocesan Secretary.

Picture removed



Our Vision: a fruitful future

We share a vision for the future in which we will see:

- growing churches, new worshipping communities and new Christians
- deepening discipleship: engaged, prayerful and informed Christians
- growth in vocations to existing and new ministries
- generous giving and prayer supporting all we do
- justice and peace built up, and violence challenged, in our local and global community
- a shared commitment to the integrity of Creation
- a Church for all which reflects our diverse community in membership and leadership, including growth in United Kingdom minority ethnic (UKME) vocations and appointments.

Our Vision is founded on mutual commitment from all who make up the Diocesan family to walk together in the pilgrimage of faith, supporting, encouraging and resourcing each other in our common task.

The Diocese of Southwark serves...

2.9 million people

in the 16 local authorities of South London & East Surrey

through 356 places of worship — a Church of England presence in every community

and 104 church schools educating more than 37,000 young people

Pictures removed

Legal objects

The Trustees, who are also Directors for the purposes of company law, present their Annual Report, together with the audited financial statements, for the year ended 31 December 2022.

The Directors/Trustees are one and the same, and in signing as Trustees they are also signing the Strategic Report sections in their capacity as Directors.

This combined report satisfies the legal requirements for:

- a Directors' Report of a charitable company;
- a Strategic Report under the Companies Act 2006; and
- a Trustees' Annual Report under the Charities Act 2011.

Legal objects

The objects of the South London Church Fund & Southwark Diocesan Board of Finance (SDBF) are "for the public benefit to assist, promote and further the religious and other charitable work (including but not limited to the educational work) of the South London Church Fund & Southwark Diocesan Board of Finance within the Diocese, and any other diocese which shall at any time be formed, wholly or in part out of the Diocese, either with or without the addition of any part or parts of other dioceses."

Its function is to serve as the corporate body of the Church of England in the Diocese, responsible for the financial stewardship of the Diocese through performing, working and transacting business in connection with the Church and Diocese. It is the Diocese Board of Finance for the purpose of the Diocesan Boards of Finance Measure 1925 and other legislation. Through its Parsonages Committee, it may act as the Parsonages Board for the Diocese within the meaning of the Repair of Benefices Buildings Measure 1972.

The Diocese of Southwark covers most of Greater London south of the Thames and part of East Surrey. Within the Diocesan boundaries are the Royal Borough of Greenwich, the London Boroughs of Croydon, Lambeth, Lewisham, Merton, Southwark, Sutton and Wandsworth, plus parts of the London Boroughs of Richmond upon Thames, Bromley and Bexley and the Royal Borough of Kingston upon Thames. In Surrey, it also includes parts of the Borough of Reigate and Banstead, Tandridge District Council and Mole Valley District Council.

The SDBF has the following responsibilities:

i. the management of glebe property and investments arising from the Endowments and Glebe Measure 1976 to generate income to support the cost of stipends;
ii. managing the repair of benefice houses under the Repair of Benefice Buildings Measure 1972;
iii. to act as custodian of permanent endowment and real property assets relating to trusts held by Incumbents and Archdeacons and by Parochial Church Councils (PCCs) as Diocesan Authority under the Incumbents and Churchwardens (Trusts) Measure 1964 and the Parochial Church Councils (Powers) Measure 1956.

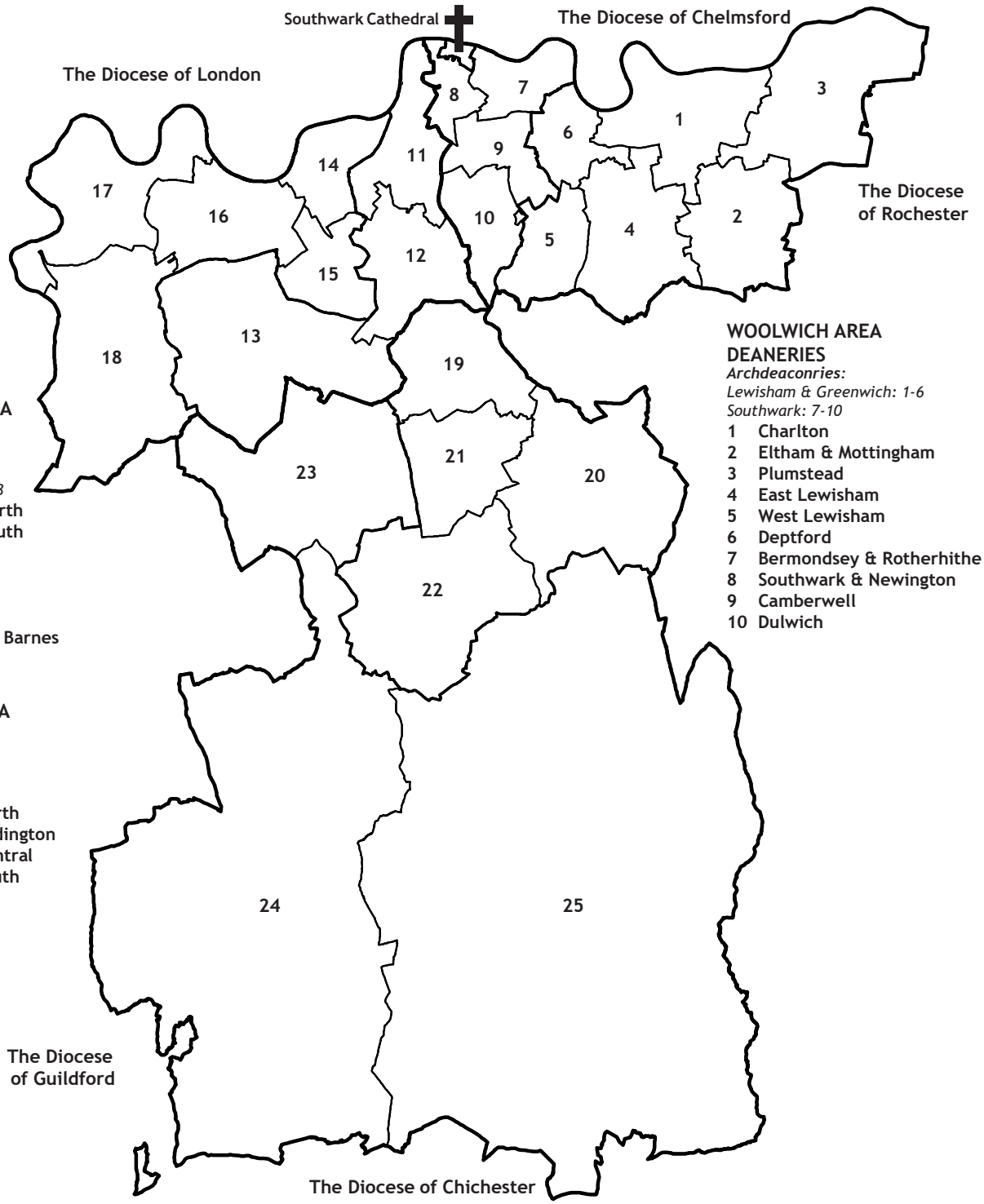
The SDBF is empowered to act as a committee of the Diocesan Synod, responsible for providing the the secretariat and other corporate services of the Diocese and also for raising and disbursing money and employing staff. Its members are both Directors and Trustees.

The standing committee of the Diocesan Synod is the Diocesan Council of Trustees (Bishop's Council). Its members are also the members of the SDBF and the Diocesan Mission and Pastoral Committee (DMPC). Each of these three bodies has coterminous membership.

The strategic priorities of the Diocese are established by the Diocesan Synod, and its standing committee the Diocesan Council of Trustees (DCT), in consultation with Deanery Synods, PCCs and the Bishop of Southwark (in respect of his responsibility for the provision of the cure of souls).

The DCT (acting as Bishop's Council, the Diocesan Board of Finance (DBF) and the DMPC) fulfils its objectives within this framework, together with the committees and advisory groups of the Diocese shown in the governance structure on page 38. To this end, significant time and effort is committed to communication between and with these bodies, as well as with the Church nationally; this includes consultation on specific matters relating to the priorities for the forthcoming year, taking into account the commitments arising from the Diocesan Budget.

Map of the Diocese of Southwark



KINGSTON AREA DEANERIES
Archdeaconries:
Lambeth: 11-13
Wandsworth: 14-18

11 Lambeth North
12 Lambeth South
13 Merton
14 Battersea
15 Tooting
16 Wandsworth
17 Richmond & Barnes
18 Kingston

CROYDON AREA DEANERIES
Archdeaconries:
Croydon: 19-22
Reigate: 23-25

19 Croydon North
20 Croydon Addington
21 Croydon Central
22 Croydon South
23 Sutton
24 Reigate
25 Tandridge

WOOLWICH AREA DEANERIES
Archdeaconries:
Lewisham & Greenwich: 1-6
Southwark: 7-10

1 Charlton
2 Eltham & Mottingham
3 Plumstead
4 East Lewisham
5 West Lewisham
6 Deptford
7 Bermondsey & Rotherhithe
8 Southwark & Newington
9 Camberwell
10 Dulwich

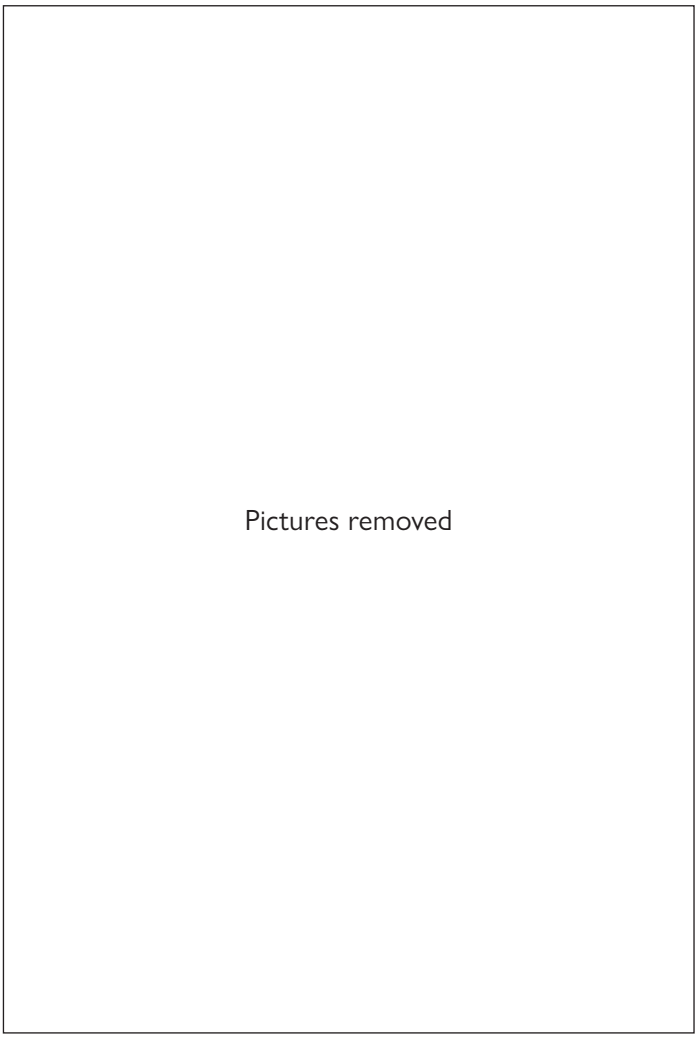
Strategic report

Strategic report

The main role of the Southwark Diocesan Board of Finance (SDBF) is to identify and manage resources within the Diocese, particularly the financial aspects of the provision of ministry. This is so as to lead, enable and serve the Diocesan Synod, deaneries, parishes, schools and communities of the Diocese in furthering mission and ministry and fulfilling the vision of the Diocese, whilst also ensuring full compliance with statutory responsibilities.

The purposes are:

- to provide sufficient ministerial resources to ensure a Christian presence in every parish, including appropriate housing; also including support for communities across the Diocese through school, university, hospital and prison chaplaincies
- to provide resources for people of all ages and at all stages of their spiritual journey to grow in understanding of the Christian faith
- to support and enable the work of the Southwark Diocesan Board of Education (SDBE), establishing and maintaining contacts with universities, colleges and schools and including support for the SDBE Multi Academy Trust (MAT) where the SDBF is represented as a Member
- to engage actively in local debate and ensure that Christian voices are heard in all areas of public life
- to support and strengthen the Church's work for the common good, including resources and support for God's bias for the poor, through Care for Creation and through interfaith dialogue. This includes intentional care for the environment including a journey towards 'Carbon Net Zero'. It also includes direct financial support for, and board membership of, Welcare, a charity aimed at families needing support. In addition, the Diocese is the sole corporate member of Together Southwark, which is aimed at alleviating poverty through development projects and which, until the end of 2020, was supported financially by the Church Urban Fund.



Southwark Vision 2017–25 and strategic objectives

Southwark Vision
From the Archbishop of Canterbury's Charge given to Bishop Christopher in 2011, the Diocese of Southwark has been on a journey of discernment towards a shared vision, Southwark Vision, which has been brought together from the themes and agreed outcomes described in the *Strategy for Ministry* final report adopted by Synod in November 2015, and *Hearts on Fire Vision for Mission*, with its commitment to the Five Marks of Mission and the five strategic objectives adopted by Synod in March 2016. These two documents together explain the detailed thinking behind Southwark Vision. In all we do we aim to be Christ Centred and Outward Focused. The strategic ministry and deployment vision is integral to Southwark Vision, together with Fresh Expressions of Church, Hub and Resourcing Churches.

Objective One

To grow average weekly attendance by 5% by 2025, partly through having each church develop a high-quality Mission Action Plan (MAP) which includes a course for evangelism and discipleship.

The COVID-19 pandemic continued to have an impact on the worshipping life of our churches in 2022 although its effects were less severe than in 2021. Church attendance and participation in 2022 were higher than in 2021 but remained below 2019 levels. In common with the Church of England as a whole, a variety of Church at Home (CAH) services continued to be offered although there are differing methods of calculating CAH 'attendance' by individual churches. Many of our churches are still offering some form of CAH which is welcomed by those not able to attend in person.

The latest available published figures below relate to 2021 (not 2022) and in-person attendance figures were as follows:

- the Worshipping Community in Southwark churches was 50,200, a decline of 10% on the 2019 figure (Church of England comparison is a decline of 13%)
- the average Sunday attendance (aSa) at Southwark churches was 23,400 adults and children, a decrease of 29% since 2019 (CofE comparison is a decline of 28%)
- it was a similar story with average weekly attendance. On average, 27,400 people attended weekly services in Southwark churches, a decrease of 28% since 2019 (CofE comparison is a decline of 29%)
- weddings in Southwark churches were 610 in 2021 compared to 630 in 2019, a decline of 3% compared to a 16% decline across the Church of England
- baptisms in Southwark showed a 35% decline from 2,950 in 2019 to 1,102 in 2021 (CofE comparison is a 38% decline)
- funerals held in Southwark churches increased by 3% to 1,210 from 2019 to 2021 (CofE comparison is a decline of 12%)
- funerals in crematoria in Southwark increased by 1% to 1,280 in the same period (CofE comparison is an increase of 7%)
- in total 2,490 funerals were held in Southwark, an increase of 2% in the period from 2019 to 2021 (CofE equivalent is a decrease of 5%).

Objective Two

By 2025, to increase the number of worshipping communities with a primary focus on areas of population growth through investment in Fresh Expressions of Church (fxC) in the areas where the data suggests the existing congregations are increasingly unrepresentative of the resident community and therefore unlikely to be successful in reaching them without intentional intervention.

We completed a national church enabled Strategic Development Project 'SDF1' in 2022 resulting in an increase over the past five years of Fresh Expressions of Church and the increase in capacity of the Diocese to support fresh expressions and Pioneering. In total £450,000 was given in grants to support and encourage fresh expressions. A significant proportion of the grants were given to churches reaching their local parish estates.

With the ending of the restrictions of the pandemic we are seeing a rebound in the number of Fresh Expressions of Church. In the summer we reviewed the fresh expressions to see the impact of the pandemic. We found that we had 96 active fresh expressions. We found that 17 fresh expressions had started post-pandemic and another

19 were still on hold. We expect this to continue to increase with time as churches engage post-pandemic. We now have eight churches engaged with the Church of England initiative Greenhouse which establishes Fresh Expressions of Church.

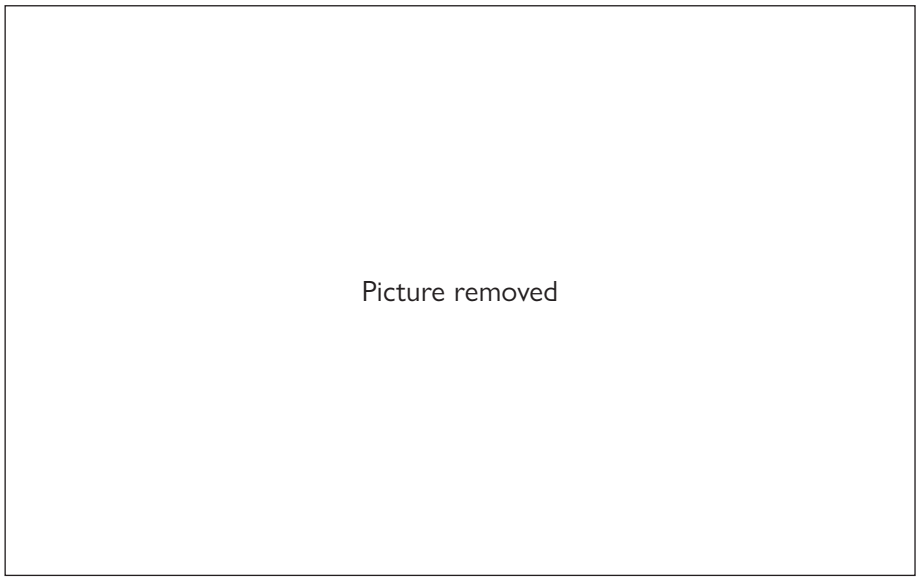
For the first time in the Diocese, the majority of new curates in 2022 were Pioneer Curates (a total of 10 out of 17) leading to the Diocese having 19 Pioneer Curates across the three training years, known as IME 4–6. Although this may be an exceptional year, it is good to see the continued demand from both curates and training incumbents to develop new ways of reaching their parishes.

We have been consulting on and developing an Estates Lay Pioneer pathway for which we gathered forty clergy in September to discuss the ideas.

Objective Three

To grow a financial resource base that allows investment in growth for the future. Key measurables include an annual financial surplus, maintaining working financial reserves equivalent to three months' operating costs by 2020; 1% of Diocesan turnover annually dedicated to major Diocesan ministry and mission projects beginning in 2016, rising to 2% by 2020.

Despite the pandemic restrictions affecting our churches well into 2022 we managed to achieve a break-even and modest surplus and maintain our objective of annual financial cash reserves equivalent to three months. In 2021 we also completed repayments of the remaining Diocesan loan. We were able to transfer a Trust for London grant to the Southwark Vision Development Fund to further enable the Diocese to contribute at least 1% of Diocesan turnover to major ministry and mission projects. Given the successful out-turn for 2022 we have carried this forward to 2023. The financial out-turn was also, in part thanks to the reduction in the Clergy Pension Scheme deficit payments due to dioceses. Above all, however, it is thanks to the generosity of the parishes in fulfilling their Parish Support Fund (PSF) pledges which is the bedrock of Diocesan finances.



2023 is budgeted to have a balanced out-turn, a financial surplus will be achieved by the end of 2024.

Objective Four

To grow the number of ordained and lay vocations by 50% by 2020 by enabling and discerning ordained ministers, by expanding opportunities for licensed and commissioned lay leadership, and by affirming and growing other forms of lay ministry (for example, worship leaders, family and youth leaders, and spiritual directors); to offer relevant and enriching training; to create networks of support and celebration which reflect the diversity of the Diocese, and our commitment to evangelism and discipleship; and to deliver fully integrated and pioneering church growth and Fresh Expressions of Church.

The original target for increasing ordained vocations was achieved in 2018 (50% increase) and has continued to increase, with the growing number of UK minority ethnic (UKME) ordained vocations and potential pioneer curates a particularly encouraging development.

We are working with the National Ministry Team to try to smooth some of the problems with the new Shared Discernment Process (which has replaced BAPs). Our team of ADOs are fully trained in the new process and are getting our candidates through the process in good time.

Southwark Vision 2017–25 and strategic objectives *(continued)*

We have begun to use the new Formation Framework for our Curates and this is working well. We will be preparing to include the cost of curates (above our agreed baseline) into the forthcoming DIP (successor to SDF).

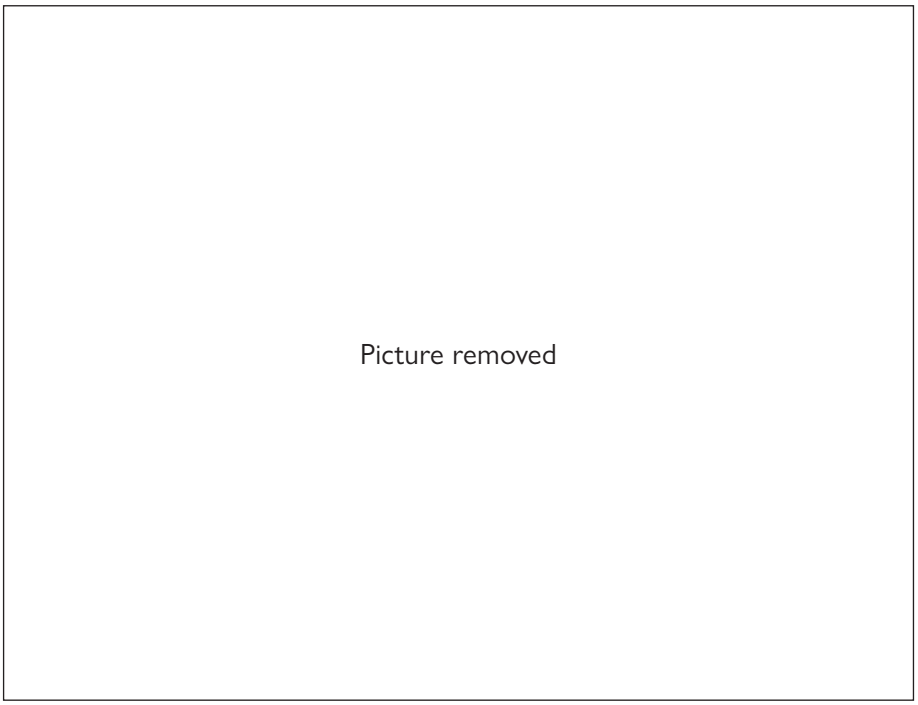
Objective Five

By 2025, to grow leadership and representation that reflects the rich diversity of our Diocese and especially focusing where the data suggests groups are currently under-represented: through ethnicity, age (especially 18-40), educational opportunities, material well-being, or tradition.

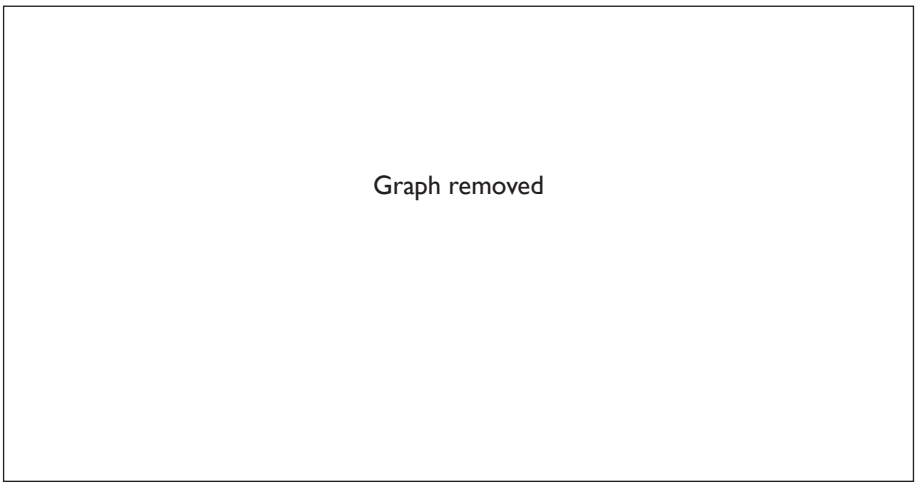
The Diocese of Southwark Anti-Racism Charter is now being fully implemented and includes a range of specific tools and measures aimed at growing leadership that reflects the rich diversity of our many UKME and Global Majority Heritage (GMH) members. In addition, we are seeking to grow our work on urban estates to encourage leadership opportunities in our worshipping communities. In our Diocesan structures we have introduced opportunities, for example, Woolwich Youth Forum to present through videos their views on a range of synodical matters which we hope will lead to younger people becoming members and speaking at Diocesan Synod.

In our committees and trustee bodies, we seek to ensure leadership which reflects diversity across gender, physical mobility, ethnicity, age, and background.

Candidates recommended for ordination training at selection panels included six from UKME and GMH backgrounds out of sixteen who were successful at the Stage 2 Panels.



We continue to ensure representation of UKME and GMH in vocations advisors and Area Directors of Ordinands (ADOs). The ethnic background of clergy in senior roles also increased in 2022, nearly 15%. In the 2021 Census, the population of the communities we serve across the Diocese of Southwark with a non-white ethnic background increased (compared to the 2011 Census) by 1% in each of the key non-white ethnic categories.



Annual objectives for 2022

Objectives for 2022 reflected the continuing themes of connection and communication, and the rebuilding of finances in parishes and the Diocese post-pandemic, which continued as themes from 2021.

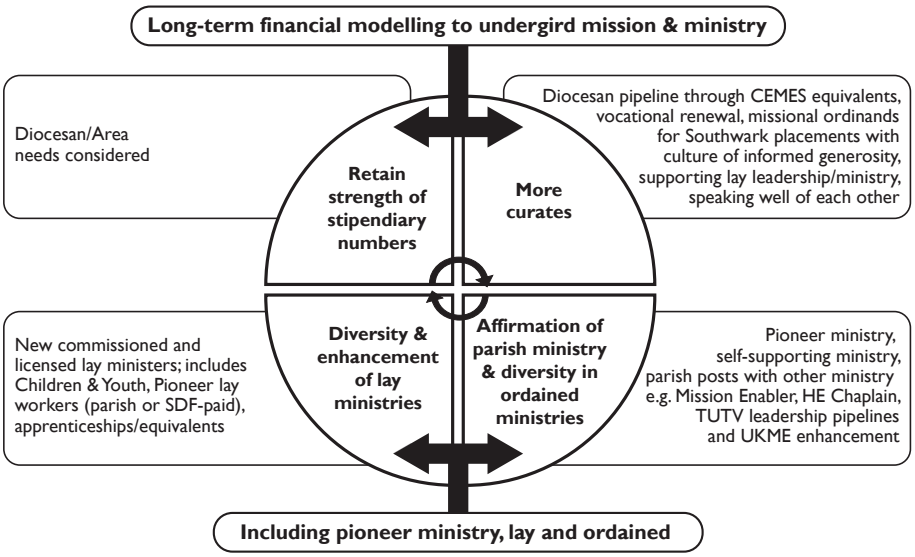
Southwark Vision is at the heart of our strategy, our plans and the annual objectives for 2022 reflect this, specifying actions and initiatives which speak to this vision and take us forward as a Diocese in partnership with our parishes. In particular, the Diocese maintained a firm commitment to parish structures, whilst continuing to support innovation and new projects and initiatives through our parish structures.

A key objective has been set out to rebuild the PSF to 2019 levels by the end of 2024 and continue efforts over the next 10 years to reach two thirds of parishes covering their ministry costs and supporting those who can not. Digital giving continues to be embedded through piloting contactless payments and online giving in our parishes. We also contracted for a new finance system for the Diocesan office implemented from January 2023.

Work to rebuild financial resilience with stronger cash reserves, a focus on costs and income including potential grants to support longer term change, continued with a focus on recovery from the pandemic.

The Diocesan Conference in September 2022 was a significant opportunity to maintain connection and communication with church leaders, both clergy and lay, as serving parishes continues to be a significant message and an important reality for Diocesan teams. Focus remains on clergy during times of change with training and practical support.

Strategic ministry deployment and vision



Southwark Vision: Christ centred and outward focused

The Strategic Vision Ministry and Deployment policy continued to be an integral part of Southwark Vision with a commitment on formation and development of curates seeking stipendiary and self-supporting ministries, the embedding of the Diocesan action plan for the Anti-Racism Charter, establishment of Hub and Resourcing Churches to encourage and support parishes with mission and starting Fresh Expressions of Church to create new worshipping communities.

Supporting mission and ministry through the work of our Justice, Peace and Integrity of Creation (JPIC) team continued in 2022, as the Diocese began to develop the plan for reducing carbon emissions in line with our Diocesan Environment Policy.

We continued to promote Eco Diocese and are now aiming for the silver award, having achieved bronze in 2022. We also continued to resource work to combat serious youth violence and support for refugees, all contributing to a Diocese that is Christ Centred and Outward Focused.

Annual objectives *(continued)*

Progress made towards achieving 2022 objectives

Southwark Vision

Objective	Progress made
To continue with Mission Action Planning and enable parishes to create COVID-19 Mission Action Plans which are Christ-Centred and Outward-focused.	The pandemic restrictions ended in April and the Mission Team has begun its important work visiting parishes and deaneries to encourage post-pandemic Action Plans.
To encourage deaneries to reach out and share good practice as Deanery Leadership Teams develop and can also focus on resourcing mission.	The network of Deanery Leadership Teams continues to evolve and innovations continued to be shared at meetings of Area Deans and Deanery Lay Chairs. There continues to be considerable progress on environmental initiatives at deanery level and in support for social action, including presentations from Welcare.
To utilise Mission Accompaniers to work with Deanery Leadership Teams.	This is in progress, recognising the demands on clergy and lay ministers' time.

Strategic Ministry – Vocations & ministry – Lay and Ordained

Objective	Progress made
To continue to develop and embed new pathways for lay ministries.	Considerable work was undertaken to prepare for pioneer lay ministers at Commissioned Level, ready for 2023 intake. The process for promoting these ministries has been further enabled by a Diocesan wide Season for Lay Ministries.
To embed the new shared discernment process (which has replaced bishops' advisory panels).	This is ongoing and the Vocation Team continue to work with the new structures and provide feedback nationally.
To participate fully in national development for lay and ordained ministerial formation.	The enlarged vocations and clergy formations teams are fully committed to participating in national developments and as one of the largest dioceses we seek to embed new ideas in both our lay and clergy formation.
To consider initiatives to support clergy well-being during times of change and uncertainty.	During 2022 we appointed a new part-time role of Dean of Clergy Well-being and this is already bearing fruit.

Budget & finance

Objective	Progress made
To manage expected deficit budget which is due to reduce compared to the three year presentation to Synod in December 2020.	Achieved.
To maintain Diocesan investment in Southwark Vision including enlarged contingency.	Achieved.
To seek to build cash reserves further, in line with Reserves Policy, ensuring a minimum of three months' cash reserves.	Achieved.

Giving

Objective	Progress made
To strengthen regular giving with the continued rollout of the Parish Giving Scheme (PGS).	Funds and number of gifts processed by PGS for Southwark parishes increased by 250% in 2022.
To plan the 10 year programme to reach two thirds of parishes self-financing building on the reviews of smaller churches underway, linked to our Deployment Vision.	Due to the pandemic restrictions not being lifted until April 2022, this has been moved to 2023.
To work alongside parishes and archdeacons to seek to rebuild the PSF to 2019 levels by the end of 2023 through the 2023 pledges.	Due to the pandemic restrictions not being lifted until April 2022, this has been moved to 2024.
To embed digital giving focusing on the remaining 12 deaneries not covered by the 2021 contactless pilot.	At the end of 2022 Southwark Diocese had over 58% of worshipping communities using digital giving, the highest percentage for a diocese in the CofE. This continues to be an important objective carried over to 2023.

Safeguarding

Objective	Progress made
To implement, as required, any new actions following the IICSA Report (October 2020) and the Diocesan Past Cases Review 2.	The Report of the PCR2 Nationally was achieved in October 2022, and in the Diocese of Southwark the work concluded in March 2022. Implementation of recommendations is underway.
To overcome the backlog of training caused by COVID-19 building on the new successful training programmes.	This has been substantially achieved, with a reduction of 57% in the backlog.
To participate fully in national developments including, as a pilot diocese, for the new national casework system and the implementation of the new Safer Recruitment and People Management guidance for all church bodies.	The Diocese of Southwark is one of the first dioceses to pilot the new casework system and this is underway.

Annual objectives *(continued)*

Property

Objective	Progress made
To reintroduce quinquennial inspections.	Achieved.
To develop five and 10 year maintenance plans.	In progress.
To review glebe land across the Diocese.	In progress.

Data & IT

Objectives	Progress made
To continue to build the integrated database across the Diocese, including data to measure the success of the anti-racism charter over time.	Achieved. This continued with the establishment of the Property Database.

Website & digital communications

Objective	Progress made
To develop a new Communications Strategy in the light of COVID-19.	Achieved.

Mission & justice

Objective	Progress made
To implement the Southwark Diocese Anti-Racism Charter.	Implementation is underway.
To develop the plan for reducing Carbon emissions within Diocesan control for presentation to Synod, continuing to promote Eco Diocese throughout the Diocese.	Progress made on the plan for 2023 approval.
To continue to build Deanery Leadership Teams and ensure Deanery-based initiatives are given space to flourish.	Progress continues as deaneries are each focusing on specific areas of priority for them.
Lead and enable renewal of Children and Young People's ministries during and after COVID-19 – this will include timely youth forums in each episcopal Area and promoting and encouraging CYP Toolkits.	Progress has been made and is ongoing.

Other activities and achievements in the year

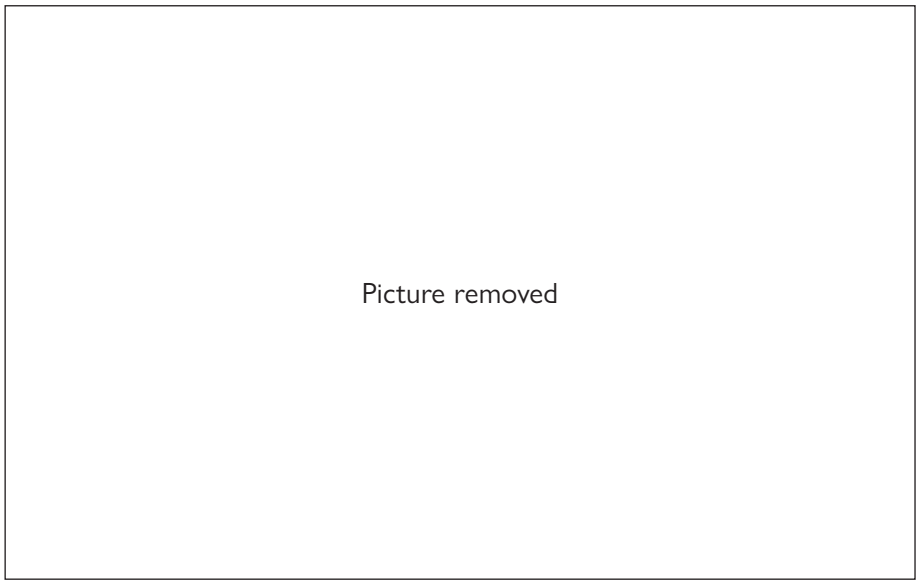
In 2022, thanks to the generosity of parishes in rebuilding the Parish Support Fund (PSF) and the careful cost controls in the Diocesan Office, the Diocese has achieved a remarkable balanced budget. The PSF had another year of a collection rate of 99.4%. Consequently, the Diocese was able to deliver a range of initiatives and activities.

Following the death of Her Late Majesty Queen Elizabeth II on 8 September 2022, the Diocese entered a period of mourning. Parishes held requiem Eucharists and services of thanksgiving, opened books of condolences, rang bells and encouraged prayers for the Late Queen and The King. Mourners queued around Southwark Cathedral to pay their respects ahead of the state funeral. This comes after parishes celebrated the Late Queen's Platinum Jubilee in June 2022, to mark 70 years as the Sovereign.

The first Southwark Diocesan Conference since the start of the pandemic took place at Bacon's College, Rotherhithe from Thursday 1 to Saturday 3 September 2022. The conference was a landmark event with a programme of keynote speakers and speeches where clergy and lay leaders joined together.

Ministry and discipleship

The Diocese has continued to focus on promoting Lay Ministries and 2022 saw the launch of the Season of Lay Ministries, which aims to encourage people to consider the Lay Ministries to which they may be called by focussing our preaching and teaching in the parishes on the call to lay ministry. The Season was well received and many parishes joined in and it is now to be an annual event.



In October, the first combined Lay Ministries Licensing and Commissioning service took place. Ten Readers were licensed and two Southwark Pastoral Auxiliaries (SPAs) were commissioned. A Pioneer Lay Minister was also commissioned separately. Three new people entered SPA training in 2022 and five new Readers are in training. Twelve Readers are in post-licensing training and the first licensed Lay Minister (Pastoral) began training. The Aurora Course, which is being used to train commissioned Youth Ministers, began and there are seven participants. Three others began training at St Augustine's to become licensed Lay Pioneers.

The Discipleship and Ministry Team offered an expanding and varied series of 42 short courses (both online and in person) to which 1,088 people signed up (this does not include safeguarding training, Vocations Forums and Children's and Youth events or courses run by Missions which are organised separately.) The Ground Floor Guides have proven to be particularly well received. The Bishop's Certificate is once again well subscribed with 58 people following the course which is delivered both in person and online. Of these 58 people, 21 are in touch with Vocations Advisers.

The Living in Love and Faith (LLF) process drew to a close in 2022, as in other Dioceses, and many parishes have engaged with LLF and have contacted the national church with their views.

The Lay Council met three times providing support and guidance for the work concerning Discipleship and Lay Ministry.

Broadening the diversity of our clergy continues to be a priority, with a growing number of UKME curates already in the various processes. This is an important part of the Diocesan Anti-Racism Charter currently being implemented across the Diocese. Of the 15 candidates recommended for training through the Shared

Other activities and achievements *(continued)*

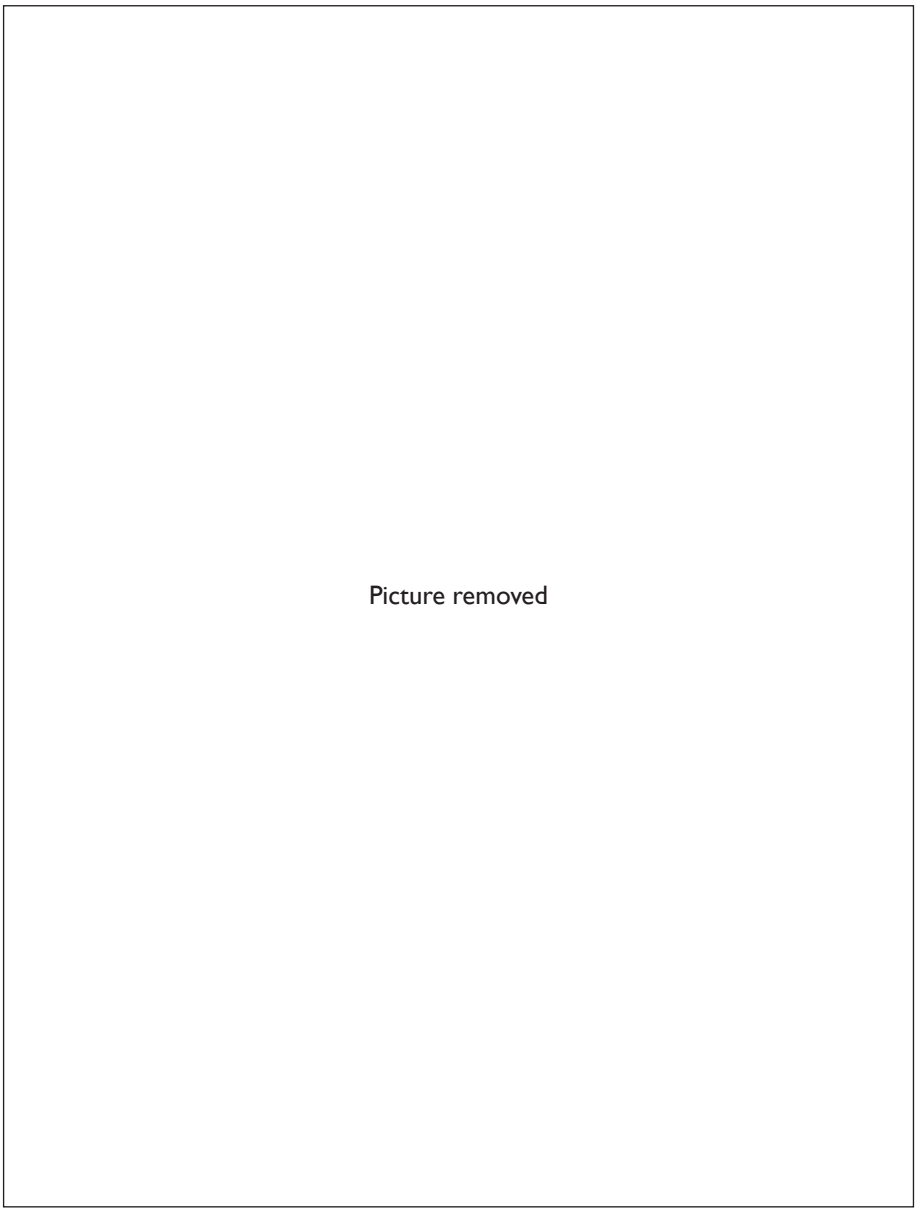
Discernment Process (SDP) or Candidates Panel in 2022, a third were UKME, a 26% rise from 11 people 2021. This movement is supported by a commitment to the diversity of our Vocations Advisers and ADOs. Currently, among the Vocations Advisers, 41% are women and 24% UKME. For the ADOs, 39% are women and 17% UKME.

Pioneering and fresh expressions

Innovation Funding has been awarded by the Church Commissioners to Ascension Balham, to enable Bubble Church to be shared with other churches and a new Church Mission enabler has been appointed. The largest ever number of Pioneer Curates were ordained in the Diocese. There are now 10 to add to the previous two cohorts, leading to a total of 19 Pioneer Curates in Southwark.

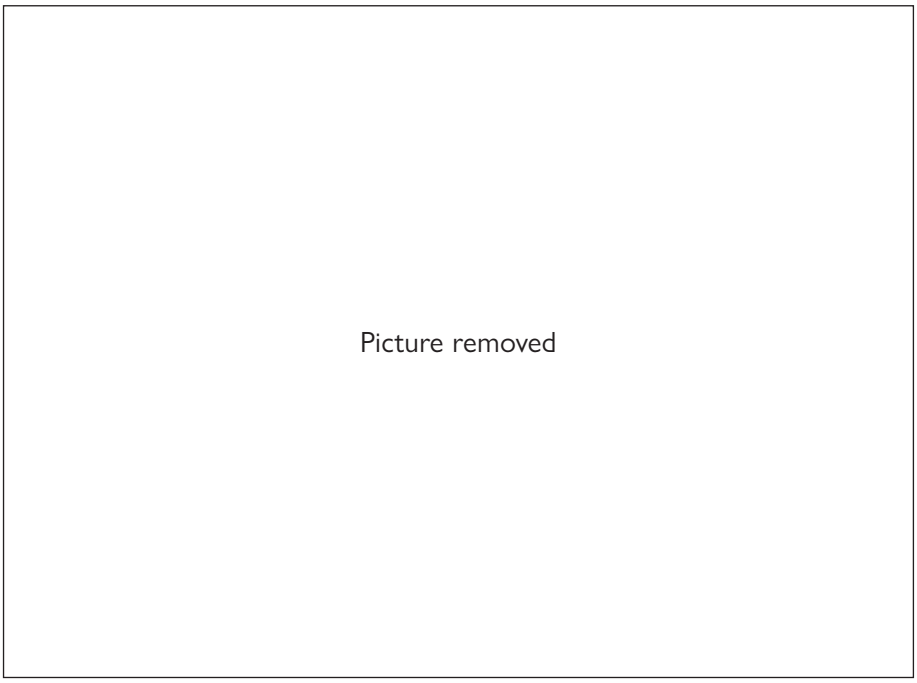
Eight churches were involved in the Church of England's Greenhouse initiative, starting Fresh Expressions of Church. Work is ongoing with Deaneries and Area Deans to encourage the take up of Greenhouse. Ongoing training continued through the year with FX101, Messy Church seminars, an introduction to Lay Pioneering, an introduction to Greenhouse sessions, as well as sharing Godsend resources, and Sharing Jesus resources.

We launched the first four Resourcing Churches across a range of traditions in the Diocese. Development of the Hub Church model continues. The target for 40 new fresh expression churches has been exceeded with an addition of 100 Fresh Expressions of Church. £450,000 has been given in FX grants, which has created a Pioneering and Fresh Expressions Department.



To assess the impact of the pandemic on fresh expression churches, the department carried out an audit and found that there are 96 active fresh expressions; although 30 had stopped due to the pandemic; there have been 17 that have started post-pandemic and another 19 were found to be on hold.

The department has been developing an Estates Lay Pioneer pathway and in September, 40 clergy gathered to consult and discuss ideas. This pathway is actively expected to launch in 2023 and a Dean of Estates Ministry has been appointed to provide a further focus on ministry with estates in the Diocese.



Mission and evangelism

The impact of the COVID-19 pandemic continued to affect school and church communities into 2022. This meant that the Children's and Young People's (CYP) team and the Canon Missioner (along with colleagues) responded to parishes as they adjusted to a change in attendance, volunteer commitment and renewing church services and ministries. The Aurora Course was launched in Southwark Diocese to support the training of CYP workers as affirmed or commissioned lay ministers. Working closely with SDBE, the team implemented the national church initiative 'Growing Faith' – a partnership between churches, schools and families. One expression of this was the response to modern day slavery 'We See You' partnered with the Clewer Initiative and Southwark Cathedral.

The Justice, Peace and Integrity of Creation (JPIC) team, which is funded by Benefact (formerly All Churches Trust), is located within the Mission Team, bringing together all five Marks of Mission under the Canon Missioner.

The '*We See You*' event at Southwark Cathedral in November also included the Reigate Archdeaconry Social Justice Forum which organised a two-day awareness-raising event around Modern Slavery. The first day of the event was led by two SDBE Diocesan secondary schools – Bacon's College, Rotherhithe and Christ's School, Richmond – while the second day was aimed at parishes and individuals and we welcomed a large number of speakers, organisations and individuals to the Cathedral to learn about Modern Slavery and share worship led by Bishop Rosemarie and the Chair of the Clewer Initiative, Bishop Alastair Redfern.

The Canon Missioner, along with a team of colleagues working in the episcopal areas, offered Mission Action Planning to parishes and deaneries. Online evangelism training 'Witness without Walls' encouraged new ways that individuals could connect and share faith within their communities online or outdoors.

The Diocesan Conference provided many learning opportunities in areas of the Five Marks of Mission as well as CYP. 'Thy Kingdom Come' – between Ascension and Pentecost – resourced parishes in praying for five friends and saying a prayer for the persecuted church amongst other ideas. In the autumn term, grants were given to equip parishes to reach out to their communities throughout Advent and Christmas.

Other JPIC work has focused on:

- working with the Diocesan leadership tackling the cost of living, offering information about Warm Spaces, presenting talks and sharing resources for a range of groups about help with cost of living, alongside support from Together Southwark
- working in partnership with the Synergy Network to tackle Serious Youth Violence, including participating in the Standing Together against Serious Youth Violence weekend in July
- providing support for Ukrainian families and those hosting them; welcoming refugees from Hong Kong; and, with the Mission team, supporting those who are working with the Farsi community.

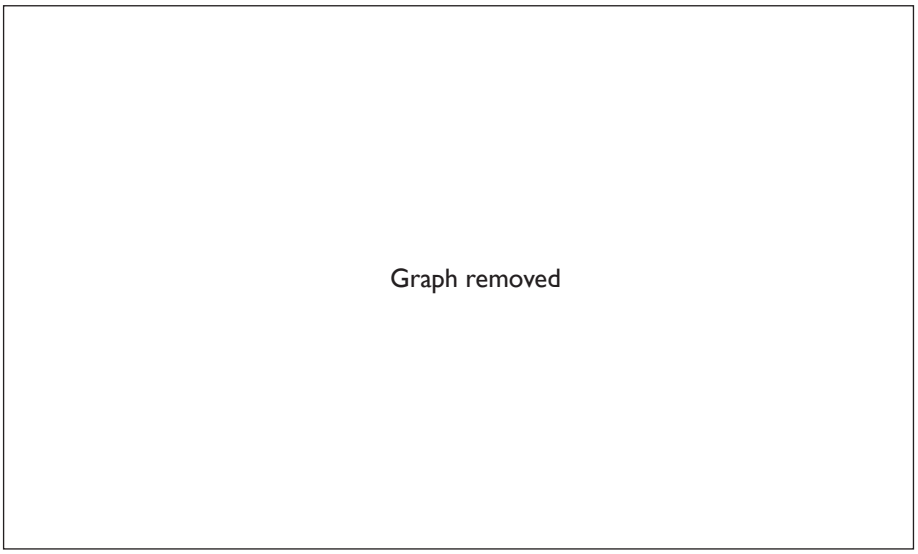
The JPIC team have also supported Diocesan work on the Fifth Mark of Mission: safeguarding the integrity of

Other activities and achievements *(continued)*

creation. This has focused on two main areas – the Eco Church initiative and working towards Carbon Net Zero. The Diocese achieved the Eco Diocese Bronze Award in June 2022, thanks to the hard work and commitment of parishes and groups throughout the Diocese. 43% of churches in the Diocese are now registered for Eco Church, and we now have 44 Bronze and 16 Silver Awards. The Eco Diocese Working Group is currently reviewing the criteria for the Silver Eco Diocese award and we have an ambition to achieve this by 2028.

The Diocese is also engaged with the Church of England's Routemap to Carbon Net Zero and in February submitted the Diocesan response to the consultation on the Routemap. The ambition in the Diocese is to work towards Carbon Net Zero by 2035, and to this end an update was presented to Diocesan Synod in March 2023. The Diocesan Environment Officer is trained to deliver Carbon Literacy Training and ran this twice in 2022 (making Southwark one of the first two diocese to offer this). The team also ran a small Energy Audit Scheme using a grant from the national Environment Team to work with a few of the highest-emitting churches in the Diocese to measure and reduce their energy usage.

Together Southwark, a separate charity with the Southwark DBF as sole corporate trustee, is managed through JPIC with its staff member employed by the DBF. Together Southwark has hosted a series of webinars and events and the charity continues to research and publicise funding opportunities, whilst responding to requests for help.



Safeguarding

During 2022:

- There was a 57% increase in the number of people across the Diocese and at the Cathedral that completed safeguarding training courses, either in person or online
- There was 57% reduction in backlog of those requiring training.
- There were 393 new matters referred to the DST during the year, a 9% reduction when compared to 2021 (433).
- There were 19 new Core Group Meetings (required in cases relating to Church officers) compared to 16 in 2021. Additionally, three historical cases were reopened, two for follow-up administration and one due to recent police activity.
- There was a 9% increase in online Disclosure and Barring Service (DBS) applications submitted in 2022, this was 2,305 (2021: 2,112), which reflects the recovery in movement post-pandemic.
- The Past Cases Review 2 (PCR2) was published by the National Safeguarding Steering Group on 5 October 2022. Southwark's contribution, overseen by a Diocesan Project Reference Group, was submitted by an Independent Lead Reviewer. PCR2 included a comprehensive review of all Clergy Blue Files, including clergy at the Cathedral; Readers and Southwark Pastoral Auxiliaries (SPAs), Permission to Officiate (PTO) files and current and historic safeguarding casework files. This work commenced in September 2020, concluded in March 2022, and included the review of 2,536 diocesan files and records. Of these, less than 1% were referred to the Diocesan Safeguarding Team (DST) for further investigation. No major issues concerning the safeguarding of children or adults arose. The implementation of the 21 PCR2 recommendations is already underway, and an Action Plan exists. The ongoing work within the Diocese relating to the National themes is covered in the Executive Summary of this report. The full National Report and Southwark's Executive Summary can be accessed

via the Diocesan website alongside an expression of gratitude from Bishop Christopher to the survivors who participated in the review.

- 21 national thematic recommendations from PCR2 relate to policy and process, focused in the areas of: Diocesan Safeguarding Team Recording (Southwark leading the way as early adopters of the new National Case Management System), Safeguarding Agreements (also known as Worship Agreements, designed for the purpose of safeguarding children, young people, and vulnerable adults, whilst also supporting respondents) and Survivor Engagement. The recommendations are charted in an Action Plan with strategic governance and oversight by the Bishop's Lead for Safeguarding, and the Diocesan Safeguarding Advisory Panel (DSAP). Progress updates will be reported quarterly on the Diocesan website. The National PCR2 Board conducted very thorough scrutiny of all the Diocesan PCR2 reports including Southwark's and it met the Board's requirements.

Grants and funding

A high pledge base and collection rate of 99.4% for 2022 has been received, as part of the Parish Support Fund (PSF). 16 out of 25 deaneries and both Croydon and Wandsworth Archdeaconries had 100% collection rates.

The December National Parish Share report indicated that for the 35 dioceses from which they had December 2022 data, they had experienced a year to date fall of 7.5% of parish share received in comparison to the same period three years ago, before the pandemic. Southwark is 7th, with a decrease of less than 3%.

Considering inflation over the last three years, all dioceses have seen a real terms reduction in parish share of over 10%.

Personnel

In 2022, the Diocese had 510 clergy, based primarily in parishes, of which 384 were stipendiary. There were also 202 Readers, 122 SPAs and 14 other Licensed Lay Ministers, inlcuding Church Army Evangelists and Lay Pioneers.

As part of its ongoing human resources (HR) advisory service, during 2022, the Diocese helped with at least 198 enquiries, with parishes seeking advice about a variety of employment matters, ranging from the provision of templates and telephone advice, to cases requiring more extensive support about employment matters. There were seven cases requiring more intensive longer term support to parishes.

We provided 285 sessions of short-term counselling support for 37 members of clergy through the counselling services that are offered to support clergy well-being.

Church buildings and property

During the year, the Diocesan Advisory Committee (DAC) gave 85 formal recommendations to parishes and other recipients, up from 75 in 2021. A further 117 "List B" items were approved by Archdeacons (after DAC advice), compared with 118 the previous year.

As part of the Diocese's commitment to working towards Carbon Net Zero, the DAC continued to give advice to parishes on energy-saving measures.

In relation to clergy housing, the reintroduction of quinquennial inspections is providing valuable information in relation to the condition of our properties and also information regarding possible improvements towards greater energy efficiency.

Work is ongoing in relation to proposals for planned works to ensure our clergy housing is fit for the long term. The initial feedback in respect of the larger pieces of glebe land is being reviewed. Plans for the next phase of this work are to be agreed prior to further work being undertaken.

Communications

The Communications Department has been preparing for the Diocesan newspaper, *The Bridge,* to return to print to be distributed to parishes as before the pandemic, from early 2023. The newspaper will still be available online and is the second most visited page on the website, following the homepage. Digital publications published on the website, including *The Bridge* and the Diocesan Conference programme of events, received 18,000 views over the course of the year.

Since the launch of the Diocese's new website in February 2021, it continues to be a hub of information to support the Diocese in sharing the latest news, resources and contact information.

Bishop Christopher established the Cost of Living Task Group (CLTG), chaired by Bishop Rosemarie to provide an update on support available during the cost of living crisis. A bulletin has been developed to provide a regular digest of guidance and resources from JPIC, and Government and National Church initiatives for all clergy in the Diocese of Southwark, copied to Lay Ministers, Parish Secretaries, Churchwardens, Deanery Lay Chairs, Deanery Secretaries and Treasurers.

Future plans

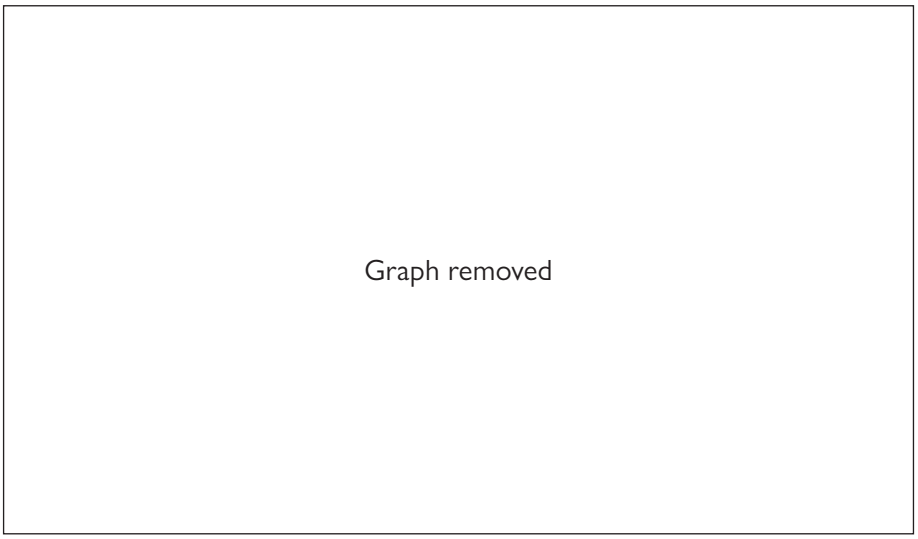
In the immediate year ahead, 2023, continuing our theme of connectedness and communication with our partners, the parishes of the diocese will be critically important. This will include supporting the rebuilding of parish finances post-pandemic, in the context of uncertainties over fuel prices and the cost of living. Our specific objectives include not only planning the 10 year programme to reach 66% parishes covering their ministry costs but also developing strategies to give greater support to parishes where they lack volunteers in critical roles, such as treasurers and churchwardens.

We will also consider how further advice and guidance can be given to parishes in the stewardship of their property assets, mindful of the mission and ministry imperatives to build the Kingdom of God and the cost effective management of church buildings. We will seek to participate in the national church Buildings for Mission Initiative enabling us to consider how the work of our DAC can also support this initiative.

We will be seeking to achieve Carbon Net Zero in the Diocese by 2035, recruiting a specialist officer to support parishes in their work to reduce carbon.

Our ambition is to achieve the Eco Diocese Silver award within five years. The significance of environmental justice has grown and will continue to grow as church communities, the use of our diocesan glebe land holdings and our offices seek to practise God's care for all creation.

A significant strategic boost came when the application made to the Strategic Investment Board of the Church of England in early 2023 led to a grant of up to £6.5 million for lay pioneer ministries in urban estates together with a range of parish focused projects to further establish the help that Hub and Resourcing Churches can give to other parishes. Several of these projects include significant investment in children's and family workers. The project is expected to last up to five years.



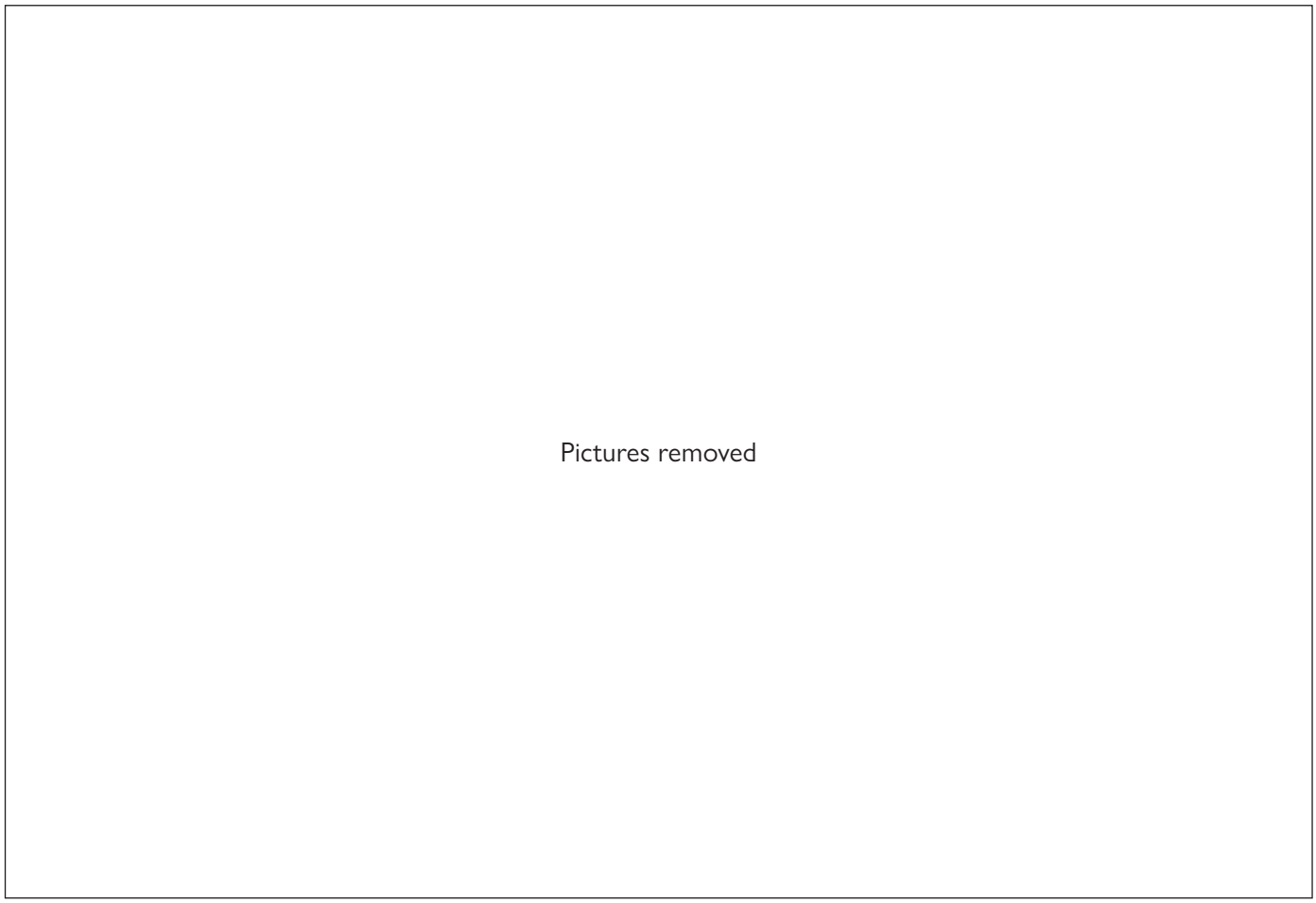
The Diocese is now poised to take further Southwark Vision 2017–2025, developing a vision through to 2030 and beyond, working with the national church which has recently unveiled its Diocesan Investment Programme for the three triennia 2023-2032. The aim is to develop our vision to identify and then implement key work streams for the next 6-9 years. National priorities include a parish system revitalised for mission, a Church of England representative of communities we serve in age and diversity, and all Anglicans growing in discipleship, which are also priorities reflected closely in our Southwark Vision. In addition, our vision will work towards the doubling of children and young active disciples, another significant national priority.

Strategic planning to take forward the evolving Southwark Vision to 2030 and beyond will be a significant activity for 2023 and will be underpinned by a review of glebe land, our longer term financial model and a review of fund investments.

There will continue to be a focus on developing our clergy, their well-being and the well-being of our lay leaders.

Encouraging diversity in leadership and a plurality of voices will also continue to be a major priority for the Diocese in 2023. The implementation of the Anti-Racism Charter will be further embedded in parishes through the training of trainers, building on the training undertaken in 2022, the work of the Diocesan Racial Justice Committee and the three Episcopal Area Racial Justice Committees.

Promoting initiatives in support of refugees will be particularly important given the humanitarian crisis in Ukraine.



With the Diocesan Past Cases Review (PCR2) report now submitted to the National Safeguarding Team's PCR2 Project Management Board, the DST will focus on implementing any new actions arising from this as well as national direction on actions from 2020's Independent Inquiry into Child Sexual Abuse (IICSA). It is clear that information management will be a priority and a new post has been created to deal with this and the anticipated developments nationally in information-sharing and the new casework system. The Diocese will participate fully in national safeguarding developments, including being a pilot diocese for the implementation of a new national casework system and new Safer Recruitment and People Management guidance for all church bodies.

Future plans *(continued)*

Pictures removed

In 2023 we also plan to:

- continue to support parishes in their missional activities through the creation of COVID-19 Mission Action Plans and by developing Deanery Leadership Teams
- lead and enable renewal of ministry with children and young people
- maintain Diocesan investment in Southwark Vision by working alongside parishes and Archdeacons to rebuild the PSF to 2019 levels by the end of 2023
- reintroduce quinquennial inspections for parsonages, which will now include consideration of environmental matters, and review glebe land across the Diocese
- continue to build the integrated database across the Diocese, including data to measure the success of the Anti-Racism Charter over time
- continue the migration to electronic documentation in property-related matters, with the aim of being paper-free by 2024
- work with the Southwark Diocesan Board of Education as it takes forward the new SDBE Measure and reviews its governance in line with previous successful 'fit for Purpose' reform in the Diocese
- implement initiatives emerging from General Synod including the review of the Mission and Pastoral Measure which affects pastoral reorganisation
- implement the Anti-Racism Charter
- continue to develop lay ministry including the launch of a Season of Lay Ministries
- participate fully in the issues of social justice especially facing refugees, victims of modern day slavery and homelessness.

Financial review

Financial review

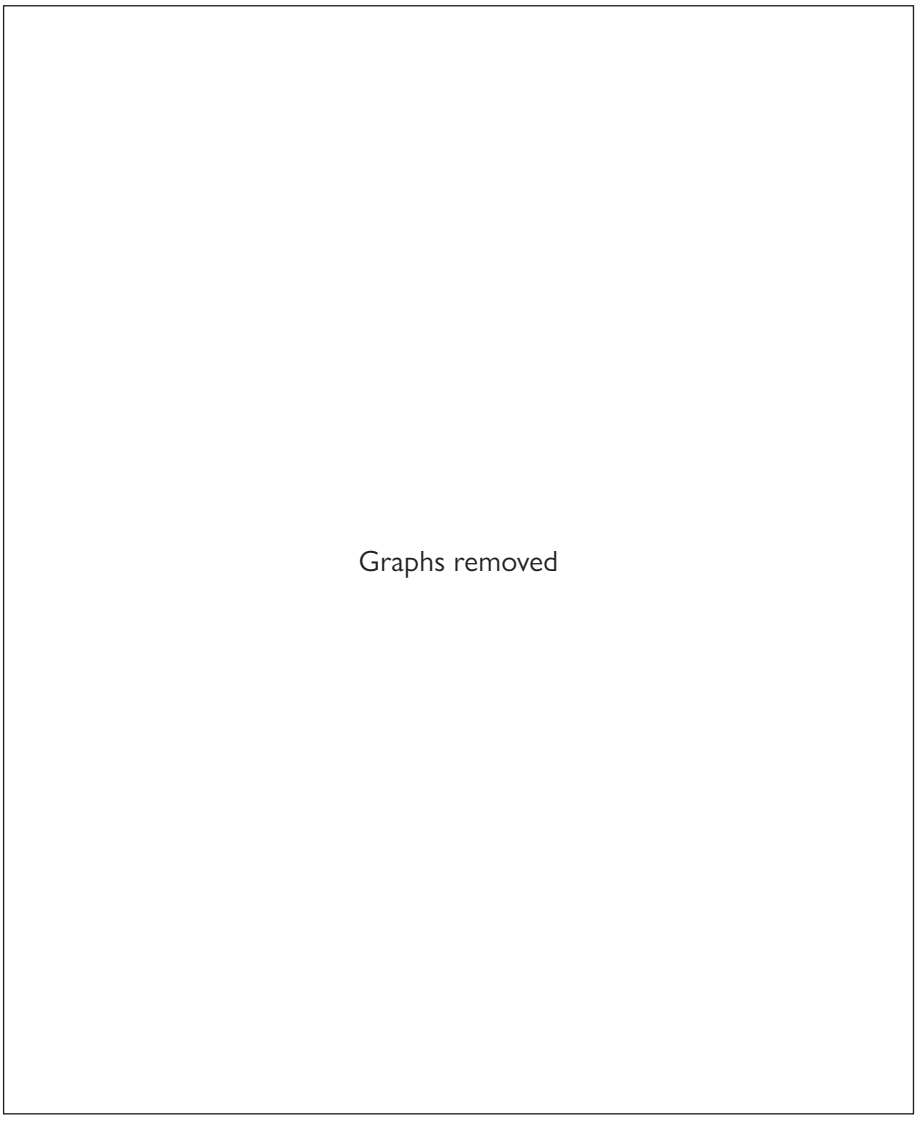
Financial performance

A surplus of £0.2m (2021: £4.6m) was generated before property revaluations and losses or gains on investments. The result exceeded the expectation for the year due to several factors. All sources of income were better than expected, with costs well controlled and completing the year under budget.

The Parish Support Fund (PSF) in particular remained strong, a tribute to the generosity of our parishes. Properties sold in the year were either surplus to requirements or sold to repurchase a more suitable property at a later date. The property market in South London was less strong than in 2021 but there were still significant receipts.

The increase in the value of Board and Diocesan Stipendiary property was £2.1m (2021: £9.1m). The net loss on investments was £2.6m (2021: £3.5m gain).

The donations made by parishes through the PSF are our principal source of income. Income from the PSF in 2022 was £15.9m (2021: £15.7m). The collection rate for 2022 was 99.4%, the same as in 2021, an exceptional result in both years. The collection rate is testament to the partnership working between parishes and the Diocese.



Contributions from the Archbishops' Council were £1.7m (2021: £1.5m) and included a new Strategic Capacity Grant. Other donations decreased significantly to £2m (2021: £4m) due to a one-off grant from the Trust for London in 2021 to assist the Diocese in recovering from the pandemic. In 2021, £0.5m of the donation was transferred to the Southwark Vision Development Fund. Given the successful outcome for the year it has not been released, but carried forward to 2023.

Income from charitable activities was £2.5m (2021: £2.3m) as other income rose due to a payment from the Church Commissioners relating to a former Diocesan property.

Costs rose to £25.9m (2021: £24.4m). Housing costs rose significantly due to high inflation on property maintenance. Stipends also increased year on year. The costs also include the £0.2m loss on the sale of a Board property.

The amount spent on administration as a proportion of the total gross expenditure of the SDBF amounted to 7.8% (2021: 8.2%). This expenditure continues to be monitored rigorously. It is comparable to other Dioceses and other charities of a similar size and complexity.

The value of investments fell by £2.6m (2021: £3.5m increase) as markets fell significantly in the year. During the year, net purchases of investments were £0.4m (2021: £0.5m sales). Further details on the investments and their performance can be found in the investment policy section on page 33.

There was no impairment to the value of parsonages in the year. Properties are held for the long term and our experience has been that sale prices exceed the carrying value of the asset.

The capital value of non parsonage properties rose by £2.1m (2021 £9.1m), an increase of 1.7% (2021 7.2%). This lower increase reflected the South London property market through 2022. Following the decision taken by the Trustees in 2016, whereby properties other than benefice houses were to be valued on a five-yearly cycle, one-fifth of the portfolio was revalued during the year by the SDBF's appointed firm of chartered surveyors, and the average change in the value of the properties revalued was applied to the remainder of the portfolio.

Significant property transactions

A summary of property transactions that took place during the year is shown in the table on page 32. Expenditure on property development and improvements continues to take place, to ensure that parsonage houses are fit for purpose and that the correct numbers and placement of properties are available for curates and other church workers. This is in line with the property strategy endorsed by Diocesan Synod and to support Southwark Vision.

Graphs removed

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Financial review *(continued)*

Our policy continues to be:

- to accommodate the changing geographical deployment of clergy within the Diocese
- to release the development/ refurbishment potential in some properties to enable more effective use of funds for the ministry of the church and to house curates
- to replace unsuitable properties to ensure that each parish/benefice has a benefice house.

Under the Mission and Pastoral Measure 2011, the Diocesan Pastoral Account is available for the purchase and/or improvement of benefice houses. To the extent that any remaining funds are not required, or are not likely to be required, for these purposes then the Account may be applied to any general purpose of the SDBF. The policy of the SDBF is to use the Account for exceptional property expenditure and for property staff costs where they are principally engaged in the purchase, sale and maintenance of the property portfolio but not to use it for routine property administration and maintenance.

	2022 Number	2022 £'000	2021 Number	2021 £'000
Property development and improvement:				
Parsonage	18	1,396	15	918
Diocesan Stipendiary Fund	4	152	5	197
Board	3	135	3	122
Total	**25**	**1,683**	**23**	**1,237**
Purchases at book value:				
Parsonage	1	2,000	–	–
Total	**1**	**2,000**	**–**	**–**
Sales at book value:				
Parsonage	2	1,675	2	1,470
Diocesan Stipendiary Fund	3	2,075	–	–
Board	1	2,655	3	1,920
Total	**6**	**6,405**	**5**	**3,390**

Balance sheet position

During the year, the Diocese repaid a loan from HSBC taken out in 2018 to assist with liquidity. The loan was repaid early at no penalty. The Diocese only has one loan of £1m from CCLA which it uses to fund parish loans. Other than that, the balance sheet is debt free.

The Trustees consider that the balance sheet, together with Note 20 (pages 80–81), 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. The net assets as at the balance sheet date totalled £306.1m (2021: £306.4m). Included in this total are properties, mostly in use for ministry, whose value amounted to £275.6m (£276.3m).

Reserves policy

Free reserves are deemed to be the total of the unrestricted General Fund. Having considered financial risk, liquidity requirements and the timing of cash flows throughout the year, the Trustees reviewed and amended the policy in 2019. The Trustees' policy was gradually to grow working financial reserves in the General Fund such that it was equivalent to three months' budgeted unrestricted expenditure by the end of 2020, with an aspiration to achieve six months' budgeted unrestricted expenditure by the end of 2025. The target of three months' unrestricted expenditure is largely achieved. In addition, the aim is to have this backed by cash, which has also been achieved.

Reserves invested in fixed assets

The General Fund comprises net assets amounting to £6.2m (2021: £5.8m), of which £2.8m (2021: £2.9m) relates to tangible fixed assets, principally freehold and leasehold property, and a further £3.0m (2022: £2.3m) is held in pooled investments.

Designated funds

The Trustees may designate additional unrestricted reserves to be retained for an agreed purpose where this is prudent. Such designated reserves are reviewed on an annual basis and returned to the General Fund if the purpose of their designation is no longer considered to be adequate justification for their retention.

A description of each reserve, together with the intended use of the reserve, is set out in Note 21 (see page 82). At 31 December 2022, total designated reserves were £47.4m (2021: £49.5m). The policy of the Trustees is to gradually return as many of these funds as possible to the General Fund.

Restricted and endowment funds

As set out in Note 20 (see pages 80–81), the SDBF holds and administers a number of restricted and endowment funds. As at 31 December 2022, restricted funds totalled £3.9m (2021: £4.3m) and endowment funds totalled £248.6m (2021: £246.7m). Neither are available for the general purposes of the SDBF.

Grant-making policy

The Articles of Association of the SDBF allow for the making of grants in pursuance of its objects. The grants made in the current and previous year are disclosed in Note 11 (see pages 68–69). All grants are made from budgets set aside for specific purposes and are subject to authorisation policies and criteria.

Investment policy

The SDBF is permitted by its Articles of Association to make investments. Note 20 (see pages 80–81) provides details of the assets of each fund, together with the related purposes. Note 15 (see page 75) summarises the movements in investments during the year. The investment principles were reviewed towards the end of 2018.

	Funds at 31 December 2022	Proportion of portfolio	Income yield in year	Total return in year
	£'000	%	%	%
Managed funds:				
M&G Equity Investment Fund for Charities	8,213	32.8	5.7	(0.2)
J O Hambro UK Equity Income Fund	4,625	18.4	5.3	(0.89)
CBF Investment Fund	3,678	14.7	3.0	(9.16)
Savills Charities Property Fund	1,679	6.6	4.1	(4.2)
Mayfair Capital PITCH Fund	2,301	9.2	5.3	(13.1)
Sarasin Global Higher Dividend Fund	4,578	18.3	2.5	(0.91)
Total	**25,074**	**100**		

With most of its capital assets in residential housing, the focus of the Trustees is on the selection and review of investment funds to provide additional income to the Diocese whilst aiming to maintain the inflation-adjusted value of capital. The investment policy and principles in this align with the property strategy and Southwark Vision 2017–25.

The Trustees' investment policy is to pursue an ethical investment policy. The Trustees are committed to following the ethical and climate change investment guidelines laid down by the Ethical Advisory Group of the National Investing Bodies of the Church of England, not to invest directly but through collective investment vehicles, to seek the best economic returns consistent with commercial prudence following the judgment in the Bishop of Oxford case.

The investment objectives are:

- to seek the best possible overall return on investments, having due regard to the preservation of capital and subject to agreed risk tolerance
- for the Diocesan Stipendiary Fund and Ministry Fund, the aim is to maximise the growth of income in the longer term whilst maintaining the inflation-adjusted value of the capital
- for Board of Finance investments, the aim is to maximise capital and income in the longer term.

Excluding purchases, sales, and transfers, the value of investments has decreased by 9.8%. The movement in the FTSE All Share index over the same period was a decrease of 3.1%. While the value of our holdings fell, the total distributions increased to £1.2m. This is a 9% increase on 2021, where total distributions were £1.1m.

The SDBF does not adopt a total return policy for its investments but looks to identify investment managers who can produce income growth whilst preserving capital subject to agreed risk tolerances.

Principal risks and uncertainties

The Senior Management Team considers, evaluates and records the major areas of risk to which the SDBF is exposed, assessing both the likelihood and impact of those risks being realised, together with the measures in place to manage and mitigate such risks. These are discussed and scrutinised through the Audit and Risk Committee and the principal risks are submitted annually to the DCT for their discussion, feedback and approval.

The principal risks below reflect the risks approved by Trustees for 2022 which were revised in light of the economy and the effects of the COVID-19 pandemic on society and on the church unparticular. It was recognised that while the impact of COVID-19 was still significant in 2022, mitigating the risks arising from the impact of the pandemic was incorporated into the other risk areas.

The process of identification and assessment of risk, the risks identified and the measures for mitigation are reviewed at least annually by the Audit and Risk Committee, with at least one area of principal risk reviewed in detail at each meeting. Responsibility for delivery of the mitigation strategies identified is delegated to the Diocesan Secretary. The Risk Register is presented to, discussed by, and amended as Trustees determine and formally agreed by Trustees annually. As an organic document, it is available for inspection by all Trustees.

The Risk Register for the year ended 2022 identified seven areas where the risk of either failure to act or the impact of the events was considered "high". These areas and the associated mitigation strategies were as follows:

1. Communications

The parishes work in partnership with the DBF to promote Southwark Vision and to resource the Vision to cover the costs of ministry through the Parish Support Fund (PSF).

Constant communication is required about the work and mission of our Diocese across South London and East Surrey, including new and existing mission initiatives.

The risk is that insufficient funds are generated through the PSF and that mutual support across the Diocese wavers. Mitigants include:

- close, transparent working relationships with all parishes and ensuring high-quality communications are delivered by a professional team, building on the revised engagement strategy for PSF developed in the light of COVID-19
- an integrated communications strategy focusing strongly on the role of the laity while ensuring good news stories from across the Diocese are widely shared
- ensuring effective and integrated use of different channels of communication including social media, the website and *The Bridge*.

An additional communications risk is that poor media coverage leads to reputational loss. This is mitigated by high quality public relations and rigorous attention to the press and and social media, in particular to any historical safeguarding issues.

2. Data and data protection

The development of the integrated database in the Diocesan Office has ensured effective collection of data, which underpins the integrity and interpretation of Diocesan data which is essential for good strategic decisions. The principal risks are that incomplete, inaccurate or misinterpreted data leads to poor decision making, wasted resources and has a negative impact on reputation. Mitigants include:

- ensuring that IT systems are capable of collecting and reporting the data needed
- maintaining close contact with parish offices so reporting is timely and accurate reporting
- working closely with the National Church Institution's systems to ensure collection systems are compatible
- keeping the processes of data collection under review to ensure that the data available meets the needs of decision-making.

The Diocese and all parishes must comply with data protection legislation or risk both legal and reputational consequences. Mitigants include:

- providing a helpline for clergy and parish officers to deal with ad hoc queries and taking additional advice from the Diocesan Registrar where necessary
- training all Diocesan staff in GDPR and data protection and carrying out Data Protection Impact Assessments for all new processes
- performing an annual Diocesan audit to ensure compliance with Information Commissioned Office guidance.

3. Diocesan growth

The Southwark Vision includes five strategic objects which will lead to growth. The risk, exacerbated by the lasting impact of the pandemic, is that the progress towards achieving these objectives is slowed, if not stalled. Mitigants include:

- a focus on helping parishes to re-energise congregations while maintaining online congregations and encouraging online evangelism, discipleship and social action
- a greater focus on children and young people
- a focus on Fresh Expressions of Church and pioneer posts (lay and ordained) as churches are encouraged to create new forms of engagement and a mixed ecology approach
- putting further energy into lay vocations and new lay ministries while maintaining the momentum of ordained vocations
- a focus on growing leaders and representation that reflects the diversity of our Diocese
- dissemination of good practice about growth.

4. Financial risks

The economic downturn and speed of recovery of church congregations and income generating activities continues to result in a loss of income and cash flow difficulties for many of our churches with the consequential risk of a reduction in PSF pledges being paid. Mitigants include:

- a renewed effort on communication with parishes and specific support through Archdeacons where this is helpful
- identifying opportunities for parishes to become, or remain, self-financing, while continuing to support those that cannot
- ensuring that our communication commends different forms of giving, including digital giving
- providing support to parishes in sourcing alternative income streams
- a continued focus on the theology of generosity supported by resources for parishes through the Director of Giving post, offering alternative ways of giving, for example online
- close monitoring of pledge receipts and offering support to parishes with financial planning.

5. Governance

The compliance and regulatory framework for large charities is increasing and evolving and the risk is a lack of accountability and lack of transparency in decision-making. Mitigants include:

- ensuring that the scheme of delegation is strictly adhered to and matters are dealt with at the correct level of governance with all terms of reference of the constituent bodies being rigorously followed
- following the agreed Terms of Reference for each of the constituent bodies and sub-committees, working groups and any advisory groups
- ensuring transparent reporting by the management team through the Chair of the DBF, Policy & Finance Committee and the Diocesan Council of Trustees (DCT) maintaining strong links between Diocesan Synod and DCT elections and between the Southwark Diocesan Board of Education and Synod.

Principal risks (continued)

6. IT

The loss of access to electronic data, including emails, would affect the ability of Diocesan staff to fulfil their responsibilities. Mitigants include:

- ongoing investment in IT, especially as remote working becomes more standard
- completing the recommendations of the external IT Review by finalising a move to the cloud
- frequent backups, with a robust disaster recovery plan
- introduction of multi-factor authentication (MFA)
- enrolment with the National Cyber Security Centre and regular penetration security scans.

7. Safeguarding

As the requirements for safeguarding policy and procedures have rightly become more rigorous, there has been increased focus on this risk area. One or more occurrences of abuse by someone working for or on behalf of the Church has significant consequences for those affected and there is also a reputational risk in the event of poor safeguarding practices. Mitigants include:

- effective staff and volunteer recruitment and training at parish and deanery level with a focus on prevention as well as case management
- up to date Diocesan policies and procedures in line with the national church's practice guidance
- ensuring that transparent accountability is robust and secure, and that the Safeguarding Team is fully resourced and line-managed by the Diocesan Secretary
- ensuring regular parish safeguarding self-audits as part of the Archdeacons' annual parish inspections
- core groups meet as required and are chaired by an Archdeacon, a senior lay member of DCT or the DSAP chair
- parishes are required to use the online arrangements for Disclosure and Barring Service checks as part of the safe recruitment of those who work with children, young people and adults who may be at risk of harm
- rigorous recording of data and production of statistics to allow full and ongoing reviews of Diocesan safeguarding processes as well as input into continuing implementation of IICSA
- all safeguarding work being supported by a proactive and sensitive PR and media strategy.
- formal reporting of safeguarding activity and key risks for annual scrutiny by the Diocesan Audit and Risk Committee and the whole Trustee body at the DCT is a further important mitigant of risk.

Governance

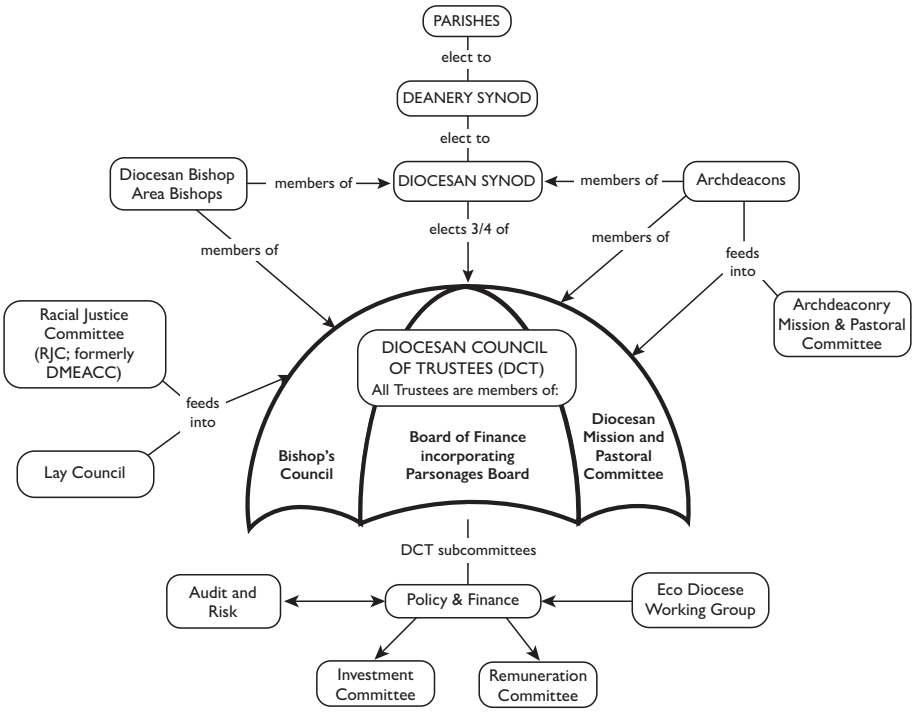
Structure and governance

Summary information about the structure of the Church of England

The Church of England is the established Church and HM The King is the Supreme Governor. It is organised into two provinces (Canterbury and York) and 42 Dioceses. Each Diocese is a See under the care of a Bishop who is charged with the cure of souls of all the people within that geographical area. This charge is shared with priests within benefices and parishes which are separate charitable entities but also part of sub-divisions of the Diocese, served by the Diocese and accountable to the Diocese.

The National Church has a General Synod comprising ex-officio and elected representatives from each Diocese, and it agrees and lays before Parliament Measures for the governance of the Church's affairs which, if enacted by Parliament, have the force of statute law. In addition to the General Synod, the Archbishops' Council has a co-ordinating role for work authorised by the Synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pensions Board administers the pension schemes for clergy and lay workers.

Within each Diocese, overall leadership lies with the Diocesan Bishop. The Diocese of Southwark is itself divided into 25 deaneries, each with its own Deanery Synod, and within each parish there is a Parochial Church Council (PCC). The PCC shares responsibility with the parish priest for the mission of the church in that place, in a similar way to that in which the Bishop shares responsibilities with the Diocesan Synod. Whilst each Diocese



is a separate legal entity, with a clear responsibility for a specific geographical area, being part of the Church of England requires and enables each Diocese to seek support from and work in partnership with other Dioceses and national bodies.

Organisational structure

The South London Church Fund & Southwark Diocesan Board of Finance (SDBF) is a company limited by guarantee (No 236594) and a registered charity (No 249678) governed by its Articles of Association. It was incorporated in 1929. The Articles were updated and modernised during 2017. The Company Secretary is the Diocesan Secretary.

The governance and policy of the SDBF is the responsibility of the Trustees, who are also members and directors of the company and trustees for the purposes of charity law. Since November 2015, the Diocesan Council of Trustees (DCT, see diagram, above) has been the standing committee of the Diocesan Synod, and its members are members of the Diocesan Board of Finance (DBF), the Bishop's Council, Diocesan Mission and Pastoral Committee (DMPC) (i.e. co-terminous membership). In November 2022 the Parsonages Board was incorporated within the DBF and so became the Parsonages Committee with the same co-terminous membership of the DCT, as with most other dioceses, it did not hold separate bank accounts or financial accounting. The Parsonages Committee sits within the DBF.

Under the revised governance, the DCT comprises the Diocesan Bishop (President of the Diocesan Synod), Chair and Vice Chair of the Board of Finance (both laity), Area Bishops, Archdeacons, Chairs of the

Houses of Clergy and Laity of the Diocesan Synod, six clergy (two from each Episcopal Area), 12 members of the laity elected by the House of Laity of the Diocesan Synod (including three from each Area) and up to six further lay members with up-to-date financial or other relevant expertise formally elected by the House of Laity of the Diocesan Synod. The implementation of this revised governance structure was reviewed by an external consultant during 2018 and was found to be successful and robust.

The Diocesan Synod, the statutory governing body of the Diocese, is an elected body drawn from across the Diocese with responsibility for setting the vision and strategy of the Diocese. The Synod membership is elected every three years, the last elections having been in 2021. The Synod elects from its members 12 of the lay Trustees of the SDBF and six of the clergy members. The SDBF is subject to the direction of the Synod in all its activities, unless such direction is not in accordance with the governing documents or statutory regulations. Since the DBF developed coterminous membership with the Bishop's Council and DMPC membership, trusteeship and directorship of the SDBF also includes membership of those other bodies, all part of the DCT. The Diocesan Secretary is Secretary to each of these, except that the Deputy Diocesan Secretary is Secretary to the DMPC.

Decision-making structure

Corporate priorities and the overall financial strategy for the Diocese, in its primary object to promote, assist and advance the work of the Church of England within the Diocese of Southwark, are set by the Diocesan Synod and the SDBF. The responsibility for ensuring that these priorities and strategies are delivered is delegated to the Diocesan Secretary who reports to the Bishop of Southwark and is also accountable to Trustees through the Chair of the SDBF. The Policy and Finance Committee, which is the standing committee of the Council of Trustees, holds the work of the Diocesan Secretary to account. The company meets once a year in a General Meeting to receive and approve the Annual Report and Financial Statements, appoint the auditors and elect the Chair and Vice Chair, nominated by the Bishop of Southwark.

Each year the Diocesan Synod receives and agrees the annual budget, prepared and approved by the Board. The Diocesan Council of Trustees (DBF) holds five meetings each year, including one all-day meeting to consider the annual budget and objectives. Trustees formulate and coordinate policies on mission, ministry and finance by:

- initiating proposals for action by the Synod and advising it on matters of policy
- delegating, where appropriate, deliberation of policy and review of decisions to its Policy and Finance Committee and Audit and Risk Committee and the Investment Sub-Committee.
- transacting the business of the Synod when it is not in session, subject to the directions of the Synod and in accordance with Synod Standing Orders
- acting as the Trustees of the Board
- establishing ad hoc review groups, their terms of reference and membership
- carrying out such other functions as the Synod delegates to it
- appointing members to committees and representatives to external bodies, subject to the direction of the Synod.

The Trustees are assisted in their work by two committees.

The Policy and Finance Committee (PFC) is the standing committee of the DCT and monitors management accounts and budget, the use of assets and investment policies, and exercises the authority delegated to it by the Trustees in areas such as grants and loans. It also undertakes the Board's operational responsibilities under the Parsonages Measures 1938 and 1947; the Repair of Benefice Buildings Measure 1972; the Parochial Church Councils (Powers) Measure 1956, as amended, and the Incumbents and Churchwardens (Trusts) Measure 1964 (with respect to parochial property); the Endowment and Glebe Measure 1976 (with regard to property assets); and the Mission and Pastoral Measure 2011 (with regard to redundant churches).

In addition, this committee considers and initiates areas of strategic policy where proposals are at an early stage of development prior to submission to the Board. It meets five times a year including one all-day meeting which particularly examines the forthcoming budget, work plans and annual objectives. It holds the work of the Diocesan Secretary to account and, through her, the work of the executive team.

The Audit and Risk Committee scrutinises performance, oversees issues of financial probity, reviews the work of external audit, prepares the response to the external auditor's management letter, scrutinises the effectiveness of governance and reviews the risk register and major areas of risk. It meets four times a year.

Structure and governance *(continued)*

In addition, the Board is advised by its **Investment Sub-Committee**, which provides advice to the PFC and to the Diocesan Secretary on the SDBF's investments and funds available for investment. This meets five times a year including two all-day meetings. The board is also advised by its Remuneration Committee, which normally meets annually.

Trustee recruitment, selection and induction

Board Trustees (DBF) are also members of the Bishop's Council, and DMPC and are selected as set out above. Potential Trustees complete skills audits, there is a role description and Trustees are given induction at the outset of the triennium and at other times as appropriate, such as when Trustees are elected or appointed during the triennium. They are also informed, before seeking membership and at all other relevant times, of the role and function of each committee and constituent element of the DCT. Some staff hold the title of 'Director' but this relates to their function within the organisation and has no legal meaning within the terminology associated with the Companies Act. All Trustees are required to sign the Diocesan Declaration of Eligibility, Responsibility and Conflicts of Interest statement forms. A Handbook of Governance is given to each Trustee.

Remuneration of key management personnel

Remuneration of the Diocesan Secretary is determined annually by the Remuneration Committee, which also receives the Diocesan Secretary's remuneration recommendations for members of the Senior Management Team, which the Remuneration Committee then considers for approval. The committee is a sub-committee of the PFC, formally reporting through it to the Board. It is chaired by the Bishop of Southwark and includes the Chair and Vice-Chair of the SDBF and any external consultants as they determine. The committee in 2022 included the Chair of the PFC.

Delegation of day-to-day delivery

The Trustees and the committees which assist them in the fulfilment of their responsibilities delegate management to the Diocesan Secretary who, with the Senior Management Team, delivers the activities of the company in accordance with the policies of the Trustees. The Diocesan Secretary is given specific and general delegated authority to deliver the business of the Board.

Funds held as Diocesan Authority

The Board acts as Diocesan Authority or Custodian Trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956, as amended, and the Incumbents and Churchwardens (Trusts) Measure 1964 where the Managing Trustees are PCCs and others. These assets are not aggregated in the financial statements as the SDBF does not control them, and they are segregated from the SDBF's own assets by means of a separate bank account, separately identified investment holdings and a separate accounting system. Further details of financial trust assets, whose market value amounted to £15.9m at 31 December 2022 (2021: £17.9m), are available from the SDBF on request, and are summarised in Note 28 (see page 88). Where properties are held as Diocesan Authority, the deeds are identified as such and held in safe custody by the SDBF's solicitor, Winckworth Sherwood LLP.

Section 172 statement

This section serves as our Section 172 statement and should be read in conjunction with the Strategic Report on pages 12-28. Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders in their decision-making. The Directors continue to have regard to the interests of the Company's employees and other stakeholders, including the impact of its activities on the community, the environment and the Company's reputation, when making decisions.

The majority of Directors are elected from the parishes and communities served by the Diocese, ensuring coverage geographically across the Diocese through elections from the Diocesan Synod. The presentations by the Chair of the Board to Diocesan Synod, covering budgets, objectives and the Annual Report, are examples of this.

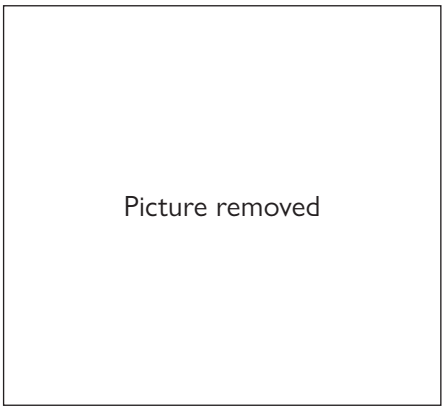
Acting in good faith and fairly between members, the Directors consider what is most likely to promote the success of the Company in the context of being a DBF among some 40 others across the Church of England, and also in being a charity with charitable objectives focused on mission and ministry. Whilst the importance of giving due consideration to our stakeholders is not new, we are explaining in more detail this year how the Board engages with our stakeholders, to comply with the requirement to include a statement setting out how our Directors have discharged this duty.

- The Directors are fully aware of their responsibilities to promote the success of the Company in accordance with Section 172 of the Companies Act 2006.
- The Board regularly reviews how we engage with the parishes and Deaneries across the Diocese which comprise the electing body of Synod. In effect, the Directors through the DBF are the standing committee of Synod, and the Chairs of both the House of Laity and the House of Clergy are on the Board, as are representatives of both parish clergy and lay people in parishes.
- The stakeholder voice is brought into the boardroom throughout the annual cycle through information provided by management and also by direct engagement with stakeholders themselves. In our Strategic Report (pages 13–36) we set out some of our other principal stakeholders, how and why we engage, and detail engagement outcomes. The relevance of each stakeholder group may increase or decrease depending on the matter or issue in question, so the Board seeks to consider the needs and priorities of each stakeholder group during its discussions and as part of its decision-making.
- The SDBF has good relationships with its suppliers, parishes and others. Committees of the DBF include members who hold roles in parishes; and engagement with parishes, including with volunteer lay officers and clergy, includes annual meetings across the Diocese, organised on an Archdeaconry and Deanery basis.
- The Diocesan Secretary is effectively the Chief Executive Officer and is held accountable to the Board through regular meetings at least monthly with the Chair and Vice Chair, and through the Policy and Finance Committee where a range of employees attend, and through the Board meetings, any of which can be attended by employees from the Senior Management Team.
- Directors of the Board include the six Archdeacons and four Bishops and they have regular and open contact with employees at all levels of the organisation. All heads of departments have team meetings and individual meetings with staff and there are also all-staff meetings.
- The Senior Management Team has been designated as "senior management" for the purposes of the 2018 Code but not for the purposes of section 414C(8) of the Companies Act 2006. It comprises the senior functional management roles and together is made up of those with responsibility for interacting with the charitable company's principal stakeholders.
- The Board has had in place, since 2015. measures to ensure that stakeholder interests are always taken into account. Where external legal advice is required, the Directors can consult with the Diocesan Registrar or ask senior staff such as the Diocesan Secretary or Deputy Diocesan Secretary to do so on their behalf.

Related parties

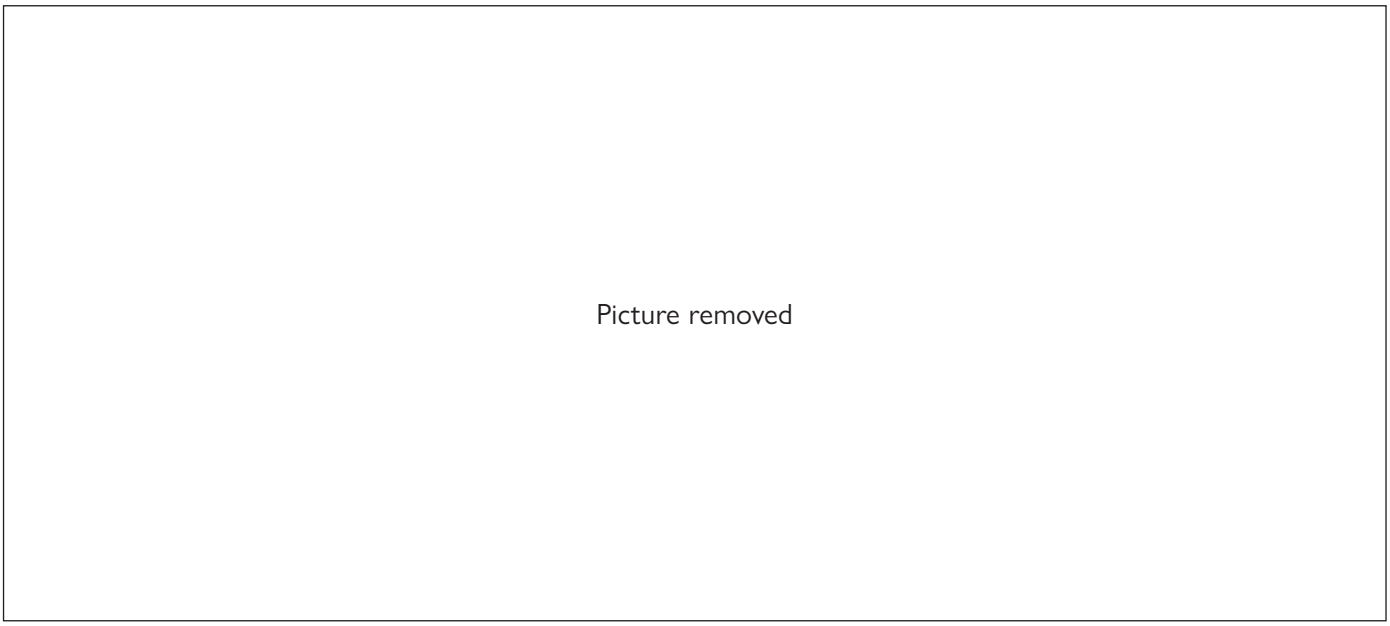
Related parties include:

- The Archbishops' Council (charity no. 1074857), from which the SDBF receives grants and to which the SDBF pays a donation based on an apportionment system for funding national training of ordinands and the activities of the various national boards and councils, including General Synod. The Chair of the House of Laity was a Trustee until January 2021.
- The Church Commissioners for England (charity no. 1140097), from which the SDBF receives grants and which acts on behalf of clergy with HM Revenue and Customs. The SDBF pays for clergy stipends through the Church Commissioners.
- The Church of England Pensions Board (charity no 236627), to which the SDBF pays retirement benefit contributions for stipendiary clergy and employees and makes contributions towards the provision of housing for clergy in retirement.
- The Southwark Diocesan Board of Education (SDBE), a separate registered charity (No 31300 1) to which the SDBF makes grants. The SDBE supports 104 Church of England schools; 90 are primary schools and 14 are secondaries, of which two are all-through schools and 19 are academies. The SDBE supports the provision, effectiveness and development of education in all Church of England schools within the Diocese. It specifically seeks to develop the Christian ethos and distinctiveness of Church schools; to promote religious education and collective worship; and to advise School Governors and Trustees and support the maintenance and improvement of school buildings and facilities. The SDBE also supports the provision of chaplaincy in higher and further education institutions, a post funded by the SDBF. The SDBF also makes an grant to the SDBE towards the cost of delivering the Diocesan Measure for Education. The Bishop of Southwark is President of the SDBE, whilst the Rt Revd Dr Rosemarie Mallett became the Chair of the Board of Education during 2022, following the retirement of The Rt Revd Jonathan Clark. The Ven Simon Gates, Archdeacon of Lambeth, was formally appointed to the Board as Chair of Schools Committee in December 2022.
- SDBE Multi Academy Trust, which is an exempt charitable company (No 10385920). The SDBF has made a specific grant through the SDBE to underpin the development of the Multi Academy Trust (MAT). The SDBF is a member of the MAT and is represented through the Diocesan Secretary. As a member, the SDBF is entitled to nominate one-third of the directors of the MAT.
- Southwark Diocesan Welcare (Welcare), a separate registered charity (No 1107859) to which the SDBF makes a grant. Welcare is a Christian charity working in South London and East Surrey with disadvantaged children and families, irrespective of faith, culture, abilities or life choices. By offering family support, mentoring services and group work with parents and children, Welcare empowers families to rebuild their lives and family ties, helping parents to give their children happier, more confident childhoods. The Board of Welcare includes the Head of JPIC as the DBF nominee.
- Southwark Cathedral (charity no. 1200866) to which the SDBF makes a grant. It is the seat of the Bishop of Southwark, and services and special events are held at the Cathedral that are paid for by the SDBF.
- Together Southwark (charity no 1153362) promotes the alleviation of poverty and relief of financial hardship among children, young people and vulnerable families. The Diocese is its principal funder. The Rt Revd Karowei Dorgu, Bishop of Woolwich, Rt Revd Dr Rosemarie Mallett, Bishop of Croydon, and Mr Adrian Greenwood, Chair of the House of Laity, were among the Directors during the year. Together Southwark is not consolidated in these accounts under section 405 of the Companies Act 2006 as its inclusion is not material.



Transactions with related parties are identified in appropriate places throughout the financial statements. Where materiality of the transactions merits more detailed disclosure, this is given in Note 26 to the financial statements (see page 86).

Trustees' responsibilities



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

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

- select suitable accounting policies and apply them consistently
- observe methods and principles in the Charities SORP
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the 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.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included in the Diocesan website.

Statement of disclosure to the auditor

So far as each Trustees are aware:

a) there is no relevant audit information of which the charitable company's auditor is unaware, and
b) each Trustee has taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

Appointment of auditor

Buzzacott LLP was appointed as the new auditor in June 2021 and re-elected in May 2022.

Administrative details

Trustees

No Trustee had any beneficial interest in the Company during 2022. The following Trustees were in post during the period 1 January 2022 to the date of approval of these financial statements.

President

The Right Revd Christopher Chessun,
The Bishop of Southwark

Ex-officio

The Right Revd Jonathan Clark (to 21 March 2022),
The Bishop of Croydon

The Right Revd Dr Rosemarie Mallett (from 24 June 2022),
The Bishop of Croydon

The Right Revd Dr Richard Cheetham (to 17 October 2022),
The Bishop of Kingston

The Right Revd Dr Martin Gainsborough (from 2 February 2023),
Bishop of Kingston

The Right Revd Dr Karowei Dorgu,
The Bishop of Woolwich

The Venerable Dr Rosemarie Mallett (to 23 June 2022)
The Archdeacon of Croydon

The Venerable Greg Prior (from 4 December 2022),
The Archdeacon of Croydon

The Venerable Simon Gates,
The Archdeacon of Lambeth

The Venerable Alastair Cutting,
The Archdeacon of Lewisham & Greenwich

The Venerable Moira Astin,
The Archdeacon of Reigate

The Venerable Jonathan Sedgwick (from 13 September 2022),
The Archdeacon of Southwark

The Venerable John Kiddle,
The Archdeacon of Wandsworth

Chair of the House of Clergy of Diocesan Synod

The Revd Lotwina Farodoye (from 13 July 2022)

Chair of the House of Laity of Diocesan Synod

Mr Adrian Greenwood, (Lay Canon)

Appointed by the Bishop of Southwark

Mr Alan Saunders (to 13 July 2022),
Chair of the Board of Finance

Sir David Beamish (from 14 July 2022)
Chair of the Board of Finance

Sir David Beamish (to 13 July 2022)
Vice Chair of the Board of Finance

Mrs Sarah Docx (from 14 July 2022)
Vice Chair of the Board of Finance

Elected by Synod (House of Clergy)

The Revd Michael John
The Revd Jonathan Macy
The Revd Justine Middlemiss
The Revd Greg Prior (to 3 December 2022)
The Revd Dr Eddie Scrase-Field
The Revd Fiona Weaver

Elected by Synod (House of Laity)

Mrs April Alexander
Mrs Rebecca Chapman
Mrs Despina Francois
Miss Vasantha Gnanadoss
Mr Joseph Goswell
Mr Richard Helliwell
Miss Solabomi Ogun
Miss Miranda Okon (from 17 August 2022)
Miss Olusola Oyeleye
Miss Susan Patterson (from 17 August 2022)
Miss Rosemary Wilson

Lay persons elected as specialists

Dr Nicholas Burt
Mr Michael Hartley
Miss Gill Reynolds
Mr Alan Saunders (from 14 July 2022)
His Honour Nigel Seed KC (from 13 November 2022)
Mr Nicholas Stansbury

Bishop's nominees

The Revd Lotwina Farodoye (to 12 July 2022)
The Revd Canon Jonathan Sedgwick (to 12 September 2022)

Senior staff

Ms Ruth Martin (Lay Canon)
Diocesan Secretary

Mrs Jacqueline Pontin
Deputy Diocesan Secretary

Mr Mark Rhodes
Director of Finance and Financial Assets

Mr Colin Bushell
Diocesan Surveyor

Mr David Loft
Director of Human Resources

Mr Mark Charlton
Director of Information Technology

The Revd Canon Wendy Robins
Director of Discipleship, Lay Ministry and Continuing Ministerial Education

The Revd Jeremy Clark-King (from 11 September 2022)
Director for Clergy Formation, and Initital Ministerial Education

Ms Sophia Jones (to 31 January 2023)
Director of Communications

Ms Pamela Chisholm
Diocesan Safeguarding Advisor

Mrs Gabby Parikh
Director of Giving and Parish Funding

Registered office

Trinity House, 4 Chapel Court, Borough High Street, London SE1 1HW

Advisers

Bankers

National Westminster Bank plc
91 Westminster Bridge Road, London SE1 7HW

HSBC UK Bank plc
10 York Road, London SE1 7ND

HSBC Private Bank (UK) Limited
8 Cork Street, London W1S 3LJ

Independent Auditor

Buzzacott LLP
130 Wood Street, London EC2V 6DL

Solicitors

Winckworth Sherwood LLP
Minerva House, 5 Montague Close, London SE1 9BB

Investment Fund Managers

CCLA Investment Management Ltd
Senator House, 85 Queen Victoria Street, London EC4V 4ET

J O Hambro Capital Management Ltd
1 St James's Market, London SW1Y 4AH

M&G Securities Ltd
10 Fenchurch Avenue, London EC3M 5AG

Mayfair Capital Investment Management Ltd
2 Cavendish Square, London W1G 0PU

Sarasin & Partners LLP
Juxon House, 100 St Paul's Churchyard, London EC4M 8BU

Savills Investment Management (UK) Ltd
33 Margaret Street, London W1G 0JD

Insurers

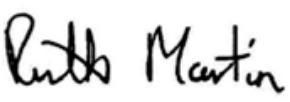
Ecclesiastical Insurance Group plc
Beaufort House, Brunswick Road, Gloucester GL1 1JZ

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 13–36 in their capacity as Company Directors.

By order of the Trustees



Sir David Beamish
Chair of the Board of Finance
17 May 2023



Ruth Martin (Lay Canon)
Secretary
17 May 2023

Financial statements

Independent auditor's report

To the Members of the South London Church Fund and Southwark Diocesan Board of Finance

Opinion

We have audited the financial statements of South London Church Fund & Southwark Diocesan Board of Finance (the "charitable company") for the year ended 31 December 2022, which comprise the statement of financial activities, the income and expenditure account, the balance sheet, the statement of cash flows, and the notes to the financial statements including the principal 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 income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the 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 12 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 2022, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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 Trustees' report, which is also the Director's Report for the purposes of company law and includes the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' report, which is also the Director's Report for the purposes of company law and includes the Strategic Report, has been prepared in accordance with applicable legal requirements.

Independent auditor's report *(continued)*

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report, including the Strategic Report.

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

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

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement in the Trustees' report, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charitable company through discussions with Trustees and management, and from our knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charitable company, including the Charities Act 2011; the Companies Act 2006; Church Assembly and General Synod Measures; and safeguarding regulations;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- we ensured that laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management and representatives of those charged with governance as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and

non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected financial relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining accounting estimates were indicative of potential bias;
- performed substantive testing on expenditure; and
- investigated the rationale behind significant or unusual financial transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

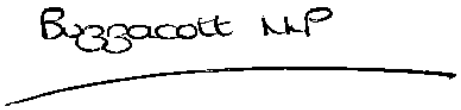
- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management and representatives of those charged with governance as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC and the charitable company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of Trustees and management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion. 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.



Amanda Francis
Senior Statutory Auditor

For and on behalf of Buzzacott LLP,
Statutory Auditor,
130 Wood Street,
London EC2V 6DL

17 May 2023

Statement of Financial Activities for the year ended 31 December 2022

	Note	Unrestricted funds: General £'000	Unrestricted funds: Designated £'000	Restricted funds £'000	Endowment funds £'000	Total funds 2022 £'000	Total funds 2021 £'000
Income and endowments from:							
Donations	3						
Parish contributions		15,947	–	–	–	15,947	15,657
Archbishops' Council		293	–	1,450	–	1,743	1,479
Other donations		2,007	17	2	–	2,026	3,960
Charitable activities	4	2,384	74	5	–	2,463	2,279
Investments	5	1,099	–	137	–	1,236	1,128
Net surplus on disposal of properties	6	–	–	–	2,705	2,705	4,508
Total		**21,730**	**91**	**1,594**	**2,705**	**26,120**	**29,011**
Expenditure on:							
Charitable activities	7	24,389	15	1,272	7	25,683	24,381
Net deficit on disposal of properties	8	224	–	–	–	224	–
Total		**24,613**	**15**	**1,272**	**7**	**25,907**	**24,381**
Net income/(expenditure) before investment gains		**(2,883)**	**76**	**322**	**2,698**	**213**	**4,630**
Net unrealised gains/(losses) on investments	15	(250)	–	(215)	(2,178)	(2,643)	3,507
Net income/(expenditure)		**(3,133)**	**76**	**107**	**520**	**(2,430)**	**8,137**
Transfers between funds	13	**3,530**	**(3,326)**	**(563)**	**359**	**–**	**–**
Other recognised gains: Revaluation of property	14	–	1,087	–	1,046	2,133	9,145
Net movement in funds		**397**	**(2,163)**	**(456)**	**1,925**	**(297)**	**17,282**
Total funds brought forward		5,843	49,544	4,319	246,710	306,416	289,134
Total funds carried forward	20	**6,240**	**47,381**	**3,863**	**248,635**	**306,119**	**306,416**

All activities derive from continuing activities. The notes on pages 55–89 form part of the financial statements. The full prior year Statement of Financial Activities (SoFA) is included at Note 27 (see page 87).

Income and expenditure account for the year ended 31 December 2022

	2022	2021
	£'000	£'000
Total income	23,415	25,405
Total expenditure	(25,900)	(24,365)
Operating (deficit)/surplus for the year	**(2,485)**	**1,040**
Net (losses)/gains on investments	(465)	598
Net (expenditure)/income for the year	**(2,950)**	**1,638**
Other comprehensive income:		
Revaluation of fixed assets	1,087	3,908
Net assets transferred (to)/from endowments	(359)	876
Total comprehensive (expenditure)/income	**(2,222)**	**6,422**

The income and expenditure account is derived from the Statement of Financial Activities (SoFA) with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities.

Balance sheet as at 31 December 2022

Company Number 236594	Note	£'000	2022 £'000	£'000	2021 £'000
Fixed assets:					
Tangible assets	14		275,596		276,256
Investments	15		25,074		27,295
Total			**300,670**		**303,551**
Current assets:					
Debtors	16	1,938		869	
Cash on deposit		5,813		4,417	
Cash at bank and in hand		2,148		3,176	
Total		**9,899**		**8,462**	
Creditors: amounts falling due within one year	17	(830)		(1,687)	
Net current assets			**9,069**		**6,775**
Total assets less current liabilities			**309,739**		**310,326**
Creditors: amounts falling due after more than one year:					
Other	18		(3,620)		(3,910)
Net assets			**306,119**		**306,416**
Funds:					
Endowment funds			248,635		246,710
Restricted income funds			3,863		4,319
Unrestricted income funds:					
General Fund			6,240		5,843
Designated funds			47,381		49,544
Total funds	**20**		**306,119**		**306,416**

The financial statements were approved by the Board of Trustees and authorised for issue on **17 May 2023** and signed on behalf of the Board by:



Sir David Beamish
Chair of the Board of Finance

Statement of cash flows for the year ended 31 December 2022

		2022		2021
	£'000	£'000	£'000	£'000
Net cash used in operating activities		(5,059)		(341)
Cash flows from investing activities:				
Dividends, interest and rent from investments	1,236		1,128	
Proceeds from the sale of:				
Tangible fixed assets	8,886		7,898	
Fixed asset investments	4,763		1,517	
Purchase of:				
Tangible fixed assets	(3,683)		(1,243)	
Fixed asset investments	(5,185)		(981)	
Net cash provided by investing activities		**6,017**		**8,319**
Cash flows from financing activities:				
Loans repaid	(590)		(3,482)	
Net cash (used in) financing activities		**(590)**		**(3,482)**
Change in cash and cash equivalents in the reporting period		368		4,496
Cash and cash equivalents at 1 January		7,593		3,097
Cash and cash equivalents at 31 December		**7,961**		**7,593**

Notes to the statement of cash flows for the year ended 31 December 2022

Reconciliation of net income to net cash flow from operating activities	2022 £'000	2021 £'000
Net income before investment (losses)/gains for the year	213	4,630
Adjustments for:		
Depreciation charges	71	109
Dividends, interest and rent from investments	(1,236)	(1,128)
Movement in pension deficit recovery creditor less contributions paid	(591)	(594)
Increase in value of Value–Linked Loans	–	(130)
Gains on sale of fixed assets	(2,481)	(4,468)
(Increase)/decrease in debtors	(1,069)	1,028
Increase in creditors	34	212
Net cash used in operating activities	**(5,059)**	**(341)**

Analysis of cash and cash equivalents	2022 £'000	2021 £'000
Cash in hand	2,148	3,176
Notice deposits (less than three months)	5,813	4,417
Total	**7,961**	**7,593**

Analysis of changes in net debt	At 1 January 2022 £'000	Cash flows £'000	At 31 December 2022 £'000
Cash	7,593	368	7,961
Loans falling due within one year	(300)	300	–
Loans falling due after one year	(3,910)	290	(3,620)
Total	**3,383**	**958**	**4,341**

Notes to the financial statements

1. Accounting policies

a. General information

The South London Church Fund & Southwark Diocesan Board of Finance (SDBF) is a charitable company limited by guarantee, incorporated in England and Wales and registered with the Charity Commission. In the event of the charitable company being wound up the liability in respect of the guarantee is limited to £1. The SDBF meets the definition of a public benefit entity under FRS 102.

b. Accounting convention and basis of preparation

The financial statements have been prepared in accordance with the Companies Act 2006, applicable Accounting Standards in the United Kingdom (FRS 102), the Statement of Recommended Practice for Charities and with regard to the Diocesan Annual Report and Financial Statements Guide (fifth edition, 2015).

The financial statements have been prepared on the historical cost basis with the exception of freehold properties, which are included at their Fair Value as determined under the applicable valuation method as detailed in 1.f), and fixed asset investments, which are included at their Fair Value at the balance sheet date.

c. Going concern

In recovery from the COVID-19 epidemic, the Directors/Trustees have reviewed forecasts for a period of at least 12 months from the date of the approval of these financial statements and consider that there are no material uncertainties regarding the SDBF's ability to continue as a going concern.

d. Income

Income is recognised in the period in which the charitable company is entitled to receipt, if the amount can be measured reliably and it is probable that the funds will be received.

Income comprises donations, including parish contributions and grants receivable, legacies, income from listed investments, interest receivable, income directly related to charitable activities (including rent receivable), the net surplus on disposal of tangible fixed assets and miscellaneous income.

Parish contributions (or parish share) are recognised by the charitable company on receipt. Amounts not received are not recognised as debtors as the pledges represent a commitment that is not legally enforceable.

Other donations and grants are recognised when the charitable company has confirmation of both the amount and settlement date. In the event of donations and/or grants pledged but not received, the amount is accrued for where the receipt is considered probable. If a donation or grant is subject to conditions that require a level of performance before the charitable company is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charitable company and it is probable that those conditions will be fulfilled in the reporting period.

In accordance with the Charities FRS 102 SORP 2015 volunteer time is not recognised.

Legacies are included in the statement of financial activities when the charitable company is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charitable company. Entitlement is taken as the earlier of the date on which either: the charitable company is aware that probate has been granted, the estate has been finalised and notification has been made by the executor to the charitable company that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charitable company has been notified of the executor's intention to make a distribution.

Investment income is recognised once the dividend or similar income has been declared and notification has been received of the amount due.

Notes to the financial statements

1. Accounting policies (continued)

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charitable company; this is normally upon notification of the interest paid or payable by the bank.

Income from charitable activities includes parochial fees received for occasional offices including baptisms, weddings and funerals. These are recognised as income when receivable.

Gains or losses on the disposal of property assets are calculated as the difference between the sale proceeds net of sale costs and the net book value of the asset immediately prior to disposal. They are accounted for once legal completion of the disposal has taken place.

Monies receivable from the Government's Coronavirus Job Retention Scheme are recognised when the charitable company has entitlement to the income and the amount due to the charitable company can be measured.

e. ***Expenditure***

Expenditure is recognised on the accruals basis and is classified in the SoFA under headings that aggregate related costs.

i) **Charitable expenditure** comprises expenditure on contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the Diocese, and expenditure relating to the running of the Diocesan Retreat House.

ii) **Grants payable** included within charitable expenditure are treated as expenditure in the year in which the grant is awarded. Where the grant is conditional on the recipient meeting performance, or other discretionary requirements to the satisfaction of the SDBF, it is recognised as expenditure when these have been met. Grants made subject to such conditions that have not been met at the year-end are noted as a commitment but not accrued as expenditure.

iii) **Support costs** comprise central management, administration and governance costs. All support costs are included within charitable activities. Costs are charged directly to the activity to which they relate, but where this is not possible, they are apportioned on the basis of staff time cost.

iv) **Pension contributions.** The SDBF participates in two defined benefit pension schemes (see Note 25 on pages 84-86): the Church of England Funded Pensions Scheme for clergy and the Church Worker's Pension Fund (CWPF) for SDBF lay staff. The SDBF closed the Defined Benefit Scheme section of the CWPF to new members in July 2013 and it closed for existing members on 31 December 2022.

SDBF staff joining after July 2013 are members of the Pension Builder section of the CWPF. Contributions to this scheme paid by the SDBF are charged to the SoFA as expenditure on the accruals basis. Former members of the CWPF Defined Benefit Scheme are now members of the Pension Builder Section of the CWPF.

The pension costs for the defined benefit schemes recognised as expenditure represent the SDBF's contributions payable in respect of the accounting period, in accordance with FRS102.

f. Tangible fixed assets and depreciation

Benefice houses

The SDBF has followed the requirements of FRS102 in its accounting treatment of benefice houses (parsonages). FRS102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The SDBF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Trustees consider the most suitable

1. Accounting policies (continued)

accounting policy is to capitalise such properties as expendable endowment assets and to carry them at cost. For benefice houses owned at 1 January 2015, the SDBF has adopted the estimated reinstatement cost as at 1 January 2014 as deemed cost. Benefice houses purchased or built after 1 January 2015 are included at purchase or build cost. Benefice houses transferred from the Diocesan Stipendiary Fund are included at the carrying value at the date of transfer. An impairment review is carried out annually.

Non-benefice freehold and leasehold properties
Freehold and leasehold properties are initially recognised at cost and subsequently measured at Fair Value at each reporting date. Leasehold properties are not amortised over the term of the lease period on the grounds of materiality because of the very long lengths of the leases and the limited number of leasehold properties. The SDBF has appointed a firm of chartered surveyors to undertake a full valuation of its freehold and leasehold properties on a rolling basis over a five-year period. The results of these valuations are extrapolated across the remaining portfolio to ensure that the carrying value of the properties approximates Fair Value. The revaluation gains or losses are reported within other recognised gains and losses in the SoFA.

Assets under construction
Assets under construction are recorded at cost during construction. On completion they are transferred to either the Board Property Fund or Diocesan Stipendiary Fund where the properties are measured at Fair Value or the Parsonage Fund where the property is carried at the cost of construction.

Properties subject to value-linked loans
Properties that have been bought with the assistance of value-linked loans from the Church Commissioners are included in the financial statements as fixed assets and the associated loans as loan creditors. The properties are stated at Fair Value and are revalued at each reporting date. On disposal the agreed share of the net sale proceeds will be remitted to the Church Commissioners and the related loan liability extinguished.

Depreciation on buildings
Depreciation is not charged on buildings as the Trustees consider that any provision (annual or cumulative) would not be material owing to the very long expected remaining useful economic life in each case, and that their expected residual value is not materially less than their carrying value. The SDBF 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.

Leasehold improvements
Improvements made to leasehold properties are amortised in the SoFA over the shorter of the term of the lease or the break clause where there is an expectation that this will be exercised.

g. Other tangible fixed assets
Other tangible assets are recognised at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged to the SoFA over the expected useful economic life of the asset at the following rates:

- furniture and equipment, 10–25% per annum, straight-line basis.

h. Operating lease commitments
The SDBF has entered into operating lease arrangements for the use of certain property assets, the rental for which is charged in full as expenditure in the year to which it relates. Rent-free periods given as part of an operating lease are amortised in the SoFA over the lease term or break clause where there is an expectation that this will be utilised.

Notes to the financial statements

1. Accounting policies (continued)

i. ***Financial instruments: assets and liabilities***

Fixed asset investments

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their Fair Value at the end of each calendar month using the closing quoted bid market price.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their carrying value or their purchase value if acquired after the latest monthly revaluation. Unrealised gains and losses are calculated as the difference between the Fair Value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Concessionary loans

The SDBF makes loans to further its charitable purposes, typically being loans to parishes, at nil interest or at rates below prevailing market rates. It is also in receipt of loans that are interest-free or at rates below prevailing market rates from the Church Commissioners for England and the Central Board of Finance. Such loans are classified as concessionary loans and accounted for in accordance with Section 34 of FRS 102 whereby the loans are initially recognised and measured at the amount paid or received and subsequently adjusted to reflect any repayments, accrued interest and any subsequent impairment.

Debtors

Debtors are recognised at the settlement amount due.

Cash and cash equivalents

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

Creditors and provisions

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

Value-linked loans

The SDBF value-linked loans for which the settlement proceeds are based on the value of the related properties. As this constitutes a non-basic financial instrument under FRS 102, these loans are recognised at Fair Value and are revalued at each reporting date to match the value of the related property.

Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Apart from fixed asset investments held at Fair Value, basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method.

j. ***Funds***

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

- **Unrestricted funds** are the SDBF's corporate funds and are freely available for any purpose within the SDBF's charitable objects at the discretion of the Trustees. There are two types of unrestricted funds:
  - ◊ ***general funds*** which the SDBF intends to use for the general purposes of the SDBF
  - ◊ ***designated funds*** set aside out of unrestricted funds by the SDBF for a purpose specified by the Trustees.
- **Restricted funds** are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.
- **Endowment funds** are those held on trust and administered by the SDBF to be retained for the benefit of the charitable company as a capital fund. In the case of the Parsonage Capital Fund, there are discretionary powers to convert capital into income and this fund is classified as expendable endowment. The Ministry Fund and the Diocesan Stipendiary Fund are endowment funds where there is no provision for expenditure of capital and these are classified as permanent endowments.

2. Critical accounting estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the SDBF's accounting policies and the reported assets, liabilities, income and expenditure and the disclosures made in the financial statements. 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.

The key area of estimation is the measurement of the SDBF's property assets at Fair Value. The Charity SORP requires entities that have adopted a policy of revaluation to undertake valuations on a regular basis to ensure that the carrying amount of the revalued assets does not differ materially from Fair Value at the end of the reporting period. The SDBF engages a firm of chartered surveyors for the valuation of its freehold properties, excluding benefice houses, on a rolling basis over a five-year period. In order to ensure that the carrying value of the freehold properties excluding benefice houses approximates to Fair Value, the results of the proportion of the properties valued in the year are extrapolated across the remainder of the property portfolio excluding benefice houses to arrive at year-end Fair Value.

Those properties selected for valuation are taken across the SDBF's diverse property portfolio and the trustees consider this to be a reasonable basis for estimating the Fair Value of the SDBF's freehold properties at the balance sheet date. Any variances from actual Fair Value and the estimated Fair Value of the portfolio will affect the value of tangible fixed assets reported on the balance sheet, and other gains and losses reported in the SoFA. Income and expenditure is not impacted except in respect of profit or loss arising on the sale of a freehold property held at estimated Fair Value.

Other key accounting estimates and judgements used in preparing the financial statements include:

- the estimation of the useful economic life of tangible fixed assets for the purpose of determining the annual depreciation charge;
- the underlying assumptions in the actuarial valuations of the defined benefit schemes;
- the recoverability of debtors and any provision for bad or doubtful debts; and
- the assumptions underlying the assessment of future income and expenditure flows used in the trustees' assessment of the going concern basis of accounting.

Notes to the financial statements

3. Donations

Parish contributions

Donations are made by the parishes of the Diocese using an informed generosity system.

	2022	2021
	£'000	£'000
Unrestricted General Fund:		
Current year receipts from parishes	15,886	15,585
Previous year receipts from parishes	61	72
Total income	**15,947**	**15,657**

Church Commissioners and Archbishops' Council

2022	Unrestricted General Fund	Restricted funds	Total funds 2022
	£'000	£'000	£'000
Strategic Development grant	–	618	618
Strategic Ministry and Capacity grant	–	418	418
Ordinand grant	–	414	414
Area Bishops grant	293	–	293
Total	**293**	**1,450**	**1,743**

2021	Unrestricted General Fund	Restricted funds	Total funds 2021
	£'000	£'000	£'000
Strategic Development grant	–	651	651
Ordinand training grant	–	500	500
Area Bishops grant	274	–	274
Strategic Ministry grant	–	54	54
Total	**274**	**1,205**	**1,479**

One unrestricted grant was received: from the Church Commissioners, an Area Bishops grant to fund the Area Bishops' administrative costs.

Three restricted grants were received: from the Church Commissioners, a Strategic Development grant towards the cost of resourcing mission in the Vauxhall, Nine Elms and Battersea area and through fresh expressions across the Diocese, and a grant towards six parish projects from the Archbishops' Council, a block grant for Ordinand training; and a Strategic Ministry grant to fund additional curacies.

3. Donations (continued)

Other donations

2022	Unrestricted funds			
	General	Designated	Restricted funds	Total funds 2022
	£'000	£'000	£'000	£'000
Benefact grant	258	–	–	258
Trust for London grant	1,690	–	–	1,690
Legacy income	–	17	–	17
Other grants and donations	59	–	2	61
Total	**2,007**	**17**	**2**	**2,026**

2021	Unrestricted funds			
	General	Designated	Restricted funds	Total funds 2021
	£'000	£'000	£'000	£'000
Benefact grant	258	–	–	258
Trust for London grant	3,018	–	–	3,018
Legacy income	–	128	–	128
Other grants and donations	63	–	493*	556
Total	**3,339**	**128**	**493**	**3,960**

* Restricted donations in 2021 represent two former custodian trustee assets gifted to the Diocese.

Notes to the financial statements

4. Charitable activities

	Unrestricted funds		Restricted funds	Total funds 2022	Total funds 2021
	General	Designated			
	£'000	£'000	£'000	£'000	£'000
Statutory fees	401	–	–	401	445
Reimbursement of stipends	639	–	–	639	668
Other income	254	74	5	333	120
Rents receivable	994	–	–	994	1,005
Diocesan Retreat House	96	–	–	96	41
Total	**2,384**	**74**	**5**	**2,463**	**2,279**

All income from charitable activities was unrestricted in 2021.

5. Investment income

2022	Unrestricted General Fund	Restricted funds	Total funds 2022
	£'000	£'000	£'000
Dividends receivable	760	137	897
Interest receivable	339	–	339
Total	**1,099**	**137**	**1,236**

2021	Unrestricted General Fund	Restricted funds	Total funds 2021
	£'000	£'000	£'000
Dividends receivable	949	156	1,105
Interest receivable	23	–	23
Total	**972**	**156**	**1,128**

6. Gains on disposal of properties

2022	Unrestricted funds			
	General	Designated	Endowment funds	Total funds 2022
	£'000	£'000	£'000	£'000
Gains on disposal of parsonages	–	–	2,316	2,316
Gains on disposal of other properties	–	–	389	389
Total	**–**	**–**	**2,705**	**2,705**

2021	Unrestricted funds			
	General	Designated	Endowment funds	Total funds 2021
	£'000	£'000	£'000	£'000
Gains on disposal of parsonages	–	–	3,606	3,606
Gains on disposal of other properties	902	–	–	902
Total	**902**	**–**	**3,606**	**4,508**

Notes to the financial statements

7. Charitable activities

2022	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2022
	General	Designated			
		£'000	£'000	£'000	£'000
Contributions to Archbishops' Council:					
Training for Ministry	912	–	–	–	912
National Church responsibilities	550	–	–	–	550
Retired clergy housing costs	280	–	–	–	280
	1,742	**–**	**–**	**–**	**1,742**
Resourcing mission and ministry:					
Parish ministry:					
Stipends, National Insurance and insurance	10,292	–	146	–	10,438
Pension contributions	2,904	–	45	–	2,949
Reduction in pension scheme deficit	(591)	–	–	–	(591)
Housing costs	4,183	–	–	–	4,183
Removal and resettlement grants	612	–	–	–	612
Other expenses	3,355	–	–	7	3,362
	20,755	**–**	**191**	**7**	**20,953**
Support for parish ministry	1,583	15	1,081	–	2,679
Diocesan Retreat House	309	–	–	–	309
	22,647	**15**	**1,272**	**7**	**23,941**
Total	**24,389**	**15**	**1,272**	**7**	**25,683**

7. Charitable activities (continued)

2021	Unrestricted General Fund	Restricted funds	Endowment funds	Total funds 2021
	£'000	£'000	£'000	£'000
Contributions to Archbishops' Council:				
Training for Ministry	798	–	–	798
National Church responsibilities	617	–	–	617
Retired clergy housing costs	274	–	–	274
	1,689	**–**	**–**	**1,689**
Resourcing mission and ministry:				
Parish ministry:				
Stipends, National Insurance and insurance	10,070	–	–	10,070
Pension contributions	3,225	–	–	3,225
Reduction in pension scheme deficit	(594)	–	–	(594)
Housing costs	3,686	–	–	3,686
Removal and resettlement grants	555	–	–	555
Other expenses	2,985	–	16	3,001
	19,927	**–**	**16**	**19,943**
Support for parish ministry	1,716	814	–	2,530
Diocesan Retreat House	219	–	–	219
	21,862	**814**	**16**	**22,692**
Total	**23,551**	**814**	**16**	**24,381**

Notes to the financial statements

8. Loss on disposal of properties

2022	Unrestricted funds			
	General	Designated	Endowment funds	Total funds 2022
	£'000	£'000	£'000	£'000
Loss on disposal of properties	224	–	–	224
Total	**224**	**–**	**–**	**224**

9. Analysis of expenditure on charitable activities including allocation of support costs

2022	Activities undertaken directly	Grant funding of activities	Support costs	Total costs 2022
	£'000	£'000	£'000	£'000
Charitable activities:				
Contributions to Archbishops' Council	–	1,742	–	1,742
Resourcing parish ministry	19,450	1,044	2,611	23,105
Education and social responsibility	–	527	–	527
Diocesan Retreat House	309	–	–	309
Total	**19,759**	**3,313**	**2,611**	**25,683**

2021	Activities undertaken directly	Grant funding of activities	Support costs	Total costs 2021
	£'000	£'000	£'000	£'000
Charitable activities:				
Contributions to Archbishops' Council	–	1,689	–	1,689
Resourcing parish ministry	18,901	749	2,300	21,950
Education and social responsibility	–	523	–	523
Diocesan Retreat House	219	–	–	219
Total	**19,120**	**2,961**	**2,300**	**24,381**

10. Analysis of support costs

2022	Unrestricted General Fund	Endowment funds	Total funds 2022
	£'000	£'000	£'000
Central administration	2,445	7	2,452
Governance:			
External audit	33	–	33
Registrar and Chancellor	112	–	112
Synodical costs	14	–	14
Total	**2,604**	**7**	**2,611**

2021	Unrestricted General Fund	Endowment funds	Total funds 2021
	£'000	£'000	£'000
Central administration	2,162	16	2,178
Governance:			
External audit	37	–	37
Registrar and Chancellor	79	–	79
Synodical costs	6	–	6
Total	**2,284**	**16**	**2,300**

Notes to the financial statements

11. Analysis of grants made

2022	Individuals	Institutions	2022 total
	£'000	£'000	£'000
From unrestricted funds for National Church responsibilities:			
Contributions to Archbishops' Council		1,742	1,742
		1,742	**1,742**
From unrestricted funds:			
Southwark Diocesan Board of Education	–	355	355
Southwark Diocesan Welcare	–	172	172
Southwark Cathedral	–	28	28
Parishes for mission	–	185	185
Other institutions for mission	–	52	52
Individuals for mission	140	–	140
Parishes for incumbent status housing	–	13	13
Clergy for settling in/first appointment	218	–	218
Clergy for study/sabbatical	13	–	13
Ordinands in training	260	–	260
	631	**805**	**1,436**
From restricted funds for various purposes within resourcing parish ministry:			
Mission and growth (Strategic Development Fund)	–	120	120
Education and development of women clergy (Gilmore Fund)	15	–	15
Clergy and lay training (Dartmouth House Fund)	–	–	–
	15	**120**	**135**
Total	**646**	**2,667**	**3,313**

11. Analysis of grants made (continued)

2021	Individuals	Institutions	2021 total
	£'000	£'000	£'000
From unrestricted funds for National Church responsibilities:			
Contributions to Archbishops' Council	–	1,689	1,689
	–	**1,a689**	**1,689**
From unrestricted funds:			
Southwark Diocesan Board of Education	–	352	352
Southwark Diocesan Welcare	–	172	172
Southwark Cathedral	–	18	18
Parishes for mission	–	119	119
Other institutions for mission		81	81
Individuals for mission	1	–	1
Clergy for settling in/first appointment	200	–	200
Clergy for study/sabbatical	9	–	9
Ordinands in training	231	–	231
	441	**742**	**1,183**
From restricted funds for various purposes within resourcing parish ministry:			
Mission and growth (Strategic Development Fund)	–	83	83
Education and development of women clergy (Gilmore Fund)	6	–	6
	6	**83**	**89**
Total	**447**	**2,514**	**2,961**

Notes to the financial statements

12. Staff costs

	2022 £'000	2021 £'000
Employee costs during the year were as follows:		
Wages and salaries	2,595	2,419
National Insurance contributions	316	280
Pension costs	500	448
Termination payments	30	–
	3,441	**3,147**

The average number of persons employed during the year based on full-time equivalents:	2022 Number	2021 Number
Administration and financial management	17.0	17.7
Property	8.9	8.6
Vocations, ministry, safeguarding and Diocesan Retreat House	14.8	14
Mission and public policy	17.4	16.8
	58.1	**57.1**

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

	2022 Number	2021 Number
£60,001–£70,000	5	3
£70,001–£80,000	1	–
£90,001–£100,000	1	1
Total	**7**	**4**

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the Trustees, for planning, directing and controlling the activities of the Diocese. During 2022 they were:

Diocesan Secretary and Company Secretary	Ms Ruth Martin (Lay Canon)
Deputy Diocesan Secretary	Mrs Jacqueline Pontin
Director of Finance and Financial Assets	Mr Mark Rhodes
Diocesan Surveyor	Mr Colin Bushell
Director of Human Resources	Mr David Loft

12. Staff costs (continued)

Director of Information Technology	Mr Mark Charlton
Director of Discipleship, Lay Ministry and Continuing Ministerial Education	The Revd Canon Wendy Robins
Director of Communications	Ms Sophia Jones
Director of Vocation and Clergy Formation	The Revd Canon Jeremy Clark-King
Diocesan Safeguarding Advisor	Ms Pamela Chisholm
Director of Giving and Parish Funding	Mrs Gabby Parikh

Remuneration, employer's National Insurance and pensions in 2022 for these eleven employees (2021: eight) was £921,115 (2021: £724,602). We reviewed and increased the number of those considered to be key management personnel.

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out-of-pocket expenses totalling £14 (2021: £121) in respect of General and Diocesan Synod duties and other duties as Trustees. The following table gives details of the Trustees who were in receipt of a stipend and/or housing provided by the SDBF during the year.

	Stipend	Housing
The Right Revd Christopher Chessun	No	No
The Right Revd Dr Richard Cheetham (to 17 October 2022)	No	Yes
The Right Revd Jonathan Clark (to 21 March 2022)	No	Yes
The Right Revd Dr Rosemarie Mallett (from 24 June 2022)	No	Yes
The Right Revd Dr Karowei Dorgu	No	Yes
The Venerable Moira Astin	Yes	Yes
The Venerable Alastair Cutting	Yes	Yes
The Venerable Simon Gates	Yes	Yes
The Venerable John Kiddle	Yes	Yes
The Venerable Jonathan Sedgwick (from 13 September 2022)	Yes	Yes
The Venerable Dr Rosemarie Mallett (to 23 June 2022)	Yes	Yes
The Venerable Greg Prior (from 4 December 2022)	Yes	Yes
The Revd Michael John	Yes	Yes
The Revd Jonathan Macy	Yes	Yes
The Revd Justine Middlemiss	Yes	Yes
The Revd Greg Prior (to 3 December 2022)	Yes	Yes
The Revd Dr Eddie Scrase-Field	Yes	Yes
The Revd Fiona Weaver	Yes	Yes
The Revd Lotwina Farodoye	Yes	Yes

Notes to the financial statements

12. Staff costs (continued)

The SDBF is responsible for funding, via the Church Commissioners, the stipends of licensed stipendiary clergy in the Diocese, other than Bishops and Cathedral staff. The SDBF is also responsible for the provision of housing for stipendiary clergy in the Diocese excluding the Diocesan Bishop and Cathedral staff.

The SDBF paid an average of 307 (2021: 310) stipendiary clergy as office-holders holding parochial or Diocesan appointments in the Diocese, and the costs were as follows:

	2022 £'000	2021 £'000
Stipends	9,651	9,293
National Insurance contributions	746	748
Apprenticeship levy	41	41
Pension costs	2,949	3,225
Total	**13,387**	**13,307**

The stipends of the Diocesan Bishop and Area Bishops are paid and funded by the Church Commissioners and are in the range £39,935–£48,972 (2021 range: £37,670–£46,180). The annual rate of stipend, funded by the SDBF, paid to Archdeacons in 2022 was in the range £37,198–£38,633 (2021 range: £36,635–£38,050) and other clergy who were Trustees were paid in the range £25,609–£27,899 (2021 range: £25,630–£27,342).

13. Analysis of transfers between funds

2022	Unrestricted funds				
	General	Designated	Restricted funds	Endowment funds	Total
	£'000	£'000	£'000	£'000	£'000
Unrestricted:					
General	3,530	–	–	–	3,530
Designated					
From the Diocesan Pastoral Account to the General Fund for work on benefice houses and net to the Diocesan Pastoral Fund from the purchase and sale of benefice houses	–	(671)	–	–	(671)
From the Board Property Fund to the General Fund from the sale of property	–	(2,655)	–	–	(2,655)
Restricted					
From the Strategic Development Fund to the General Fund for the cost of project work	–	–	(577)	–	(577)
To the Gilmore Fund from the General Fund following investment revaluation	–	–	8	–	8
To the Dartmouth Fund from the General Fund following investment revaluation	–	–	6	–	6
Endowments					
To the Ministry Fund from the General Fund following investment revaluation	–	–	–	20	20
To the Diocesan Stipendiary Fund from the General Fund following investment revaluation	–	–	–	14	14
To the Parsonage Capital Fund net from the purchase and sale of benefice houses	–	–	–	325	325
Total	**3,530**	**(3,326)**	**(563)**	**359**	**–**

2021	Unrestricted funds			
	General	Designated	Restricted funds	Endowment funds
	£'000	£'000	£'000	£'000
From General Fund to Diocesan Stipendiary Fund for reduction in CEFPS pension scheme deficit	(594)	–	–	594
From Parsonage Capital Fund to Diocesan Pastoral Account for the sale of benefice houses	–	1,470	–	(1,470)
From Board Property Fund to General Fund for sale of property	1,671	(1,671)	–	–
To Southwark Vision Development Fund from General Fund for project costs	(500)	500	–	–
Total	**577**	**299**	**–**	**(876)**

Notes to the financial statements

14. Tangible fixed assets

	Freehold & leasehold properties	Leasehold improvements	Furniture & equipment	Total
	£'000	£'000	£'000	£'000
Cost or valuation:				
At 1 January 2022	275,990	355	527	276,872
Additions	3,683	–	–	3,683
Disposals	(6,405)	–	–	(6,405)
Revaluation	2,133	–	–	2,133
At 31 December 2022	**275,401**	**355**	**527**	**276,283**
Depreciation:				
At 1 January 2022	–	176	440	616
Charge for the year	–	31	40	71
At 31 December 2022	**–**	**207**	**480**	**687**
Net book value at 31 December 2022	**275,401**	**148**	**46**	**275,596**
Net book value at 31 December 2021	**275,991**	**179**	**86**	**276,256**

Freehold and leasehold properties in the balance sheet are all vested in the SDBF, except for benefice houses which are vested in the incumbent. All properties in the current year and prior years are stated at Fair Value, except for benefice houses which are stated at deemed cost. The carrying value of benefice houses held at deemed cost at the balance sheet date is £143,253,000 (2021: £143,505,000).

All properties other than benefice houses were revalued to Fair Value at 31 December 2015 and are subject to revaluation on a five-year cycle. Properties with a Fair Value of £27,650,000 at 31 December 2022 (2021: £23,976,000) were revalued. The revaluation was carried out by Rapleys LLP in accordance with Royal Institution of Chartered Surveyors' professional standards and valuation practice statements and resulted in a net increase in the value of these properties, excluding impairments, of £572,000 (2021: £1,921,000). An impairment review was carried out on certain parsonage houses. There was no write down in 2022 (2021: £nil).

To maintain consistency with the SDBF's accounting policy of measuring properties other than benefice houses at Fair Value, the results of this valuation have been extrapolated across those assets not revalued at the balance sheet date. This has resulted in an additional revaluation gain in the year of £2,133,000 (2021: £9,275,000).
The carrying value of leasehold properties included within freehold and leasehold properties amounts to £2,476,000 (2021: £2,442,000).

14. Tangible fixed assets (continued)

Certain properties have been purchased with the help of value-linked loans from the Church Commissioners. The properties are revalued to Fair Value annually. On disposal the agreed share of the net sale proceeds will be remitted to the Church Commissioners and the related loan liability extinguished. The value of these properties included within freehold and leasehold properties amounts to £2,620,000 (2021: £2,620,000). The revaluation gain on these properties amounts to £nil (2021: £130,000 gain) and has been netted off against the matching movement in the linked liability.

15. Fixed assets investments

	At 1 January 2022	Additions	Disposal proceeds	Realised and unrealised losses	At 31 December 2022
	£'000	£'000	£'000	£'000	£'000
Unrestricted funds:					
Unit trusts and similar funds	2,286	1,000	–	(250)	3,036
Restricted funds:					
Unit trusts and similar funds	3,126	772	(759)	(215)	2,924
Endowment funds:					
Unit trusts and similar funds	21,883	3,413	(4,004)	(2,178)	19,114
Total	**27,295**	**5,185**	**(4,763)**	**(2,643)**	**25,074**

Notes to the financial statements

16. Debtors

	2022	2021
	£'000	£'000
Due within one year:		
Loans to parishes	220	239
Loans to others	8	–
Debtor from sale of investments	625	–
Other debtors and prepayments	825	443
	1,678	**682**
Due after more than one year:		
Loans to parishes	257	182
Other debtors	3	5
	260	**187**
Total debtors	**1,938**	**869**

17. Creditors: amounts falling due within one year

	2022	2021
	£'000	£'000
Bank loan repayment instalments due in one year	–	300
Other taxes and social security	102	79
Other creditors and accruals	728	717
Church of England Funded Pension Scheme	–	591
Total creditors: amounts falling due within one year	**830**	**1,687**

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

	2022	2021
	£'000	£'000
Loans repayable in instalments due after more than one year:		
Commercial loans	–	290
CBF loan	1,000	1,000
Church Commissioners' value-linked loans	2,620	2,620
Total creditors: amounts falling due after more than one year	**3,620**	**3,910**

	2022	2021
	£'000	£'000
The maturity of the above loans may be analysed as follows:		
Between two and five years	1,000	1,290
In five years and more	2,620	2,620
	3,620	**3,910**

The commercial loan comprised a five-year loan repayable in monthly instalments with HSBC UK Bank plc. The loan was repaid during the year.

The CBF loan is a 10-year loan repayable at the end of the term under the Diocesan Loan Scheme. Interest is charged at 0.55% per annum above the CBF Church of England Deposit Fund Rate.

Value-linked loans from the Church Commissioners are repayable on the sale of the property to which they relate. Interest is charged at 4% per annum. On disposal the agreed share of the net sale proceeds will be remitted to the Church Commissioners and the related loan liability extinguished.

Notes to the financial statements

19. Summary of fund movements

2022	Balances at 1 January 2022	Income	Expenditure	Transfers	Gains and losses	Balances at 31 December 2022
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds:						
General	5,843	21,730	(24,613)	3,530	(250)	6,240
	5,843	**21,730**	**(24,613)**	**3,530**	**(250)**	**6,240**
Designated funds:						
Diocesan Pastoral Account	3,806	74	–	(671)	–	3,209
Board Property Fund	44,743	–	–	(2,655)	1,087	43,175
Southwark Vision Development Fund	995	17	(15)	–	–	997
	49,544	**91**	**(15)**	**(3,326)**	**1,087**	**47,381**
Restricted funds:						
Strategic Development Fund	367	618	(408)	(577)	–	–
Gilmore Fund	370	20	(17)	8	(30)	351
Dartmouth House Fund	2,994	117	(74)	6	(157)	2,886
Strategic Ministry Fund	–	418	(418)	–	–	–
Ordinand Training Fund	69	414	(355)	–	–	128
Other restricted	519	7	–	–	(28)	498
	4,319	**1,594**	**(1,272)**	**(563)**	**(215)**	**3,863**
Endowment funds:						
Ministry Fund	4,008	–	–	20	(282)	3,746
Diocesan Stipendiary Fund	102,585	389	(7)	14	(850)	102,131
Parsonage Capital Fund	140,117	2,316	–	325	–	142,758
	246,710	**2,705**	**(7)**	**359**	**(1,132)**	**248,635**
Total funds	**306,416**	**26,120**	**(25,907)**	**–**	**(510)**	**306,119**

19. Summary of fund movements (continued)

2021	Balances at 1 January 2021	Income	Expenditure	Transfers	Gains and losses	Balances at 31 December 2021
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds:						
General	5,136	23,423	(23,551)	577	258	5,843
	5,136	**23,423**	**(23,551)**	**577**	**258**	**5,843**
Designated funds:						
Diocesan Pastoral Account	2,336	–	–	1,470	–	3,806
Board Property Fund	42,506	–	–	(1,671)	3,908	44,743
Multi Academy Trust	–	–	–	–	–	–
Southwark Vision Development Fund	367	128	–	500	–	995
	45,209	**128**	**–**	**299**	**3,908**	**49,544**
Restricted funds:						
Strategic Development Fund	–	664	(297)	–	–	367
Diocesan Stipend Income	–	–	–	–	–	–
Gilmore Fund	323	16	(6)	–	37	370
Dartmouth House Fund	2,594	101	–	–	299	2,994
Ordinand Training Fund	26	500	(457)	–	–	69
Strategic Ministry Grant	–	54	(54)	–	–	–
Other restricted	–	519	–	–	–	519
	2,943	**1,854**	**(814)**	**–**	**336**	**4,319**
Endowment funds:						
Ministry Fund	3,640	–	–	–	368	4,008
Diocesan Stipendiary Fund	94,225	–	(16)	594	7,782	102,585
Parsonage Capital Fund	137,981	3,606	–	(1,470)	–	140,117
	235,846	**3,606**	**(16)**	**(876)**	**8,150**	**246,710**
Total funds	**289,134**	**29,011**	**(24,381)**	**–**	**12,652**	**306,416**

Notes to the financial statements

20. Summary of assets by fund

2022	Fixed assets tangible	Investments	Current assets	Creditors	Net assets
	£'000	£'000	£'000	£'000	£'000
Unrestricted funds:					
General	2,815	3,036	4,839	(4,450)	6,240
	2,815	**3,036**	**4,839**	**(4,450)**	**6,240**
Designated funds:					
Diocesan Pastoral Account	–	–	3,209	–	3,209
Board Property Fund	47,352	–	(4,177)	–	43,175
Southwark Vision Development Fund	–	–	997	–	997
	47,352	**–**	**29**	**–**	**47,381**
Restricted funds:					
Gilmore Fund	–	315	36	–	351
Dartmouth House Fund	–	2,156	730	–	2,886
Ordinand Training Fund	–	–	128	–	128
Other Restricted Fund	–	453	45	–	498
	–	**2,924**	**939**	**–**	**3,863**
Endowment funds:					
Ministry Fund	–	2,957	789	–	3,746
Diocesan Stipendiary Fund	80,176	16,157	5,798	–	102,131
Parsonage Capital Fund	145,253	–	(2,495)	–	142,758
	225,429	**19,114**	**4,092**	**–**	**248,635**
Total funds	**275,596**	**25,074**	**9,899**	**(4,450)**	**306,119**

20. Summary of assets by fund (continued)

2021	Fixed assets tangible	Investments	Current assets	Creditors	Net assets
	£'000	£'000	£'000	£'000	£'000
Unrestricted funds:					
General	2,886	2,287	5,676	(5,006)	5,843
	2,886	**2,287**	**5,676**	**(5,006)**	**5,843**
Designated funds:					
Diocesan Pastoral Account	–	–	3,806	–	3,806
Board Property Fund	48,785	–	(4,042)	–	44,743
Southwark Vision Development Fund	–	–	995	–	995
	48,785	**–**	**759**	**–**	**49,544**
Restricted funds:					
Strategic Development Fund	–	–	367	–	367
Gilmore Fund	–	339	31	–	370
Dartmouth House Fund	–	2,306	688	–	2,994
Ordinand Training Fund	–	–	69	–	69
Other Restricted Fund	–	481	38	–	519
	–	**3,126**	**1,193**	**–**	**4,319**
Endowment funds:					
Ministry Fund	–	3,219	789	–	4,008
Diocesan Stipendiary Fund	81,080	18,663	3,433	(591)	102,585
Parsonage Capital Fund	143,505	–	(3,388)	–	140,117
	224,585	**21,882**	**834**	**(591)**	**246,710**
Total funds	**276,256**	**27,295**	**8,462**	**(5,597)**	**306,416**

Notes to the financial statements

21. Description of funds

General Fund	The fund represents the unrestricted, undesignated fund available for any of the SDBF's purposes.
Diocesan Pastoral Account	This is a designated fund for the purposes defined in the Mission and Pastoral Measure 2011. It represents capital receipts released following the sale of benefice houses (parsonages) and redundant churches. To the extent that any remaining funds are not required, or are not likely to be required, for these purposes then the funds may be applied to any general purpose of the SDBF.
Board Property Fund	This fund is a designated fund. It represents the Fair Value of properties held by the SDBF at the year end.
Southwark Vision Development Fund	This is a designated fund to support Southwark Vision 2017-25 across the Diocese.
Strategic Development Fund	This is a restricted fund. It represents grants received from the Church Commissioners and Archbishops' Council for specific projects to fund mission and growth across the Diocese.
Gilmore Fund	The Isabella Gilmore Fund is a restricted fund for the purpose of the education and development of licensed, commissioned or ordained women.
Dartmouth House Fund	This is a restricted fund for the purpose of facilitating clergy and lay training, retreats or conferences to assist and promote the work of the Church of England in the Diocese of Southwark and to use the monies to acquire any buildings which may be necessary to forward such purposes, subject always to the consent in writing of the Bishop of Southwark.
Ordinand Training Fund	This is a restricted fund. It represents the block grant received from the Archbishops' Council to fund Ordinand training.
Other Restricted Fund	This represents other restricted funds held by the Diocese. These include amounts gifted for use in the Croydon Episcopal Area and to assist the training of ordinands throughout the Diocese.
Ministry Fund	This is a permanent endowment fund held under the Endowments and Glebe Measure 1976 from which the income arising and/or benefit of use of the asset has been passed to the SDBF for the purpose of supporting clergy stipends within the Diocese. Investment income from the fund is credited to the General Fund where it is used only to fund clergy stipend payments.
Diocesan Stipendiary Fund	This is a permanent endowment fund. It represents the glebe assets of benefices from which the income arising and/or benefit of use has been passed to the SDBF under the provisions of the Mission and Pastoral Measure 2011. Investment income from the fund is credited to the General Fund where it is used only to fund clergy stipend payments.
Parsonage Capital Fund	This is an expendable endowment fund. It represents the capital assets relating to benefice houses (parsonages) but which under the Repairs of Benefice Buildings Measure 1972 are maintained by the Diocese. Under the Mission and Pastoral Measure 2011, capital receipts released following the sale of benefice houses are held in the Diocesan Pastoral Account, a designated fund. To the extent that the funds are not required for future building or improvement works to benefice houses, the funds may be applied to any general purpose of the SDBF.

22. Capital commitments

At 31 December 2022, the SDBF had no capital expenditure commitments authorised but not contracted for (2021: none), and commitments contracted for but not provided for of £27,000 (2021: £30,000).

23. Operating leases

Total commitments under non-cancellable operating leases are as follows:

	2022 £'000	2021 £'000
Minimum lease payments payable:		
Within one year of the balance sheet date	389	205
In the second to fifth years inclusive of the balance sheet date	96	66
Total	**485**	**271**

Total lease rental payments expensed in the year are £588,000 (2021: £512,000).

	2022 £'000	2021 £'000
Minimum lease payments receivable:		
Within one year of the balance sheet date	454	482
In the second to fifth years inclusive of the balance sheet date	358	313
More than five years from the balance sheet date	658	658
Total	**1,470**	**1,453**

24. Members' liability

The charitable company is a company limited by guarantee, Company Registration Number 236594 (England and Wales). The trustees are the members of the charitable company for company law purposes. In the event of the charitable company being wound up the liability in respect of the guarantee is limited to £1 per member of the charitable company.

Notes to the financial statements

25. Pensions

The SDBF participates in two pension schemes administered by the Church of England Pensions Board: the **Church of England Funded Pensions Scheme (CEFPS)** for stipendiary clergy and the **Church Workers' Pension Fund (CWPF)** for lay staff.

Church of England Funded Pensions Scheme

The SDBF participates in the CEFPS 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 each specific Responsible Body, and that contributions are accounted for as if the scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2022: £2,935,000, 2021: £2,631,000), plus the figures highlighted in the table overleaf as being recognised in the SoFA, giving a total charge of £3,526,000 for 2022 (2021: £3,225,000).

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%
- Retail Price Index inflation of 3.6% per annum (and pension increases consistent with this)
- an increase in pensionable stipends in line with the Consumer Price Index excluding housing (CPIH)
- mortality in accordance with 90% of the S3NA_VL tables, with allowance for improvement in mortality rates in line with the CMI 2020 extended model, with a long-term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial additional mortality improvement of 0.5% per annum and an allowance for 2020 data of 0% (i.e. W2020=0%).

Following the 31 December 2018 valuation, a deficit recovery plan was put in place until 31 December 2022 and the deficit recovery contributions (as a percentage of pensionable stipends) were as set 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 table below. For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

	January 2018 to December 2020	January 2021 to December 2022
Percentage of pensionable stipends: Deficit repair contributions	11.9%	7.1%

25. Pensions (continued)

Church of England Funded Pensions Scheme (continued)

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. However, as there are no agreed deficit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31 December 2022 is nil. The movement in the balance sheet liability over 2021 and over 2022 is set out in the table below.

	2022 £'000	2021 £'000
Balance sheet liability as at 1 January	591	1,185
Contributions paid	(352)	(601)
Interest cost (recognised in the SoFA)	–	2
Remaining change to the balance sheet liability* (recognised in the SoFA)	(239)	5
Balance sheet liability as at 31 December	**–**	**591**

*Comprises change in agreed deficit recovery plan, and change in discount rate and inflation 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.

	December 2022	December 2021	December 2020
Discount rate	N/A	0.0% pa	0.2% pa
Price inflation	N/A	N/A	3.1% pa
Increase to total pensionable payroll	N/A	(1.5%) pa	1.6% pa

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

Notes to the financial statements

25. Pensions (continued)

Church Workers' Pension Fund

The SDBF participates in the Pension Builder Scheme section of CWPF for lay staff. CWPF is administered by the Church of England Pensions Board, which holds the CWPF assets separately from those of the Employer and other participating employers.

CWPF has two sections:

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

Pension Builder Scheme

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

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

Pension Builder 2014 is a cash balance scheme that provides a lump sum which members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. Discretionary bonuses may be added before retirement, depending on investment returns and other factors. The account, plus any bonuses declared is payable, unreduced, from age 65. There is no sub-division of assets between employers in each section of the Pension Builder Scheme.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and means that contributions are accounted for as if the scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are the contributions payable (2022: £500,000, 2021: £306,000).

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent valuation was carried out as at 31 December 2019. The next valuation is due as at 31 December 2023.

For the Pension Builder Classic section, the valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review, the Board chose to grant a discretionary bonus of 10.1% following improvements in the funding position over 2022. There is no requirement for deficit payments at the current time.

For the Pension Builder 2014 section, the valuation revealed a surplus of £5.5m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

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

26. Related party transactions

The SDBF has related party relationships with connected organisations as detailed on page 42 of this annual report. Grants made in the current and previous year to these related parties are disclosed in Note 11 (see pages 68-69) to these accounts.

There are no other related party transactions requiring disclosure (2021: none).

27. Prior year Statement of Financial Activities

2021	Note	Unrestricted funds: General £'000	Unrestricted funds: Designated £'000	Restricted funds £'000	Endowment funds £'000	Total funds 2021 £'000
Income and endowments from:						
Donations	3					
Parish contributions		15,657	–	–	–	15,657
Archbishops' Council		274	–	1,205	–	1,479
Other donations		3,339	128	493	–	3,960
Charitable activities	4	2,279	–	–	–	2,279
Investments	5	972	–	156	–	1,128
Net gains on disposal of properties	6	902	–	–	3,606	4,508
Total		**23,423**	**128**	**1,854**	**3,606**	**29,011**
Expenditure on:						
Charitable activities	8	23,551	–	814	16	24,381
Total		**23,551**	**–**	**814**	**16**	**24,381**
Net (expenditure)/income before investment gains/(losses)		**(128)**	**128**	**1,040**	**3,590**	**4,630**
Net gains on investments	15	258	–	336	2,913	3,507
Net income		**130**	**128**	**1,376**	**6,503**	**8,137**
Transfers between funds	13	**577**	**299**	**–**	**(876)**	**–**
Other recognised gains: Revaluation of tangible fixed assets		–	3,908	–	5,237	9,145
Net movement in funds		**707**	**4,335**	**1,376**	**10,864**	**17,282**
Total funds brought forward		5,136	45,209	2,943	235,846	289,134
Total funds carried forward	20	**5,843**	**49,544**	**4,319**	**246,710**	**306,416**

Notes to the financial statements

28. Funds held as Diocesan Authority

The SDBF acts as Diocesan Authority or Custodian Trustee for many trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956, as amended, and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are PCCs and others. Assets held as Diocesan Authority are not controlled by the SDBF and are not included in these financial statements. They are summarised as follows:

	2022	2021
	£'000	£'000
CBF Church of England Investment Fund	9,529	10,938
M&G Equities Investment Fund for Charities	1,680	1,776
CBF Church of England Global Equity Income Fund	898	1,061
Other CBF Church of England funds	848	1,122
Other Common Investment and OEIC holdings	980	983
Direct holdings in UK equities	286	258
CBF Church of England Deposit Fund	1,694	1,717
Cash	10	4
Total assets held as Diocesan Authority	**15,925**	**17,859**

29. Subsidiary undertaking

The SDBF is the beneficial owner of a subsidiary undertaking, Southwark DBF Trading, a company limited by guarantee, which is registered in England and supplies property and administrative services to the SDBF. The company did not trade during the current or prior year and had no assets or liabilities at the Balance Sheet date (2021: £nil).

Glossary of terms

Acronym	Meaning
ADOs	Area Directors of Ordinands
aSa	Average Sunday Attendance
BAP	Bishops' Advisory Panel
CAH	Church at Home
CBF	Central Board of Finance
CEFPS	Church of England Funded Pensions Scheme
CEMES	Church of England Ministry Experience Scheme
CTBI	Churches Together in Britain and Ireland
CWPF	Church Workers' Pension Fund
CYP	Children and young people
DAC	Diocesan Advisory Committee
DBF	Diocesan Board of Finance
DBS	Disclosure and Barring Service
DCT	Diocesan Council of Trustees
DIP	Diocesan Investment Programme
DMPC	Diocesan Mission and Pastoral Committee
DSAP	Diocesan Safeguarding Advisory Panel
DST	Diocesan Safeguarding Team
FRC	Financial Reporting Council
FRS	Financial Reporting Standard
fxC	Fresh Expression of Church
GDPR	General Data Protection Regulation
GMH	Global Majority Heritage
HR	Human resources
IICSA	Independent Inquiry into Child Sexual Abuse
IME2	Initial Ministerial Education Phase 2. The four years of curacy also referred to as IME 4-6.
ISAs (UK)	International Standards on Auditing (UK)
JPIC	Justice, Peace and Integrity of Creation
LLF	Living in Love and Faith
LL&LMAG	Lay Leadership & Lay Ministry Advisory Group

Acronym	Meaning
MAP	Mission Action Plan
MAT	Multi Academy Trust
MFA	Multi-factor Authentication
PCC	Parochial Church Council
PCR2	Past Cases Review 2
PFC	Policy and Finance Committee
PGS	Parish Giving Scheme
PSF	Parish Support Fund
RJC	Racial Justice Committee
SDBE	Southwark Diocesan Board of Education
SDBF	South London Church Fund & Southwark Diocesan Board of Finance
SDF	Strategic Development Funding
SDP	Shared Discernment Process
SIR	Serious Incident Reporting
SMT	Senior Management Team
SoFA	Statement of Financial Activities
SORP	Statement of Recommended Practice for Charities
SPA	Southwark Pastoral Auxiliary
SVDF	Southwark Vision Development Fund
TUTV	Turning up the Volume
UKME	United Kingdom Minority Ethnic
uSa	Usual Sunday Attendance

Notes



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Hearts on Fire

The Diocese of Southwark

Loving God
Walking with Jesus
Led by the Spirit

Luke 24:13-35



The Diocese of Southwark

THE SOUTH LONDON CHURCH FUND AND SOUTHWARK DIOCESAN BOARD OF FINANCE

England & Wales - Charity number 249678

Accounts

The Diocese of Southwark

The South London Church Fund & Southwark Diocesan Board of Finance

Annual Report 2021

Company registration number 236594
Registered charity number 249678



Walking | Welcoming | Growing

Cover image: The 2021 Black History Month service at Southwark Cathedral in October.
© Eve Milner

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Overview

Introduction by the Bishop of Southwark

As we began 2021, our communities, our loved ones and countries around the world were still in the midst of a pandemic that had closed our church buildings and changed our patterns of worship dramatically. Yet we saw resourcefulness, hope and the visible presence of church in people: our wonderful parish clergy, chaplains, lay leaders and lay ministers, ministering to communities online and in kind before we could gradually resume worship in churches and share communion in person together.

I want to thank everyone who has patiently and lovingly followed the changing guidance as the pandemic rolled across our communities rather like tidal waters, with ebb and flow requiring prayerful consideration for every parish. It is due to your efforts that buildings could once again be open for prayer and worship.

I am grateful for the work of our Coronavirus Task Group which continued through the year and I realise this was a particularly difficult year for our parish clergy, Churchwardens and also Parish Treasurers as we met the challenges but also the joys and opportunities of the year.

Thank you, too, to our self-supporting ministers who have played such an important role in sustaining worship during the past year.

I was delighted that Wychcroft, our Retreat House, was able to be open for those ordained Deacon and Priest at Petertide. We also had a wonderful celebration in the Cathedral of Black History Month in October when we celebrated achievements in science, business and the arts.

The work of our Diocesan Council of Trustees and Synod continued, and a highlight of the year was the unanimous endorsement of our Diocesan Anti-Racism Charter which is now being implemented with zeal across all of our streams of work. We will report annually on its progress to Trustees and to Synod.

The new Diocesan Environment Policy was approved unanimously by Synod at its July meeting and an initial three-year plan in response to the Church of England carbon net zero routemap was put in place.

Challenges to our finances remain, however, because in order to fulfil the Southwark Vision we will need to achieve increases in parish pledge amounts over the next two years to maintain the strength and resilience of our parish-focused work.

As we enter 2022, I would like to thank Alan Saunders, now entering his final months as Chair of the Diocesan Board of Finance, for his excellent leadership in this role working so well with our Diocesan officers. I would also particularly like to record my thanks to Tony Demby, who retired in 2021 as Director of Finance.

In 2021 we also bade farewell to the Rt Revd Dr Jane Steen, who left her post as Archdeacon of Southwark in June to become the Bishop of Lynn. I would like to take this opportunity to thank her for her long and faithful service in the Diocese, first as Chaplain to Bishop Tom Butler and then Canon Chancellor of Southwark Cathedral and Director of Ministry and Training for the Diocese. Jane was an exceptionally gifted colleague, and consistently present, pastoral and sympathetic for those with whose care she has been charged. Our prayers go with her.



Bishop Christopher

Despite the very real challenges of the year, the generosity of God's people across our Diocese shone through. Besides the remarkable work undertaken, for example, in food banks and in hospitals, our parishes also kept faith with their Parish Support Fund pledges. Diocesan officers worked closely with Archdeacons and parishes to achieve an astonishing delivery rate of 99.4%. Thank you for our partnership in the Gospel and the support you give in enabling mission and ministry to be resourced in our parishes across the Diocese.

+Christopher Southwark

Chair of the Diocesan Board of Finance

Last year proved as challenging as the one before in terms of Diocesan finances and resources. However, we had an unexpectedly positive financial out-turn with an underlying operating surplus of some £4m in contrast to the deficit we had budgeted for. We were fortunate that this out-turn was helped by positive one-off factors during another year of lockdowns and other pandemic restrictions. Thankfully, we seem to be moving back to normal life, but 2021 did not see the steady rebuilding of local church life we had hoped for.

The primary source of our income is, of course, the Parish Support Fund (PSF) which has demonstrated extraordinary resilience yet again. The dialogue, partnership, and mutual accountability that the Diocese enjoys with parishes has enabled a remarkable 99.4% delivery rate on pledges. My thanks to the Archdeacons, Area Deans, our Diocesan staff team and, above all, to our parishes for this achievement.

Nevertheless, despite this generosity and careful cash control at the Diocesan office, we would still have been in significant deficit were it not for an exceptional year for grant income and surpluses generated on property sales.

An unexpected one-off additional grant from Trust for London of £1.5m, of which £1m was taken in the year, helped us to weather the storm very well. In addition, the strong performance of the London property market enabled us to realise some £4.5m of net gains, well above recent years. The consequence is that we were able to finish the year in a healthy cash surplus. We continue, of course, to reinvest in our property estate.

Our target has been to ensure cash reserves equal three months' expenditure and we finished the year well ahead of target with cash reserves of £7.5m. This will reduce as we invest in new property and rebuild our investment portfolio, which we drew upon modestly in recent months. We are budgeting for a deficit again in 2022, while hoping for a more favourable out-turn, so maintaining healthy cash balances remains important for our financial resilience. Our financial position was also improved by the successful conclusion of a church development project which had required a Diocesan loan and a bank loan, both of which have now been repaid.

Now, we need to look ahead to ensure our continuing resilience. That means trying to find ways to increase the sums being pledged, back to and above the levels prevailing before the pandemic. In particular, we need to increase the proportion of self-financing parishes. Over 10 years we would like to be in a place where only one-third of parishes need financial support from other parishes, an ambitious target of course.

As a large charity our financial statements also include a market value assessment of our assets and changes in the clergy pension fund liabilities. Last year, there was a significant upswing in the value of our investment and property portfolios of £12.7m which we are obliged to report through our Statement of Financial Affairs (SoFA). This is in marked contrast to 2020 and does not reflect our underlying position. Had our year-end been March, then our investment funds might have been less valuable in light of the war in Ukraine.



Alan Saunders

It has been a pleasure and a privilege to serve as Chair of the Board of Finance for the past four years, working with so many remarkable people and I am pleased to be continuing to chair the Investment Committee. When I present the results to Synod in July, I hope people will be reassured by the story they hear. The staff team performed remarkably well in keeping the office open whenever possible and managing not only a very clean audit in such a year but also the seamless change of Director of Finance mid-year when Tony Demby retired and Mark Rhodes took up office.

Ruth Martin has been outstanding in her leadership and I would like to thank her for all her hard work. May I also thank all my colleagues with whom I have worked, particularly Nick Burt on the Policy and Finance Committee, Bishop Christopher, the Archdeacons, and my deputy, Sir David Beamish.



The Diocesan Secretary



Ruth Martin

2021 was a year when we all needed to be flexible and nimble around the pandemic restrictions, which came and went for a second year. Whilst churches remained closed for so much of the time, with restrictions in place for those attending – the photographs of people wearing face masks in this Annual Report represent the times we have been living through – the staff teams seeking to serve and support parishes had to be innovative.

The work undertaken to enhance as well as maintain support to parishes with regard to children's and youth work, Mission Action Planning, social and racial justice, Fresh Expressions of Church and parish giving were imaginative and appreciated by parishes. The results of these efforts are set out in the report.

As the year drew to a close, training was being undertaken face to face again and online provision also continued to be accessible, enabling our Discipleship and Ministry Team to offer new programmes and courses. In addition, Wychcroft opened again for residential provision as soon as it could. The communications strategy with its emphasis on digital communication has been particularly critical during the year.

Some commitments have been tougher to achieve. The long-running national safeguarding Past Cases Review (PCR2) took substantially longer than anticipated as the external reviewers needed access to hard copy files around the lockdowns and working-from-home guidance in order to complete their work; however, this has now been achieved.

The Property Team had to catch up on the work it was unable to do in 2020 due to the national lockdown. Thanks to the Archdeacons' support and the understanding of parishes, much progress was made in 2021 in maintaining and repairing our clergy housing.

We managed to achieve the necessary Diocesan Synod, General Synod and Diocesan Council of Trustees elections in time but weariness has taken its toll on the well-being of many clergy and lay leaders who might otherwise have been willing to step forward to serve on committees and within governance structures.

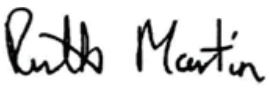
Strategically, the Diocese has its clear vision and priorities for maintaining our parish structure and this provides a focus for us all, including pioneering curates and pioneering lay ministry. During the year we established our strategic deployment policies with Hub and Resourcing churches, and a clear focus on the significance of implementing our Anti-Racism Charter unanimously endorsed by Synod and affecting all aspects of our life together as a Diocese.

I am delighted that the careful stewardship of the financial resources of the Diocese has borne fruit and thank my many colleagues who work with me as a team examining all kinds of resource issues: challenging, testing and checking the granular detail upon which so much depends in order to provide the service and support to Archdeacons, parishes, individual clergy and curates within careful cost controls.

We made great progress on our integrated databases and intranet during the year which provides ongoing resilience.

We were sorry to say goodbye to Tony Demby as Director of Finance and welcomed Mark Rhodes as his successor during the year. We also welcomed our new Diocesan Safeguarding Adviser, Pamela Chisholm, as the staff team continued to evolve, and will continue to evolve, but always based on the same core values of respect, team working, effective stewardship of resources, and transparent accountability.

We all know that significant challenges remain, and that we can only meet these through our collaborative work with parishes. The success of the Parish Support Fund speaks to this intentional culture of working together for the resourcing of ministry and mission across our Diocese and it is a privilege to serve you as Diocesan Secretary. Thank you.



Our Vision: a fruitful future

We share a vision for the future in which we will see:

- growing churches, new worshipping communities and new Christians
- deepening discipleship: engaged, prayerful and informed Christians
- growth in vocations to existing and new ministries
- generous giving and prayer supporting all we do
- justice and peace built up, and violence challenged, in our local and global community
- a shared commitment to the integrity of Creation
- a Church for all which reflects our diverse community in membership and leadership, including growth in United Kingdom minority ethnic (UKME) vocations and appointments.

Our Vision is founded on mutual commitment from all who make up the Diocesan family to walk together in the pilgrimage of faith, supporting, encouraging and resourcing each other in our common task.

The Diocese of Southwark serves...



2.9 million people



in the 16 local authorities of South London & East Surrey



through 356 places of worship — a Church of England presence in every community



and 104 church schools educating more than 37,000 young people



Bishop Christopher at the special service in April 2021 at Southwark Cathedral which marked the death of HRH Prince Philip, the Duke of Edinburgh. © Eve Milner

Legal objects

The Trustees, who are also Directors for the purposes of company law, present their Annual Report, together with the audited financial statements, for the year ended 31 December 2021.

The Directors/Trustees are one and the same, and in signing as Trustees they are also signing the Strategic Report sections in their capacity as Directors.

This combined report satisfies the legal requirements for:

- a Directors' Report of a charitable company;
- a Strategic Report under the Companies Act 2006; and
- a Trustees' Annual Report under the Charities Act 2011.

Legal objects

The objects of the South London Church Fund & Southwark Diocesan Board of Finance (SDBF) are "for the public benefit to assist, promote and further the religious and other charitable work (including but not limited to the educational work) of the South London Church Fund & Southwark Diocesan Board of Finance within the Diocese, and any other Diocese which shall at any time be formed, wholly or in part out of the Diocese, either with or without the addition of any part or parts of other Dioceses."

Its function is to serve as the corporate governance body of the Church of England in the Diocese, responsible for the financial stewardship of the Diocese through performing, working and transacting business in connection with the Church and Diocese. It may act as the Parsonages Board for the Diocese within the meaning of the Repair of Benefices Buildings Measure 1972.

The Diocese of Southwark covers most of Greater London south of the Thames and part of East Surrey. Within the Diocesan boundaries are the Royal Borough of Greenwich, the London Boroughs of Croydon, Lambeth, Lewisham, Merton, Southwark, Sutton and Wandsworth, plus parts of the London Boroughs of Richmond upon Thames, Bromley and Bexley and the Royal Borough of Kingston upon Thames. In Surrey, it also includes parts of the Borough of Reigate and Banstead, Tandridge District Council and Mole Valley District Council.

The SDBF has the following responsibilities:

i. the management of glebe property and investments arising from the Endowments and Glebe Measure 1976 to generate income to support the cost of stipends;
ii. managing the repair of benefice houses on behalf of the Diocesan Parsonage Board under the Repair of Benefice Buildings Measure 1972;
iii. to act as custodian of permanent endowment and real property assets relating to trusts held by Incumbents and Archdeacons and by Parochial Church Councils (PCCs) as Diocesan Authority under the Incumbents and Churchwardens (Trusts) Measure 1964 and the Parochial Church Councils (Powers) Measure 1956.

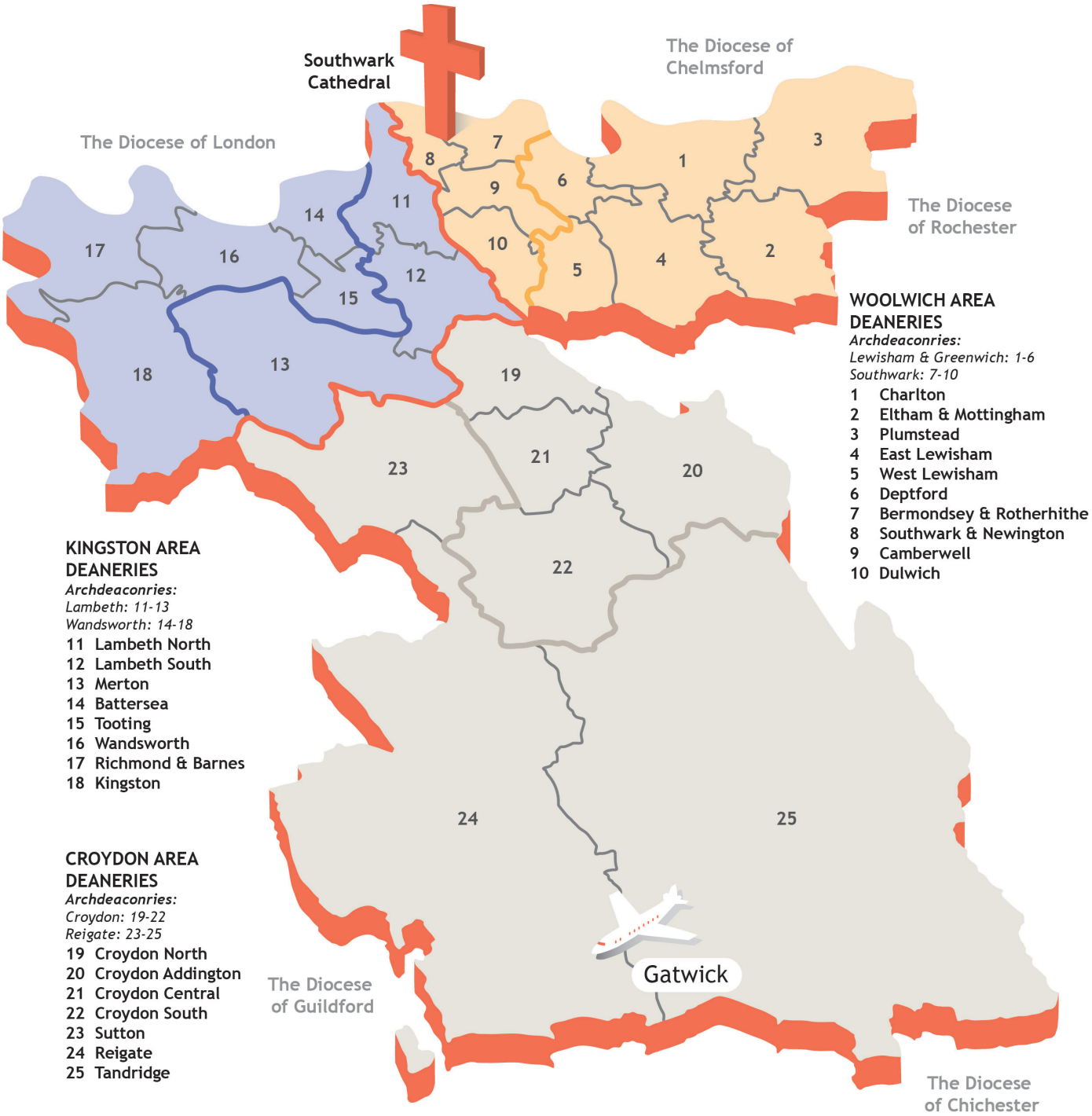
The SDBF is empowered to act as a committee of the Diocesan Synod, responsible for the corporate governance of the Diocese and also for raising and disbursing money and employing staff. Its members are both Directors and Trustees.

The standing committee of the Diocesan Synod is the Diocesan Council of Trustees (Bishop's Council). Its members are also the members of the SDBF, the Diocesan Mission and Pastoral Committee (DMPC) and the Diocesan Parsonages Board. Each of these four bodies has coterminous membership.

The strategic priorities of the Diocese are established by the Diocesan Synod, and its standing committee the Diocesan Council of Trustees (DCT), in consultation with Deanery Synods, PCCs and the Bishop of Southwark (in respect of his responsibility for the provision of the cure of souls).

The DCT (acting as Bishop's Council, the Diocesan Board of Finance (DBF), the DMPC and the Diocesan Parsonages Board) fulfil their objectives within this framework, together with the DCT committees and advisory groups of the Diocese. To this end, significant time and effort is committed to communication between and with these bodies, as well as with the Church nationally; this includes consultation on specific matters relating to the priorities for the forthcoming year, taking into account the commitments arising from the Diocesan Budget.

Map of the Diocese of Southwark



WOOLWICH AREA DEANERIES
Archdeaconries:
Lewisham & Greenwich: 1-6
Southwark: 7-10

1 Charlton
2 Eltham & Mottingham
3 Plumstead
4 East Lewisham
5 West Lewisham
6 Deptford
7 Bermondsey & Rotherhithe
8 Southwark & Newington
9 Camberwell
10 Dulwich

KINGSTON AREA DEANERIES
Archdeaconries:
Lambeth: 11-13
Wandsworth: 14-18

11 Lambeth North
12 Lambeth South
13 Merton
14 Battersea
15 Tooting
16 Wandsworth
17 Richmond & Barnes
18 Kingston

CROYDON AREA DEANERIES
Archdeaconries:
Croydon: 19-22
Reigate: 23-25

19 Croydon North
20 Croydon Addington
21 Croydon Central
22 Croydon South
23 Sutton
24 Reigate
25 Tandridge

Strategic report

Strategic report

The main role of the Southwark Diocesan Board of Finance (SDBF) is to identify and manage resources within the Diocese, particularly the financial aspects of the provision of ministry. This is so as to lead, enable and serve the Diocesan Synod, deaneries, parishes, schools and communities of the Diocese in furthering mission and ministry and fulfilling the vision of the Diocese, whilst also ensuring full compliance with statutory responsibilities.

The purposes are:

- to provide sufficient ministerial resources to ensure a Christian presence in every parish, including appropriate housing; also including support for communities across the Diocese through school, university, hospital and prison chaplaincies
- to provide resources for people of all ages and at all stages of their spiritual journey to grow in understanding of the Christian faith
- to support and enable the work of the Southwark Diocesan Board of Education (SDBE), establishing and maintaining contacts with universities, colleges and schools
- to engage actively in local debate and ensure that Christian voices are heard in all areas of public life
- to support and strengthen the Church's work for the common good, including resources and support for God's bias for the poor, through care for Creation and through interfaith dialogue. This includes direct financial support for, and board membership of, Welcare, a charity aimed at families needing support. In addition, the Diocese is the sole corporate member of Together Southwark, which is aimed at alleviating poverty through development projects and which, until the end of 2020, was supported financially by the Church Urban Fund.



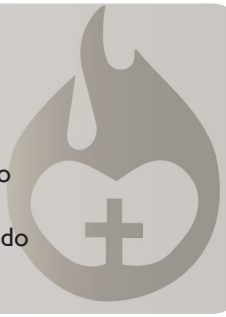


The Rt Revd Dr Jane Steen, Bishop of Lynn, presides at her farewell service at Southwark Cathedral as Archdeacon of Southwark in May 2021 (top) © Eve Milner**; Southwark pupils lay candles in an act of remembrance at a Churches Together in Britain and Ireland (CTBI) service in May marking the anniversary of the death of George Floyd (above).**

Southwark Vision 2017-25 and strategic objectives

Southwark Vision

From the Archbishop of Canterbury's Charge given to Bishop Christopher in 2011, the Diocese of Southwark has been on a journey of discernment towards a shared vision, Southwark Vision, which has been brought together from the themes and agreed outcomes described in the *Strategy for Ministry* final report adopted by Synod in November 2015, and *Hearts on Fire Vision for Mission*, with its commitment to the Five Marks of Mission and the five strategic objectives adopted by Synod in March 2016. These two documents together explain the detailed thinking behind the summary of our Diocesan Vision. In all we do we aim to be Christ centred and outward focused.



Objective One

To grow average weekly attendance by 5% by 2025, partly through having each church develop a high-quality Mission Action Plan (MAP) which includes a course for evangelism and discipleship.

The closure of churches for a significant portion of 2021, as well as ongoing legal restrictions on the size of gatherings, meant that in-person attendance fell significantly in 2021, both in Southwark and elsewhere. However, many of these worshippers did not disappear but went online instead.

Exact attendance figures cannot be estimated, owing to the variety of Church at Home (CAH) services offered and the differing methods of calculating attendance used by individual churches. Nevertheless, according to Church of England figures, the latest of which were collected in October 2020, 78% of churches nationally provided some form of CAH service during the March-July lockdown and 69% were still offering CAH alongside in-person services in October. This suggests that, despite the drop in attendance in 2020, there is still an appetite for what the Church can offer, and it is hoped that this will be reflected in the post-pandemic figures.

The latest available figures below relate to 2020 and in-person attendance figures were as follows:

- The Worshipping Community in Southwark churches was 53,900, a decline of 3.5% on the 2019 figure (Church of England comparison is a decline of 7%).
- The average Sunday attendance (aSa) at Southwark churches was 14,400 adults and children, a decrease of 56% since 2019 (CofE comparison is a decline of 58%).
- It was a similar story with average weekly attendance. On average, 16,400 people attended weekly services in Southwark churches, a decrease of 57% since 2019 (CofE comparison is a decline of 60%).
- Weddings in Southwark churches fell steeply, from 630 in 2019 to 260, a decline of 58%. However, this can be explained by the restrictions in place on gatherings at the time and, in fact, Southwark's numbers held up relatively well, perhaps because fewer people went "home" to get married (CofE comparison was a 71% decline).
- This trend could also be seen with baptisms, with Southwark showing a 75% decline from 2,950 in 2019 to 730 a year later (CofE comparison was an 81% decline).
- In the same period, funerals in church declined by 35% and funerals taken by CofE ministers in crematoria increased by 27% (CofE comparison is a decline of 35% and an increase of 48%, respectively). Again, this can be explained by restrictions in place in 2020 which meant funerals in many cases had to be conducted in crematoria. In total, 2,410 funerals were taken in Southwark in 2020.

Objective Two

By 2025, to increase the number of worshipping communities with a primary focus on areas of population growth through investment in Fresh Expressions of Church (fxC) in the areas where the data suggests the existing congregations are increasingly unrepresentative of the resident community and therefore unlikely to be successful in reaching them without intentional intervention.

The ongoing adoption of Pioneer curates who will help churches to grow new worshipping communities has developed further with an additional five starting in 2021, on top of the four starting in 2020. This, along with the launch of the Greenhouse course to help parishes see how they can reach people in new ways, is very encouraging.

Many of our fxC communities have been badly affected by the pandemic and a full review was undertaken in early

2021 looking at how many would be able to continue. According to the most recent figures available, from July 2021, there were 141 fxCs in the Diocese, of which approximately two-thirds were furloughed. This exceeds the 100 fxCs expected by the end of 2020, and it is hoped that these communities will rebound well now that restrictions have ended.

Objective Three

To grow a financial resource base that allows investment in growth for the future. Key measurables include annual financial surplus; working financial reserves equivalent to three* months' operating costs by 2020 (*revised in 2019); 1% of Diocesan turnover annually dedicated to major Diocesan ministry and mission projects beginning in 2016, rising to 2% by 2020.

Following on from a better-than-expected financial outcome in 2020, careful cost control during the pandemic, and helped by an unexpected windfall grant of £1.5m from Trust For London (of which £1m was credited in 2021), as well as parsonage property sales ahead of replacement purchasing, the Diocese ended 2021 with a surplus of £4.6m before investment gains and property revaluation. This was remarkable.

This was also in part thanks to the generosity, once again, of the parishes in fulfilling their Parish Support Fund (PSF) pledges which is the bedrock of Diocesan finances. The repayment by a parish of a significant loan, and the full achievement of the equivalent three months' operating costs as cash financial reserves by the year end has added to Diocesan financial resilience and achieved this significant strategic objective. The Diocese continued to financially support its Strategic Development projects throughout the year.



From left: the Venerable John Kiddle, Diocesan Secretary Ruth Martin, Bishop Christopher and Andrea Campanale sign a Bishop's Mission Order for Sacred Space.

As a result, the Diocese was only marginally short of its free reserves target in 2021 (target £5.9m, achieved £5.8m). It also has £49.5m (2020: £45.2m) in designated funds and £140.1m (2020: £138.0m) in expendable endowments. Free reserves are expected to fluctuate owing to investments in improving and maintaining properties, and 2022 is budgeted to have a deficit, but it is expected that a financial surplus will be achieved by the end of 2023.

Objective Four

To grow the number of ordained and lay vocations by 50% by 2020 by enabling and discerning ordained ministers, by expanding opportunities for licensed and commissioned lay leadership, and by affirming and growing other forms of lay ministry (for example, worship leaders, family and youth leaders, and spiritual directors); to offer relevant and enriching training; to create networks of support and celebration which reflect the diversity of the Diocese, and our commitment to evangelism and discipleship; and to deliver fully integrated and pioneering church growth and Fresh Expressions of Church.

The original target for increasing ordained vocations was achieved in 2018 (50% increase) and has continued to increase, with the growing number of UK minority ethnic (UKME) ordained vocations and potential pioneer curates a particularly encouraging development.

The expansion of lay ministry also continues, with the launch of new licensed and commissioned lay ministries in September 2021 (see page 21). As more people come through the pipeline in these ministries, this will in turn give

Strategic objectives (continued)

the Diocese the flexibility to deploy ministers, whether lay or ordained, where they are most needed to sustain mission and growth in our communities.

At the same time, our training offer continues to develop, with a restructured Discipleship, Lay Ministry and Continuing Ministerial Education team providing bespoke support alongside a dedicated IME2 post for curates undertaking post-ordination training.

Objective Five

By 2025, to grow leadership and representation that reflects the rich diversity of our Diocese and especially focusing where the data suggests groups are currently under-represented: through ethnicity, age (especially 18-40), educational opportunities, material well-being, or tradition.

Work continues to ensure that our ministers reflect the communities they serve, particularly in the light of Black Lives Matter and our Diocesan commitment to implementing *Turning up the Volume* (TUTV).

A key objective was achieved in March 2021, when the Diocesan Synod voted unanimously to endorse the Diocese of Southwark Anti-Racism Charter, the implementation of which will now become a major strategic theme for the next three years. In addition, ethnicity surveys of our clergy, Readers and SPAs have been undertaken, with a response rate of 72%.

Broadening the diversity of our clergy continues to be a priority, with a growing number of UKME curates already in the pipeline. Of the candidates recommended for training at BAP (Bishops' Advisory Panel) in 2021, 26% were UKME, a rise of 8% on the previous year and above average for the Church of England as a whole. This will be supported by a commitment to the diversity of our Vocations Advisers, including in the appointments of Bishop's Advisers for the new Shared Discernment Process (replacing BAPs).









Clockwise from top: the Venerable Dr Rosemarie Mallett at the Black History Month service in October 2021 © Eve Milner**; Bishop Jonathan at the Croydon Youth Forum in September; Young Christian Climate Network (YCCN) pilgrims arrive at St Paul, Clapham in August; the COP26 Vigil in October.**

Meanwhile, work is underway to promote leadership opportunities among our young people, with the further development of lay ministry pathways for children and youth work to attract those aged 18-40, and the development of Area Youth Forums so that young people's voices can be heard at Synodical level.

Annual objectives for 2021

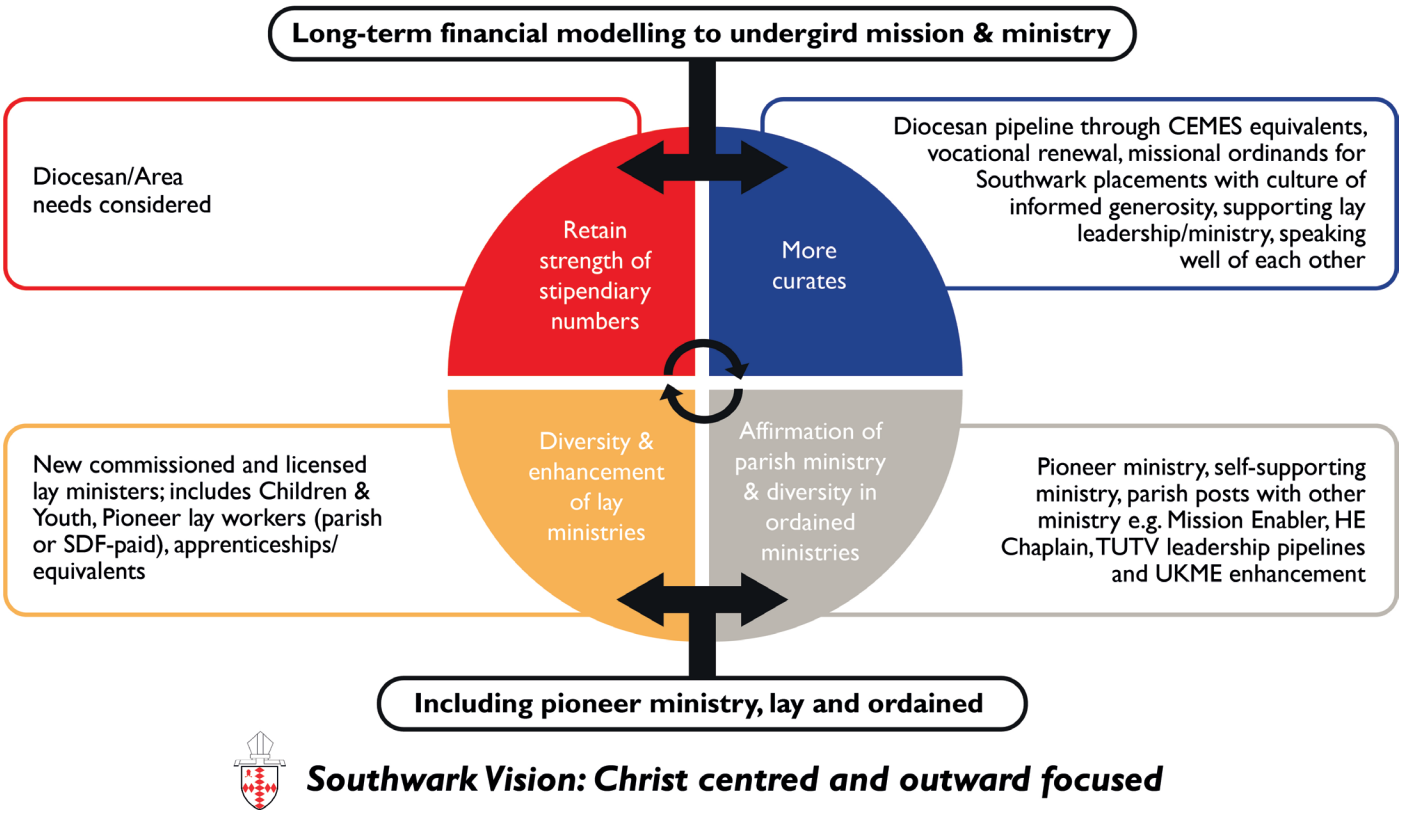
Objectives for 2021 reflected the context of continuing uncertainty in which the Diocese was operating, with a particular focus on recovery and resilience.

The delivery of Southwark Vision remained a priority, including through the support of pioneering ministry and the rollout of the second round of funding from the Strategic Development Fund (SDF2). At the same time, work began on implementing Strategic Ministry – Vision and Deployment (see below). This strategic model seeks to grow the number of curates and expand pioneer ministry, and so underpin mission and ministry in the Diocese by deploying ministers, both lay and ordained, stipendiary and self-supporting, where they are best placed to ensure mission and growth. It reaffirms the Diocesan commitment to parish structures and to maintaining the maximum possible number of stipendiary clergy. It also seeks the growth and expansion of lay ministries and the flourishing of diversity across our ministerial deployment.

Work continued to rebuild Diocesan finances after a year of deficit while maintaining levels of service to clergy, lay leaders and parishes with fewer Diocesan office posts following the redundancies of 2020. Special focus was given to protecting the well-being and discipleship of those in our parishes amid changing patterns of worship and the challenges of these post-Covid times.

Supporting mission and ministry through the work of our Justice, Peace and Integrity of Creation team was also a theme in 2021, as we continued to seek to be a Diocese that is Christ centred and outward focused.

Strategic ministry vision and deployment



Annual objectives (continued)

Progress made towards 2021 objectives

Southwark Vision

Objective	Progress made
To continue the rollout of the second round of funding from the Strategic Development Fund (SDF2).	Continuing, but the timing of appointments has been affected by restrictions during the COVID-19 pandemic.
To continue to embed the work of the Lay Council, for example by encouraging pastoral lay ministry following COVID-19 and establishing new pathways for pioneer lay ministry, including on urban estates.	Achieved. Many of the recommendations arising from the Lay Leadership and Lay Ministry Advisory Group Report of 2018 have been implemented and continue to be embedded.
To implement the Diocesan action plan for *Turning up the Volume* for our minority ethnic clergy and lay leaders, including updating our databases.	Ongoing. An ethnicity survey of clergy, Readers and SPAs has been undertaken and the Diocese of Southwark Anti-Racism Charter has been unanimously endorsed by Synod.
To establish Hub and Resourcing churches to encourage and support parishes/churches, as well as starting fxCs and other new worshipping communities.	Ongoing. The Director of Pioneering Ministry and Dean of Fresh Expressions continues to identify these opportunities, working closely with the Archdeacons and other members of the Bishop's Senior Staff team.
To enable parishes to create COVID Mission Action Plans (MAPs).	Ongoing. COVID MAP training was delivered to 11 out of 25 deaneries during lockdown.
To encourage deaneries to share good practice as Deanery Leadership Teams develop with a focus on resourcing mission.	Ongoing. Mission Accompaniers are working with the 10 deaneries which requested support in 2021.

Strategic Ministry – Vision and Deployment

Objective	Progress made
To review churches with a uSa of 50 adults or fewer, in the light of pioneer, hub and resourcing activity.	Ongoing. Work is underway and the review has been expanded to churches with uSa of 70 adults or fewer to support missional review and provide opportunities for growth and development.
To review curates' provision.	Ongoing. A new post to provide bespoke support for IME2 was created and appointed, alongside increased provision for pioneer curates and recognition of the need for innovative placements and positioning curates as integral to the deployment polices of the Diocese.
To expand pathways into lay ministry.	Achieved. New licensed and commissioned lay ministries were launched in September 2021.

Budget & finance

Objective	Progress made
To manage the expected budget deficit during an uncertain environment and plan prudently.	Achieved. We have far exceeded our expected outcome in 2021 through parish generosity, cost controls and some unforeseen windfalls.
To try to maintain reserves in line with the revised 2019 Reserves Policy despite recent financial difficulties.	Achieved.
To maintain Diocesan investment in Southwark Vision and seek to respond well on Synodical initiatives as we conclude the triennium.	Achieved. Major progress has been made on the Synodical initiatives of Deanery development, lay leadership and lay ministry, and Eco Diocese.

Giving

Objective	Progress made
To build up the newly launched Parish Giving Scheme (PGS).	Achieved. More than 15% of parishes registered in 2021 against a target of 10% by year end.
To give further focus and energy to the Parish Support Fund (PSF), especially the principles of informed generosity and aspiration to be self-financing for those that can. This included the review, with Archdeacons, of parishes which do not yet cover their indicative ministry costs.	Ongoing. There was continued communication around rebuilding the PSF resulting in initial signs of recovery. A review of those parishes not covering their ministry costs with a view to the long-term aspiration of only one-third subsidised by others was postponed to 2022 owing to the pandemic.
To build up giving and financial resilience of parishes with additional staff resource.	A Generous Giving Adviser was appointed in autumn 2020, helping to resource the contactless project during 2021.
To work collaboratively with deaneries, Archdeacons and parishes on new giving initiatives and opportunities.	Achieved. The contactless giving project subsidised by the Church of England generated additional donations for 90 parishes across 13 deaneries.

Safeguarding

Objective	Progress made
To deliver the mandatory Past Cases Review 2.	The Past Cases Review 2 (PCR2) independent review of files was disrupted owing to the pandemic when offices had to be closed but has now been concluded and the report of the independent review submitted to the National Safeguarding Team's PCR2 Project Management Board early in 2022.
To continue the focus on building a safe church for all in our worshipping communities.	Ongoing and always a priority. The pandemic led to a backlog in training due to new national training programmes being piloted and then due particularly to volunteer parish officer turnover which has started to be addressed.
To implement, as required, any new actions following the Independent Inquiry into Child Sexual Abuse (IICSA) Report (October 2020).	Ongoing. Actions are just emerging. The Diocesan Safeguarding Advisory Panel (DSAP) will consider the recommendations of the report as direction emerges from the National Safeguarding Team and the DSAP will guide how best to take the work forward in the Diocese.

Annual objectives (continued)

Property

Objective	Progress made
To complete parsonage condition surveys, develop five- and 10-year maintenance plans and plan the reintroduction of quinquennial inspections.	Achieved. Parsonage condition surveys were completed by the end of the year, while quinquennial inspections are due to restart during 2022.

Data & IT

Objectives	Progress made
To continue to develop our integrated database, including property, parish vacancies, and *Turning up the Volume* work and services to parishes.	Achieved. There is a focus on online submissions from parishes, easing their administrative burdens, and a single integrated vacancy tracker has been introduced.
To work with the National Church and fully participate in the implementation of the new People System, which will provide the information for the National Register of Clergy (due mid-2021) and the rollout of the Church Development Tool when available from the National Church.	Achieved. The National Register is now in operation and work is ongoing by the National Church to move stipend payments into the new system.

Website & digital communications

Objective	Progress made
To launch a new website to aid the communication and resourcing of our parishes.	Achieved.
To review and update the Communications Strategy.	Ongoing. The new strategy is expected to be finalised in 2022. However, in 2021 the Diocese's digital communications significantly evolved in response to the demands of the pandemic and with the support of the Digital Communications Group established during the pandemic.

Mission & justice

Objective	Progress made
Progressing measures to combat knife crime collaboratively with dioceses and other partners.	Work in progress; partnership with Synergy Network is ongoing.
To continue our work on the environment by working towards Eco Diocese status and developing a plan for reducing carbon emissions within Diocesan control.	Achieved. Diocese is ready to apply for Bronze Eco Award and is now working on plans for carbon net zero.
To launch the Southwark Diocese Anti-Racism Charter.	Achieved.

Other activities and achievements in the year

In 2021, thanks to the generosity of parishes in rebuilding the Parish Support Fund (PSF) and an incredible collection rate of 99.4%, the Diocese was able to deliver the following activities in support of our parishes.

Ministry and discipleship

In line with its goal of diversifying pathways into ministry, in September 2021 the Diocese expanded its vocational offering by launching a series of new lay ministries to complement the ordained and lay pathways already in place.

Entry into the new ministries is via three different routes – affirmed, commissioned, and licensed. The new ministries are:

- Lay Children's, Youth, and Family Workers (affirmed, commissioned, and licensed)
- Licensed Lay Pioneers
- Pastoral Lay Ministers (affirmed and licensed).

Alongside these new pathways, existing lay ministries (Readers, Southwark Pastoral Auxiliaries, Commissioned Lay Pioneers and Church Army Evangelists) continued to be developed. Two new Readers were licensed, and two Readers welcomed from another Diocese. In addition, the Diocese welcomed its first licensed Lay Pioneer minister in November 2021.

The Lay Council continued to meet three times a year to provide support and strategic direction for those engaged in lay ministry in the Diocese.

The Discipleship and Ministry Team provided a comprehensive training offer in 2021, delivering 58 Southwark-run short courses to which 1,210 people signed up (this does not include safeguarding training, Vocations Forums and Children and Youth events, which were organised separately). The popularity of the flagship Bishop's Certificate course also remained high, with 52 students signing up.



Bishop's Certificate graduation ceremony in September 2021. © Eve Milner

The Diocese continued to fulfil its commitment to maximising the number of ordained vocations, with 24 deacons ordained in 2021 to serve in parishes across the communities of the Diocese. Going forward, they will receive bespoke support from the newly created IME2 post for curates undertaking post-ordination training.

From Easter onwards, the Diocese also engaged in the Living in Love and Faith (LLF) project, in particular the LLF course, a five-session course for group reflection.

Mission and evangelism

Post-COVID recovery and work among deaneries was a major focus of Mission and Evangelism Team activities in 2021. Nearly half the interactions with parishes related to issues around alleviating poverty, and around a fifth related to work with children and young people.

Together Southwark, which was brought under the sole control of the Diocese in 2021, continued to provide practical assistance to parishes in the areas of poverty and social action. For one of its projects, Lunchbox Library, it partnered with three local churches and four supported organisations or community groups to offer hot meals to children during school holidays. In total, 639 children were fed, an increase of more than 30% on the previous year.

Children and youth workers continued to be supported, with bespoke training on mental health and intergenerational worship as well as dedicated networking events for each Episcopal Area. The Area Youth Forums were also active throughout the year, contributing especially to the Diocesan debate on climate change in July's Synod.

Other activities and achievements (continued)

The environment continued to be an important part of the work of the Justice, Peace and Integrity of Creation team (JPIC), particularly with the UN Climate Change Conference (COP26) taking place in November. The new Diocesan Environment Policy was approved unanimously by Synod in July, allowing the Diocese to prepare to apply for Bronze Eco Diocese status in 2022, well ahead of schedule. An initial three-year plan in response to the Church of England's Carbon Net Zero Routemap was also put in place. By the end of 2021, 97 parishes were registered for the A Rocha Eco Church scheme, 27 parishes had achieved a Bronze award (up from 19 the year before), and 12 had Silver awards (up from six).

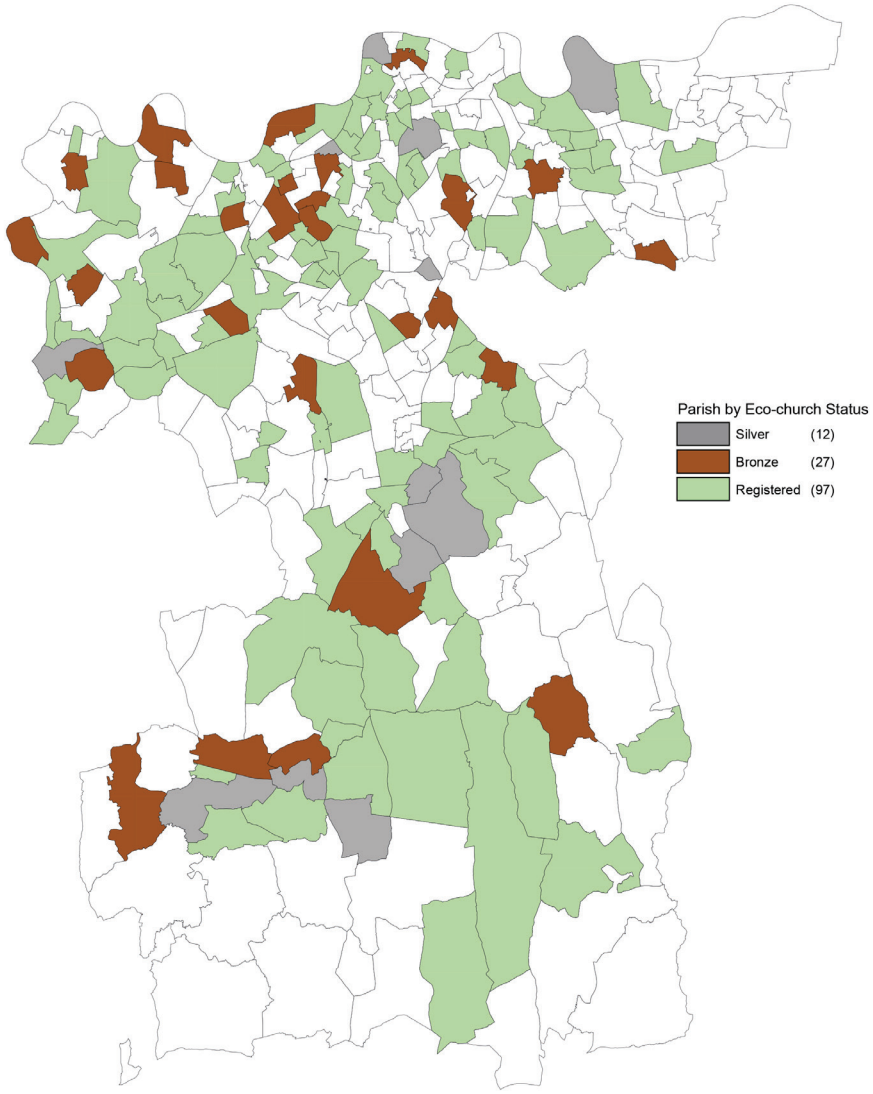
Other Mission and Evangelism Team activities in 2021 included:

- supporting Thy Kingdom Come, the global prayer initiative, with printable resources and videos
- ongoing COVID-19 Mission Action Planning sessions
- supporting Deanery Leadership Teams
- helping parishes to welcome Christians arriving in the UK from Hong Kong
- cementing the Diocese's connection with the Synergy Network in combating youth violence.

Safeguarding

During 2021, the Diocesan Safeguarding Team (DST) delivered a 52% uplift in training from the previous year, with 1,454 people attending the new nationally directed training courses (919 online and 535 in person). As a result of this increased activity, the backlog in leadership training caused by pandemic restrictions the previous year was cut by 16%.

Eco Church status by parish

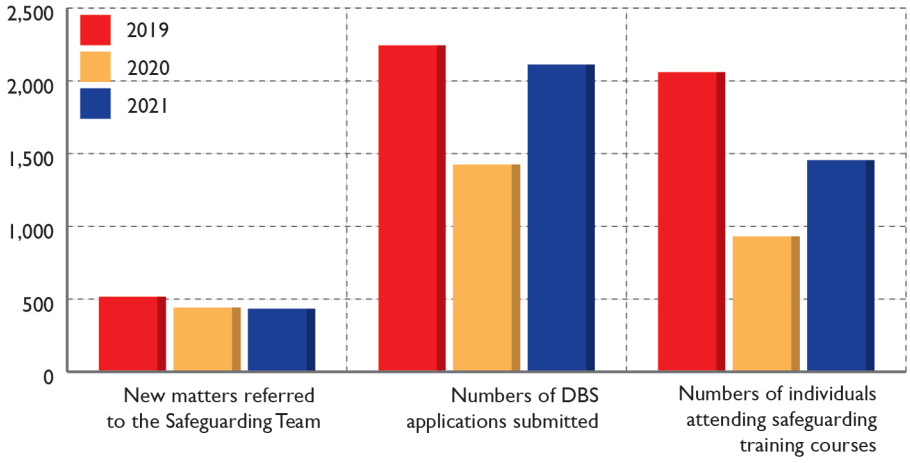


Eco Church status as per A Rocha data (27 January 2022) and Southwark Diocese (31 January 2022). Parish boundaries accurate according to Church of England records as at November 2020.

The Diocese also continued work on the Past Cases Review (PCR2), a national requirement to review historical safeguarding cases. The report of the 2020/2021 review was finalised early in 2022 and submitted to the National Safeguarding Team's PCR2 Project Management Board.

As one of the largest Dioceses, the review in Southwark included scrutiny of more than 2,500 historic files using four independent reviewers and a project manager. Of these files, only 19 were identified as containing issues of concern to be followed up by the DST and some of them have already been

Safeguarding



actioned. There were no instances of the Diocese needing now to refer any case to the statutory authorities.

Actions regarding the Independent Inquiry into Child Sexual Abuse (IICSA) report remain pending the directions from the National Safeguarding Team.

There was a slight decrease in new matters referred to the DST during 2021 to 433, down from 441 the previous year. Conversely, the number of online Disclosure and Barring Service (DBS) applications made in 2021 increased 48% to 2,112, up from 1,425 the previous year.

In addition, the DBF (DCT):

- ensured that there was adequate safeguarding resourcing in the Diocese in accordance with the instructions of Diocesan Synod
- recruited a new Diocesan Safeguarding Adviser, and ensured that there were clear lines of accountability between the Diocesan Bishop and key Diocesan staff
- ensured safer recruitment and training of any church officers working with children, young people and/or vulnerable adults employed by the DBF.

Grants and funding

Regarding the six Strategic Development Fund (SDF) projects, there were delays in recruiting to some posts because of the pandemic but all six projects are now firmly launched and grants from the Church Commissioners have been applied for in accordance with the agreement with them, which is for grants retrospectively by calendar quarter.

The Trust for London £1.5m windfall grant was unexpected and further enabled the Diocese to sustain ministry through the year. It came on top of the normal grant provision to this Diocese which in 2021 was £1.5m and which enables us to subsidise ministry in those parishes serving our poorest communities.

The Allchurches Trust continued to give its grant of £0.3m which is used to enable Areas to give small mission grants to local churches and to cover the costs of JPIC including the Development Officer post of Together Southwark.

Personnel

In 2021, the Diocese had 510 clergy, based primarily in parishes, of which 384 were stipendiary. There were also 234 Readers, 146 SPAs and nine Pioneers.

The ongoing additional demands of the pandemic, including issues surrounding above-average absence due to sickness or self-isolation, meant that clergy well-being was a particular concern. Across the year, the Diocese was able to provide 346 sessions of short-term counselling support for 30 clergy through the services that are offered to support clergy well-being.

In addition, as part of its ongoing human resources (HR) advisory service, the Diocese helped with at least 217 enquiries during 2021, with parishes seeking advice about a variety of employment matters, ranging from the provision of templates and telephone advice to cases requiring more extensive support for redundancies, or more complex employee relations matters. There were six cases requiring longer-term support to parishes.

Buildings and pastoral

During the year, the Diocesan Advisory Committee (DAC) gave 75 formal recommendations to parishes and other recipients, up from 61 in 2020. A further 118 "List B" items were approved by Archdeacons (after DAC advice), an increase from 110 the previous year. As part of the Diocese's commitment to working towards carbon net zero, the DAC continued to give advice to

Other activities and achievements (continued)

parishes on energy-saving measures. As of 2021, 35% were using a renewable tariff to supply all their electricity and a further 10% were using a renewable tariff to supply some of their electricity. With gas, the figures were 19% and 7%, respectively.

Staff also assisted parishes in applying for grant funding, including from Marshall's Charity (where 13 churches obtained a total of £150,000); Surrey Churches Preservation Trust (£6,000 between four churches); the Mayor of London's Community Energy Fund (£53,500 between three churches); and £149,000 worth of funding from other sources including the Government's Culture Recovery Fund.

Regarding clergy housing, parsonage condition surveys resumed in 2021, and a return to quinquennial inspections is planned to commence in April 2022. The Property Department continues to implement the new Property Database, which has delivered dividends particularly in relation to tracking repairs and issues.

Communications

The Diocese's new website launched in February 2021. Since then, there has been a 75% increase in session duration (the amount of time people spent visiting the website) and a 48% increase in time spent looking at each page visited, strongly suggesting a greater depth of engagement with the content. There has also been an increase in engagement with the Diocesan newspaper *The Bridge*, with page views increasing 26% year on year.

The work of the Coronavirus Task Group, which was established in 2020 to advise parishes on matters of public health and their legal obligations surrounding the pandemic, has also continued.





St John, Waterloo becomes a COVID testing site (left); Bishop Karowei gets his vaccination (above).

Volunteers

Volunteering, particularly at food banks and in pastoral ministry, flourished in the wake of the pandemic. Churches' contribution to the national vaccination effort was also noteworthy, with many giving up their buildings to allow the health services to set up vaccination or testing centres. Many of our UKME clergy, including the Rt Revd Dr Karowei Dorgu and the Venerable Dr Rosemarie Mallett, were also prominent in efforts to overcome vaccine hesitation among the UKME community.

Other activities in the year

- The Dioceses of Southwark and Jerusalem signed a Covenant in January, formally linking the two in a historic agreement.
- The Diocese of Southwark Anti-Racism Charter was unanimously approved at Diocesan Synod in March, and the work of the Diocesan and Area Minority Ethnic Anglican Concerns Committees continued throughout the year.
- St Mary's Eco Church in North Lambeth Parish licensed its first Team Vicar in November.
- Diocesan Synod Elections were held in July, while General Synod Elections were held in October, with the second largest number of nominations in the country and a voter turnout of 63%.

Related parties

Related parties include:

- the Archbishops' Council (Charity No 1074857), from which the SDBF receives grants and to which the SDBF pays a donation based on an apportionment system for funding national training of ordinands and the activities of the various national boards and councils, including General Synod. The Chair of the House of Laity was a Trustee until January 2021
- the Church Commissioners for England (Charity No 1140097), from which the SDBF receives grants and which acts on behalf of clergy with HM Revenue and Customs. The SDBF pays for clergy stipends through the Church Commissioners
- the Church of England Pensions Board (Charity No 236627), to which the SDBF pays retirement benefit contributions for stipendiary clergy and employees and makes contributions towards the provision of housing for clergy in retirement
- the Southwark Diocesan Board of Education (SDBE), a separate registered charity (No 313001) to which the SDBF makes grants. The SDBE supports 104 Church of England schools; 90 are primary schools and12 are secondaries, of which two are all-through schools and 17 are academies. The SDBE supports the provision, effectiveness and development of education in all Church of England schools within the Diocese. It specifically seeks to develop the Christian ethos and distinctiveness of Church schools; to promote religious education and collective worship; and to advise School Governors and Trustees and support the maintenance and improvement of school buildings and facilities. The SDBE also supports the provision of chaplaincy in higher and further education institutions. The SDBF makes a grant to the SDBE and has pump-primed specific initiatives. The Bishop of Southwark is President of the SDBE, whilst the Rt Revd Jonathan Clark, Bishop of Croydon, is a Trustee. The Venerable Dr Jane Steen, Archdeacon of Southwark, was also a Trustee until May 2021, being replaced by the Venerable Dr Rosemarie Mallett, Archdeacon of Croydon.
- SDBE Multi Academy Trust, which is an exempt charitable company (No 10385920). The SDBF has made a specific grant through the SDBE to underpin the development of the Multi Academy Trust (MAT). The SDBF is a member of the MAT and is represented through the Diocesan Secretary. As a member, the SDBF is entitled to nominate one-third of the directors of the MAT
- Southwark Diocesan Welcare (Welcare), a separate registered charity (No 1107859) to which the SDBF makes a grant. Welcare is a Christian charity working in South London and East Surrey with disadvantaged children and families, irrespective of faith, culture, abilities or life choices. By offering family support, mentoring services and group work with parents and children, Welcare empowers families to rebuild their lives and family ties, helping parents to give their children happier, more confident childhoods. Anne Coates was a Bishop-nominated Trustee from July 2016 until February 2021. The Diocesan Secretary Ruth Martin was a Bishop-nominated Trustee from February 2020 until November 2021 when she was succeeded by Diocesan Head of JPIC Nicola Thomas. Cherry Murdoch was Chair of Welcare until May 2021 when the Archdeacon of Reigate, the Venerable Moira Astin, became interim Chair pending the appointment of Chris Elliott in November 2021.
- Southwark Cathedral, a charity exempt from registration with the Charity Commission to which the SDBF makes a grant. It is the seat of the Bishop of Southwark, and services and special events are held at the Cathedral that are paid for by the SDBF
- Together Southwark (Charity No 1153362), elected to promote the alleviation of poverty and relief of financial hardship among children, young people and vulnerable families, which is partly funded by the SDBF. The Rt Revd Karowei Dorgu, Bishop of Woolwich, the Venerable Dr Rosemarie Mallett, Archdeacon of Croydon and Chair of the House of Clergy, and Adrian Greenwood, Chair of the House of Laity, are among the Trustees.



Chris Elliott with Welcare's CEO Anna Khan in November 2021.

Transactions with related parties are identified in appropriate places throughout the financial statements. Where materiality of the transactions merits more detailed disclosure, this is given in Note 26 to the financial statements (see page 85).

Future plans

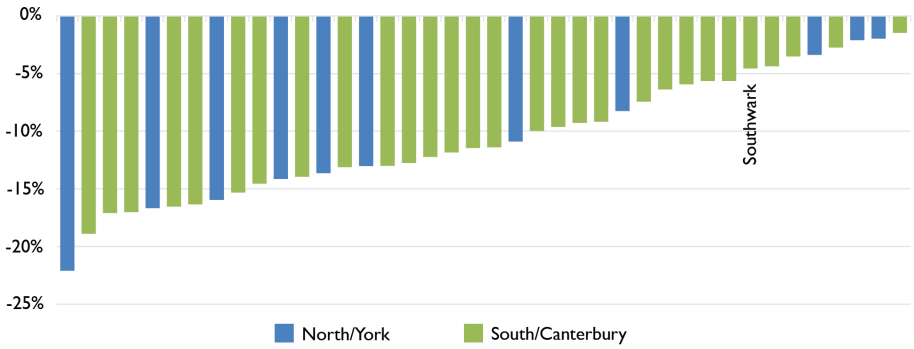
As we begin the new Triennium, the effects of the pandemic continue to make themselves felt. Although the incredible generosity of our parishes has enabled us partially to rebuild the PSF, we have still not returned to 2019 levels of giving. At the same time, the ongoing demands on our ordained and lay ministers and volunteer lay church officers as they seek to respond with fewer resources to the increasing need in our communities mean that ministerial well-being must be a priority.

Connection and communication will therefore be major themes for our work in 2022. There will be a particular focus on ministerial well-being, including practical support and training, and on partnership working with parishes to rebuild interconnectedness after the isolation of the pandemic. In this respect, the Southwark Diocesan Conference in September 2022 will be a significant opportunity to celebrate and strengthen our communal life.

A revised Communications Strategy, building on the work that has already been done on improving digital communications in 2021, will seek to find new channels through which to support parishes with the information they need. As part of this, the Coronavirus Task Group will continue its vital work of providing health and legal advice.

Rebuilding finances will continue to be a priority through 2022 and beyond, both for the Diocese and its parishes. Learning from the very successful 2021 contactless giving pilot will be shared with the remaining 12 deaneries, while assistance will continue to be given to parishes in generating alternative streams of income and maximising giving through projects such as the Parish Giving Scheme.

2021 parish share receipts by diocese



Year-to-date percentage change in cash received in December 2021 compared to December 2019. Southwark is eighth out of 40 Dioceses with a drop of less than 5%. Data from Church of England.

The Diocese itself is on course to achieve its post-COVID surplus by 2023, thanks to a remarkable increase of more than 2% in 2022 pledges for PSF as well as cautious budgeting and careful use of resources. However, in order to insure our financial future against other potential global shocks, we will continue to look at building stronger cash reserves by focusing on costs as well as income.

Maximising Diocesan resources is more important than ever and plans for a strategic deployment of ministry will continue to be rolled out. In 2022, the Archdeacons will begin a review of parishes with uSa (usual Sunday attendance) of up to 70 in order to identify missional opportunities for initiatives, such as Hub and Resourcing churches, thereby maintaining strength in stipendiary numbers and parish structures while responding flexibly to the needs of the communities we serve. Ultimately, the goal is for two-thirds of churches to become self-financing over the next 10 years, while smaller churches and those in deprived areas continue to receive the support they need.

There will also be a focus on further developing our clergy, encouraging vocations in Pioneer ministry and looking strategically at placements and deployments for curates entering their fourth year. Post-ministerial education continues to be a priority, with a new Diocesan post dedicated to helping curates through this phase of ministry.

Encouraging diversity in leadership and a plurality of voices will also continue to be a major priority for the Diocese in 2022. The principles of the Anti-Racism Charter, adopted by Synod in March 2021, will be further embedded in parishes through the work of the Diocesan and Area Minority Ethnic Anglican Concerns Committees and through carefully targeted communication. In addition, the new lay ministries which were launched in September 2021 will be further embedded, allowing those in our parishes to explore their vocations in a range of ways.

Geopolitical turmoil, a cost-of-living crisis and rising poverty mean that the



Bishop Jonathan addresses an event in Sutton welcoming new arrivals in the borough from Hong Kong in September 2021.

social justice work of JPIC will be vital in 2022. Promoting initiatives in support of refugees will be particularly important given the humanitarian crisis in Ukraine.

As part of this, the Diocese's work on climate justice will continue. We are ready to apply for Bronze Eco Diocese status ahead of schedule and in 2022 will begin to formulate plans for achieving a Silver Award. The Diocese had begun the consultation process for its response to the National Church's Carbon Net Zero Routemap in late 2021, ready for submission by February 2022, and will now begin implementing plans to work towards carbon net zero over the next three years. This will include an energy audit at Trinity House and carbon literacy training for parishes, with Southwark one of the first two Dioceses in England and Wales to offer this.

With the Diocesan Past Cases Review (PCR2) report now submitted to the National Safeguarding Team's PCR2 Project Management Board, the DST will focus on implementing any new actions arising from this as well as national direction on actions from 2020's Independent Inquiry into Child Sexual Abuse (IICSA). It is clear that information management will be a priority and a new post has been created to deal with this and the anticipated developments nationally in information-sharing and the new casework system. The Diocese will participate fully in national safeguarding developments, including being a pilot diocese for the implementation of a new national casework system and new Safer

Future plans (continued)











Clockwise from top left: Deacons' ordinations in June 2021 © Eve Milner**; Readers' licensing in October 2021** © Eve Milner**; Florence Eshalomi, MP for Vauxhall, helps St John the Divine, Kennington celebrate Windrush in August 2021; the Rt Revd Anthony Poggo and the Revd Kit Gunasekera, newly instituted vicar of St James, Clapham, in July 2021; parishioners of Holy Trinity, Roehampton beat the bounds in June 2021.**

Recruitment and People Management guidance for all church bodies.

In 2022 we also plan to:

- continue to support parishes in their missional activities through the creation of COVID Mission Action Plans and by developing Deanery Leadership Teams
- lead and enable renewal of ministry with children and young people
- maintain Diocesan investment in Southwark Vision by working alongside parishes and Archdeacons to rebuild the PSF to 2019 levels by the end of 2023
- reintroduce quinquennial inspections for parsonages, which will now include consideration of environmental matters, and review glebe land across the Diocese
- continue to build the integrated database across the Diocese, including data to measure the success of the Anti-Racism Charter over time
- continue the migration to electronic documentation in property-related matters, with the aim of being paper-free by 2024
- work with the Southwark Diocesan Board of Education as it takes forward the new SDBE Measure and reviews its governance in line with previous successful 'fit for Purpose' reform in the Diocese
- implement initiatives emerging from General Synod including the review of the Mission and Pastoral Measure which affects pastoral reorganisation
- implement the Anti-Racism Charter
- continue to develop lay ministry including the launch of a Season of Lay Ministries
- participate fully in the issues of social justice especially facing refugees, victims of modern-day slavery and homelessness.

Financial review

Financial performance

A surplus of £4.6m (2020: £1.1m) was generated before property revaluation and gains on investments. The result exceeded the expectation for the year due to several factors. All sources of income were better than expected as the Diocese emerged from the pandemic. The Parish Support Fund (PSF) in particular remained strong, a tribute to the generosity of our parishes. Properties sold in the year were either surplus to requirements or sold to repurchase a more suitable property at a later date. The property market in South London was strong and resulted in significant receipts. One property sale at the end of the year had a replacement property purchased early in 2022. The Diocese also benefited from a one-off grant from a major funder, the Trust for London.

The increase in the value of Board and Diocesan Stipendiary property was £9.1m (2020: £1.8m). The net gains on investments were £3.5m (2020: £4.3m decrease).

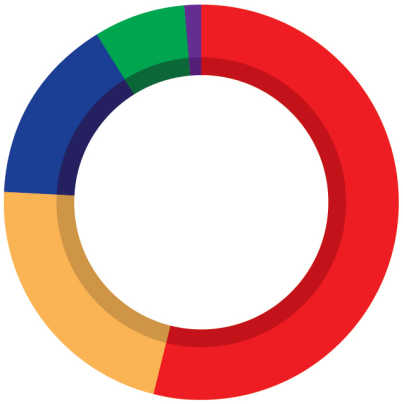
The donations made by parishes through the PSF are our principal source of income. Income from the PSF in 2021 was £15.7m (2020: £16m). The collection rate for 2021 was 99.4%, an exceptional result for the year, up from 96.7% in 2020. The collection rate is testament to the partnership working between parishes and the Diocese.

Contributions from the Archbishops' Council fell to £1.5m (2020: £2m) as 2020 included a one-off Sustainability Grant awarded in recognition of the steps taken by the Diocese to mitigate the effects of the pandemic and its very low level of historical assets.
Other donations increased significantly to £4m (2020: £1.8m) thanks to a one-off grant from the Trust for London of £1.5m to assist the Diocese in recovering from the pandemic. The full donation of £1.5m has been credited to the Statement of Financial Activities (SoFA) and £0.5m has been transferred to the Southwark Vision Development Fund. This will be released from the fund in 2022 to support the work of the Diocese in that year.

Income from charitable activities increased to £2.3m (2020: £2m) as statutory fees rose and some income was received from the Diocesan Retreat House, both areas of income affected more significantly by the pandemic in 2020.

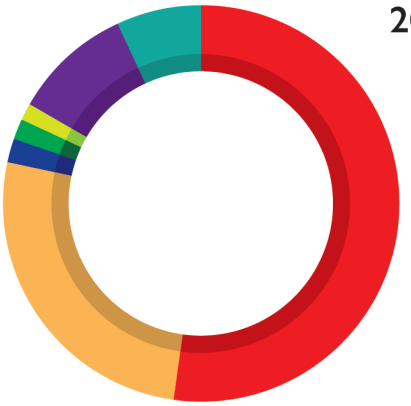
Costs rose to £24.4m (2020: £23.9m). This is a result of higher stipend and pensions costs with fewer than expected clergy moves and vacancies. Housing costs rose as more work in property was possible following the lifting of lockdown restrictions. The Diocese's contributions to the National Church also rose in the year.

The amount spent on administration as a proportion of the total gross



2021 FY Income vs (Budget)

- Parish share: £15.7m (£15.4m)
- Funding from outside Diocese: £6.3m (£4.0m)
- Gain on asset disposal: £4.5m (£1.0m)
- Funding from Diocesan assets: £2.1m (£1.7m)
- Parochial fees: £0.4m (£0.4m)



2021 Expenditure* vs (Budget)

- Ministry stipends: £13.1m (£12.5m)
- Ministry housing, training & support: £6.5m (£6.2m)
- Area Mission & JPIC: £0.5m (£0.9m)
- Board of Education: £0.4m (£0.4m)
- Strategic Development: £0.4m (£0.8m)
- Governance and administration: £2.4m (£2.8m)
- National Church: £1.7m (£1.7m)

**Excludes reduction in pension scheme liability*

Financial review (continued)

expenditure of the SDBF amounted to 8.6% (2020: 8.2%). This expenditure continues to be monitored rigorously. It is comparable to other Dioceses and other charities of a similar size and complexity.

The value of investments rose by £3.5m (2020: £4.6m decrease) as markets recovered from falls during the pandemic. During the year, net sales of investments were £0.5m (2020: £0.2m). Further details on the investments and their performance can be found in the investment policy section on page 32.

There was no impairment to the value of parsonages in the year. Properties are held for the long term and our experience has been that sale prices exceed the carrying value of the asset.

The capital value of properties rose by £9.1m (2020 £1.8m), an increase of 7.2%. This increase reflected the strong South London property market. Following the decision taken by the Trustees in 2016 whereby properties other than benefice houses were to be valued on a five-yearly cycle, one-fifth of the portfolio was revalued during the year by the SDBF's appointed firm of chartered surveyors, and the average change in the value of the properties revalued was applied to the remainder of the portfolio.

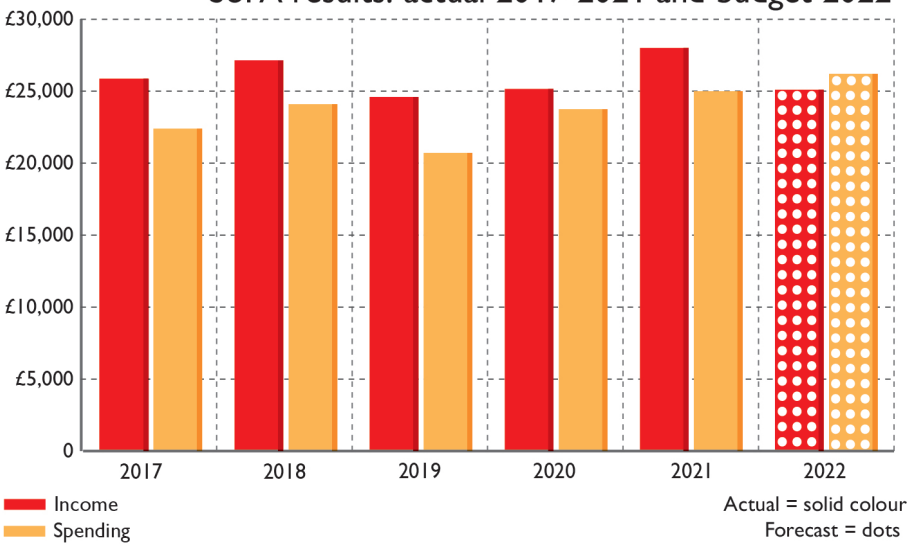
Significant property transactions

A summary of property transactions that took place during the year is shown in the table on page 31. Expenditure on property development and improvements continues to take place, to ensure that parsonage houses are fit for purpose and that the correct numbers and placement of properties are available for curates and other church workers. This is in line with the property strategy endorsed by Diocesan Synod and to support Southwark Vision.

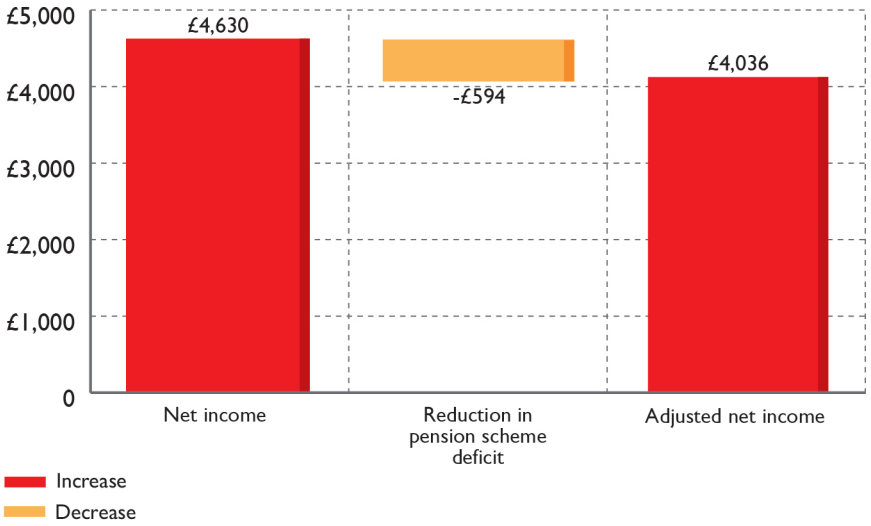
During the year, three long-running property projects with parishes were brought to a conclusion. Two parsonages were sold with one replaced early in 2022, the other expected to be purchased later in the year.

Financial history and plan

SoFA results: actual 2017-2021 and budget 2022



Adjusted net income before investment gains (£000s)



Our policy continues to be:

- to accommodate the changing geographical deployment of clergy within the Diocese
- to release the development/ refurbishment potential in some properties to enable more effective use of funds for the ministry of the church and to house curates
- to replace unsuitable properties to ensure that each parish/benefice has a benefice house.

Under the Mission and Pastoral Measure 2011, the Diocesan Pastoral Account is available for the purchase and/or improvement of benefice houses. To the extent that any remaining funds are not required, or are not likely to be required, for these purposes then the Account may be applied to any general purpose of the SDBF. The policy of the SDBF is to use the Account for exceptional property expenditure and for property staff costs where they are principally engaged in the purchase, sale and maintenance of the property portfolio but not to use it for routine property administration and maintenance.

Balance sheet position

During the year, the Diocese repaid two significant loans. Firstly, a loan of £2.3m from the Church Commissioners taken out to assist with liquidity in the pandemic. Secondly, £1m borrowed from HSBC to assist with a parish project at Saint Margaret, Streatham Hill.

The Trustees consider that the balance sheet, together with Note 20 (pages 78-79), 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. The net assets as at the balance sheet date totalled £306.4m (2020: £289.1m). Included in this total are properties, mostly in use for ministry, whose value amounted to £276.2m (£269.3m).

	2021 Number	2021 £'000	2020 Number	2020 £'000
Property development and improvement:				
Parsonage	15	918	12	602
Diocesan Stipendiary Fund	5	197	3	100
Board	3	122	2	232
Total	**23**	**1,237**	**17**	**934**
Completed development projects:				
Parsonage	-	-	-	-
Diocesan Stipendiary Fund	-	-	3	844
Total	**-**	**-**	**3**	**844**
Sales at book value:				
Parsonage	2	1,470	1	409
Diocesan Stipendiary Fund	-	-	1	909
Board	3	1,920	1	511
Total	**5**	**3,390**	**3**	**1,829**

Reserves policy

Free reserves are deemed to be the total of the unrestricted General Fund, including properties that are readily realisable. Having considered financial risk, liquidity requirements and the timing of cash flows throughout the year, the Trustees reviewed and amended the policy in 2019. The Trustees' policy was gradually to grow working financial reserves in the General Fund such that it was equivalent to three months' budgeted unrestricted expenditure by the end of 2020, with an aspiration to achieve six months' budgeted unrestricted expenditure by the end of 2025. The target of three months' unrestricted expenditure is largely achieved. In addition, the aim is to have this backed by cash, which has also been achieved.

Reserves invested in fixed assets

The General Fund comprises net assets amounting to £5.8m (2020: £5.1m), of which £2.9m (2020: £2.9m) is invested in tangible fixed assets, principally freehold and leasehold property, and a further £2.3m (2020: £2.5m) is held in pooled investments.

Designated funds

The Trustees may designate additional unrestricted reserves to be retained for an agreed purpose where this is prudent.

Financial review (continued)

Such designated reserves are reviewed on an annual basis and returned to the General Fund if the purpose of their designation is no longer considered to be adequate justification for their retention.

A description of each reserve, together with the intended use of the reserve, is set out in Note 21 (see page 80). At 31 December 2021, total designated reserves were £49.5m (2020: £45.2m). The policy of the Trustees is to gradually return as many of these funds as possible to the General Fund.

Restricted and endowment funds

As set out in Note 20 (see pages 78-79), the SDBF holds and administers a number of restricted and endowment funds. As at 31 December 2021, restricted funds totalled £4.3m (2020: £2.9m) and endowment funds totalled £246.7m (2020: £235.8m). Neither are available for the general purposes of the SDBF.

Grant-making policy

The Articles of Association of the SDBF allow for the making of grants in pursuance of its objects. The grants made in the current and previous year are disclosed in Note 11 (see pages 66-67). All grants are made from budgets set aside for specific purposes and are subject to authorisation policies and criteria.

Investment policy

The SDBF is permitted by its Articles of Association to make investments. Note 20 (see pages 78-79) provides details of the assets of each fund, together with the related purposes. Note 15 (see page 73) summarises the movements in investments during the year. The investment principles were reviewed towards the end of 2018.

	Funds at 31 December 2021	Proportion of portfolio	Income yield in year	Total return in year
	£'000	%	%	%
Managed funds:				
M&G Equity Investment Fund for Charities	8,705	31.9	4.8	19.1
Cazenove Charity Equity Income Fund	4,144	15.2	4.7	15.5
JO Hambro UK Equity Income Fund	882	3.2	3.9	24.8
CBF Investment Fund	3,093	11.3	2.6	17.5
Savills Charities Property Fund	2,502	9.2	3.8	14.9
Mayfair Capital PITCH Fund	2,772	10.2	4.1	22.9
Sarasin Global Higher Dividend Fund	5,197	19.0	2.7	23.1
Total	**27,295**	**100**		

With most of its capital assets in residential housing, the focus of the Trustees is on the selection and review of investment funds to provide additional income to the Diocese whilst aiming to maintain the inflation-adjusted value of capital. The investment policy and principles in this align with the property strategy and Southwark Vision 2017-25.

The Trustees' investment policy is to pursue an ethical investment policy. The Trustees are committed to following the ethical and climate change investment guidelines laid down by the Ethical Advisory Group of the National Investing Bodies of the Church of England not to invest directly but through collective investment vehicles to seek the best economic returns consistent with commercial prudence following the judgment in the Bishop of Oxford case.

The investment objectives are:

- to seek the best possible overall return on investments, having due regard to the preservation of capital and subject to agreed risk tolerance
- for the Diocesan Stipendiary Fund and Ministry Fund, the aim is to maximise the growth of income in the longer term whilst maintaining the inflation-adjusted value of the capital
- for Board of Finance investments, the aim is to maximise capital and income in the longer term.

Excluding purchases, sales, and transfers, the value of investments has increased by 14.4%. The increase in the FTSE All Share index over the same period was 14.8%.

The SDBF does not adopt a total return policy for its investments but looks to identify investment managers who can produce income growth whilst preserving capital subject to agreed risk tolerances. Income generated in the year was £1.1m (2020: £1.1m).

Principal risks and uncertainties

The Senior Management Team considers, evaluates and records the major areas of risk to which the SDBF is exposed, assessing both the likelihood and impact of those risks being realised, together with the measures in place to manage and mitigate such risks. These are discussed and scrutinised through the Audit and Risk Committee and the principal risks are submitted annually to the DCT for their discussion, feedback and approval.

The principal risks below reflect the risks approved by Trustees for 2021 which were revised in light of the economy and indeed society as a whole being impacted by the COVID-19 pandemic.

The process of identification and assessment of risk, the risks identified and the measures for mitigation are reviewed at least annually by the Audit and Risk Committee, with at least one area of principal risk reviewed in detail at each meeting. Responsibility for delivery of the mitigation strategies identified is delegated to the Diocesan Secretary. The Risk Register is presented to, discussed by, and amended as Trustees determine and formally agreed by Trustees annually. As an organic document, it is available for inspection by all Trustees.

The Risk Register for the year ended 2021 identified eight areas where the risk of either failure to act or the impact of the events was considered "high". These areas and the associated mitigation strategies were as follows:

1. Communications

The parishes work in partnership with the DBF to promote Southwark Vision and to resource the Vision to cover the costs of ministry through the Parish Support Fund (PSF). This requires constant communication about the work of the Diocese across South London and East Surrey, its mission and ministry initiatives. The risk is that insufficient funds are generated and that support across the Diocese wavers. During the pandemic, there was the further risk that changes in working practices could cause communication challenges and thereby weaken ties to the Diocese. Mitigants include:

- close, transparent working relationships with all parishes and high-quality communications delivered by a professional team, with a revised engagement strategy for PSF being developed in the light of COVID-19.
- a refreshed, integrated communications strategy focusing strongly on the role of the laity and good news stories from across the Diocese
- a focus on providing timely guidance for parishes during the pandemic via the work of the Coronavirus Task Group.

An additional risk is that poor media coverage leads to reputational loss, mitigated by high quality public relations and rigorous attention to the press and social media, in particular to any historical safeguarding issues.

2. COVID-19

Introduced as a new risk area in 2020, COVID-19 has continued to have a major impact on the life of the Church and the Diocese. The economic slowdown has affected parishes' ability to pay PSF and individuals' ability to give, resulting in an ongoing risk of reduced pledges. Meanwhile, a continued nervousness around gathering in large numbers, even after the lifting of restrictions, is likely to result in slower church growth in the short- to medium-term.

Clergy and lay ministers have experienced increased calls on their time owing to the demands of the pandemic while simultaneously coping with higher-than-usual levels of sickness absence, which poses a major risk to well-being. Similar problems with sickness and the demands of home working also pose a risk to the well-being of Diocesan staff. Mitigants include:

- reviewing short- and medium-term finance and PSF-related targets while still maximising investment in Southwark Vision
- even closer working of DBF staff with the Archdeacons to ensure that parishes are fully supported and encouraged to maintain pledge payments
- encouraging new giving initiatives in churches, including online giving and the Parish Giving Scheme
- support for churches with their online initiatives as they reach existing church members and new audiences
- a focus on growing faith outside the church setting, including with children and young people
- monitoring ministers' well-being in parishes through the Archdeacons and Bishops
- providing staff with a safe place to work through regular risk assessments of the office space, encouraging vaccinations and the use of lateral flow tests, and allowing flexible working arrangements.

3. Data and data protection (GDPR)

The COVID-19 pandemic brought renewed urgency to our plans for

Principal risks (continued)

integrated databases. The collection, integrity and interpretation of data are key for good strategic decisions. The principal risks are that incomplete, inaccurate or misinterpreted data leads to poor decisions, wasted resource and has a negative impact on reputation. Mitigants include:

- ensuring that IT systems (including the National Church Institution's systems) are capable of collecting and reporting the data needed
- that close contact with parish offices allows timely and accurate reporting
- an ongoing review of the data collected to ensure that it meets the needs of decision-making
- continuing to build Diocesan capability with mapping tools to support efficient and effective use of resources.

The Diocese and all parishes must comply with GDPR or risk legal and reputational consequences. Mitigants include:

- providing GDPR training workshops for clergy and parish officers, as well as a helpline for ad hoc queries
- training all Diocesan staff in GDPR and data protection and carrying out Data Protection Impact Assessments for all new processes
- performing an annual Diocesan audit to ensure compliance with ICO guidance.

4. Diocesan growth

The Southwark Vision includes five strategic objects which will lead to growth. The risk, exacerbated by the impact of COVID-19, is that the progress towards achieving these objectives is slowed, if not stalled. Mitigants include:

- a focus on helping parishes to maintain online congregations and encouraging online evangelism, discipleship and social action
- an increased focus on children and young people
- a focus on Fresh Expressions of Church and pioneer posts (lay and ordained) as churches are encouraged to create new forms of engagement
- putting further energy into lay vocations and new lay ministries which maintain the momentum of ordained vocations
- a focus on growing leaders and representation that reflects the diversity of our Diocese
- dissemination of good practice about growth.

5. Financial risks

The economic downturn and closure of churches because of COVID-19 continues to result in a loss of income and cash flow difficulties for many of our churches with the consequential risk of a reduction in pledges being paid. Mitigants include:

- a renewed effort and priority given to communication with parishes and specific support through Archdeacons where this is helpful
- identifying opportunities for parishes to become, or remain, self-financing, while continuing to support those that cannot
- launching innovative approaches to giving, and ensuring that our digital communication commends different forms of giving
- providing support to parishes in sourcing alternative income streams
- a continued focus on the theology of generosity supported by resources for parishes through the Director of Giving post, offering alternative ways of giving, for example online
- close monitoring of pledge receipts and offering support with financial planning.

6. Governance

Given the increasing and evolving compliance and regulatory framework for large charities, the risk is a lack of accountability and lack of transparency in decision-making. Mitigants include:

- ensuring that the scheme of delegation is adhered to and matters are dealt with at the correct level of governance with all terms of reference of the constituent bodies being rigorously followed
- following the agreed Terms of Reference for each of the constituent bodies and sub-committees, working groups and any advisory groups
- ensuring transparent reporting by the management team through the Chair of the DBF, Policy & Finance Committee and the Diocesan Council of Trustees (DCT)
- maintaining strong links between Diocesan Synod and DCT elections and between the Southwark Diocesan Board of Education and Synod.

7. IT

There is a risk that the loss of access to electronic data, including emails, affects the ability of Diocesan staff to fulfil their responsibilities. Mitigants include:

- ongoing investment in IT, especially in the light of more remote working, as the outcome of the external IT Review is implemented with a move to the cloud
- frequent backups, with a robust disaster recovery plan. The sudden move to remote working in March 2020 was a good test of the migration to the cloud and of our IT systems development.

8. Safeguarding

As a result of the national Independent Inquiry into Child Sexual Abuse (IICSA), the reporting requirements for Past Cases Review 2 (PCR2) and new requirements for the way in which serious incidents are recorded, resourcing was expanded during 2021. Where there might be one or more occurrences of abuse by someone working for or on behalf of the Church, with consequences for those affected, there is also a reputational risk in the event of poor safeguarding practices. Mitigants include:

- effective staff and volunteer recruitment and training at parish and deanery level with a focus on prevention as well as case management
- updating Diocesan policies and procedures in line with national practice guidance
- ensuring that transparent accountability is robust and secure, and that the Safeguarding Team is fully resourced and line-managed by the Diocesan Secretary
- ensuring regular parish safeguarding self-audits as part of the Archdeacons' annual parish inspections
- that parishes are required to use the online arrangements for Disclosure and Barring Service checks as part of the safe recruitment of those who work with children, young people and adults who may be at risk of harm
- rigorous recording of data and production of statistics to allow full and ongoing reviews of Diocesan safeguarding processes as well as input into IICSA
- all safeguarding work being supported by a proactive and sensitive PR and media strategy.
- The formal reporting of safeguarding activity and key risks for annual scrutiny by the Diocesan Audit and Risk Committee and the whole Trustee body at the DCT is a further important mitigant of risk.

Governance

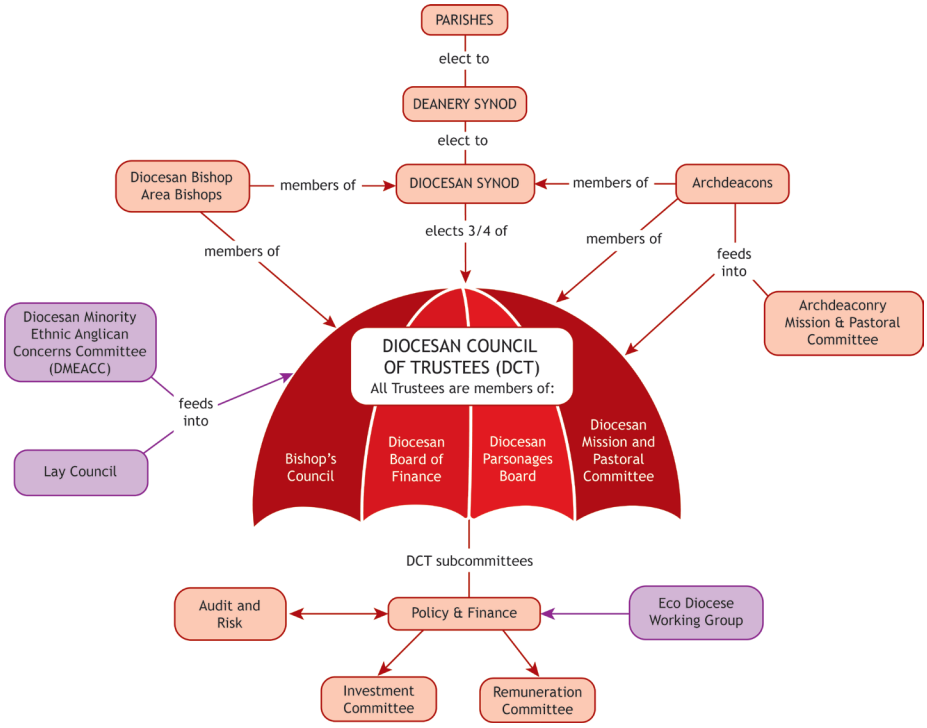
Structure and governance

Summary information about the structure of the Church of England

The Church of England is the established Church and HM The Queen is the Supreme Governor. It is organised into two provinces (Canterbury and York) and 42 Dioceses. Each Diocese is a See under the care of a Bishop who is charged with the cure of souls of all the people within that geographical area. This charge is shared with priests within benefices and parishes which are separate charitable entities but also part of sub-divisions of the Diocese, served by the Diocese and accountable to the Diocese.

The National Church has a General Synod comprising ex-officio and elected representatives from each Diocese, and it agrees and lays before Parliament Measures for the governance of the Church's affairs which, if enacted by Parliament, have the force of statute law. In addition to the General Synod, the Archbishops' Council has a co-ordinating role for work authorised by the Synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pensions Board administers the pension schemes for clergy and lay workers.

Within each Diocese, overall leadership lies with the Diocesan Bishop. The Diocese of Southwark is itself divided into 25 deaneries, each with its own Synod, and within each parish there is a Parochial Church Council (PCC). The PCC shares responsibility with the parish priest for the mission of the church in that place, in a similar way to that in which the Bishop shares responsibilities with the Diocesan Synod. Whilst each Diocese is a separate legal entity, with a clear responsibility for a specific geographical area, being part of the Church of England requires and enables each Diocese to seek support from and work in partnership with other Dioceses.



Organisational structure

The South London Church Fund & Southwark Diocesan Board of Finance (SDBF) is a company limited by guarantee (No 236594) and a registered charity (No 249678) governed by its Articles of Association. It was incorporated in 1929. The Articles were updated and modernised during 2017. The Company Secretary is the Diocesan Secretary.

The governance and policy of the SDBF is the responsibility of the Trustees, who are also members and directors of the company and trustees for the purposes of charity law. Since November 2015, the Diocesan Council of Trustees (DCT, see diagram, above) has been the standing committee of the Diocesan Synod, and its members are members of the Diocesan Board of Finance (DBF), the Bishop's Council, Diocesan Mission and Pastoral Committee (DMPC) and Parsonages Board (i.e. coterminous membership). Under the revised governance, the DCT comprises the Diocesan Bishop (President of the Diocesan Synod), Chair and Vice Chair of the Board of Finance (both laity), Area Bishops, Archdeacons, Chairs of the Houses of Clergy and Laity of the Diocesan Synod, six clergy (two from each Episcopal Area), 12 members of the laity elected by the House of Laity of the Diocesan Synod (including three from each Area) and up to six further lay members with up-to-date financial

Structure and governance (continued)

or other relevant expertise formally elected by the House of Laity of the Diocesan Synod. The implementation of this revised governance structure was reviewed by an external consultant during 2018 and was found to be successful and robust. Recommendations for further training of Trustees and development of the more strategic elements of the DMPC were accepted.

The Diocesan Synod, the statutory governing body of the Diocese, is an elected body drawn from across the Diocese with responsibility for setting the vision and strategy of the Diocese. The Synod membership is elected every three years, the last elections having been in 2021. The Synod elects from its members 12 of the lay Trustees of the SDBF and six of the clergy members. The SDBF is subject to the direction of the Synod in all its activities, unless such direction is not in accordance with the governing documents or statutory regulations. Since the DBF developed coterminous membership with the Bishop's Council, DMPC and Parsonages Board, membership, trusteeship and directorship of the SDBF also includes membership of those other bodies, all part of the DCT. The Diocesan Secretary is Secretary to each of these, except that the Deputy Diocesan Secretary is Secretary to the DMPC.

Decision-making structure

Corporate priorities and the overall financial strategy for the Diocese, in its primary object to promote, assist and advance the work of the Church of England within the Diocese of Southwark, are set by the Diocesan Synod and the SDBF. The responsibility for ensuring that these priorities and strategies are delivered is delegated to the Diocesan Secretary who reports to the Bishop of Southwark and is also accountable to Trustees through the Chair of the SDBF. The Policy and Finance Committee, which is the standing committee of the Council of Trustees, holds the work of the Diocesan Secretary to account. The company meets once a year in a General Meeting to receive and approve the Annual Report and Financial Statements, appoint the auditors and elect the Chair and Vice Chair, nominated by the Bishop of Southwark.

Each year the Diocesan Synod receives and agrees the annual budget, prepared and approved by the Board. The Diocesan Council of Trustees (DBF) holds five meetings each year, including one all-day meeting to consider the annual budget and objectives. Trustees formulate and coordinate policies on mission, ministry and finance by:

- initiating proposals for action by the Synod and advising it on matters of policy
- delegating, where appropriate, deliberation of policy and review of decisions to its Policy and Finance Committee, Audit and Risk Committee and Investment Committee
- transacting the business of the Synod when it is not in session, subject to the directions of the Synod and in accordance with Synod Standing Orders
- acting as the Trustees of the Board
- establishing ad hoc review groups, their terms of reference and membership
- carrying out such other functions as the Synod delegates to it
- appointing members to committees and representatives to external bodies, subject to the direction of the Synod.

The Trustees are assisted in their work by two committees.

The Policy and Finance Committee (PFC) is the standing committee of the DCT and monitors management accounts and budget, the use of assets and investment policies, and exercises the authority delegated to it by the Trustees in areas such as grants and loans. It also undertakes the Board's responsibilities under the Parsonages Measures 1938 and 1947; the Repair of Benefice Buildings Measure 1972; the Parochial Church Councils (Powers) Measure 1956, as amended, and the Incumbents and Churchwardens (Trusts) Measure 1964 (with respect to parochial property); the Endowment and Glebe Measure 1976 (with regard to property assets); and the Mission and Pastoral Measure 2011 (with regard to redundant churches).

In addition, this committee considers and initiates areas of strategic policy where proposals are at an early stage of development prior to submission to the Board. It meets five times a year including one all-day meeting which particularly examines the forthcoming budget, work plans and annual objectives. It holds the work of the Diocesan Secretary to account and, through her, the work of the executive team.

The Audit and Risk Committee scrutinises performance, oversees issues of financial probity, reviews the work of external audit, prepares the response to the external auditor's management letter, scrutinises the effectiveness of governance and reviews the risk register and major areas of risk. It meets four times a year.

In addition, the Board is advised by its

Investment Sub-Committee, which provides advice to the PFC and to the Diocesan Secretary on the SDBF's investments and funds available for investment. This meets five times a year including two all-day meetings. The board is also advised by its Remuneration Committee, which normally meets annually.

Trustee recruitment, selection and induction

Board Trustees (DBF) are also members of the Bishop's Council, DMPC and Diocesan Parsonages Board and are selected as set out above. Potential Trustees complete skills audits, there is a role description and Trustees are given induction at the outset of the triennium and at other times as appropriate, such as when Trustees are elected or appointed during the triennium. They are also informed, before seeking membership and at all other relevant times, of the role and function of each committee and constituent element of the DCT. Some staff hold the title of 'Director' but this relates to their function within the organisation and has no legal meaning within the terminology associated with the Companies Act. All Trustees are required to sign the Diocesan Declaration of Eligibility, Responsibility and Conflicts of Interest statement forms. A Handbook of Governance is given to each Trustee.

Remuneration of key management personnel

Remuneration of the Diocesan Secretary is determined annually by the Remuneration Committee, which also receives the Diocesan Secretary's remuneration recommendations for members of the Senior Management Team, which the Remuneration Committee then considers for approval. The committee is a sub-committee of the PFC, formally reporting through it to the Board. It is chaired by the Bishop of Southwark and includes the Chair and Vice-Chair of the SDBF and any external consultants as they determine. The committee in 2021 included the Chair of the PFC.

Delegation of day-to-day delivery

The Trustees and the committees which assist them in the fulfilment of their responsibilities delegate management to the Diocesan Secretary who, with her Senior Management Team, delivers the activities of the company in accordance with the policies of the Trustees. The Diocesan Secretary is given specific and general delegated authority to deliver the business of the Board.

Funds held as Diocesan Authority

The Board acts as Diocesan Authority or Custodian Trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956, as amended, and the Incumbents and Churchwardens (Trusts) Measure 1964 where the Managing Trustees are PCCs and others. These assets are not aggregated in the financial statements as the SDBF does not control them, and they are segregated from the SDBF's own assets by means of a separate bank account, separately identified investment holdings and a separate accounting system. Further details of financial trust assets, whose market value amounted to £17.9m at 31 December 2021 (2020: £16.6m), are available from the SDBF on request, and are summarised in Note 28 (see page 87). Where properties are held as Diocesan Authority, the deeds are identified as such and held in safe custody by the SDBF's solicitor, Winckworth Sherwood LLP.

Section 172 statement

This section serves as our Section 172 statement and should be read in conjunction with the Strategic Report on pages 12-31. Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders in their decision-making. The Directors continue to have regard to the interests of the Company's employees and other stakeholders, including the impact of its activities on the community, the environment and the Company's reputation, when making decisions.

The majority of Directors are elected from the parishes and communities served by the Diocese, ensuring coverage geographically across the Diocese through elections from the Diocesan Synod. The presentations by the Chair of the Board to Diocesan Synod, covering budgets, objectives and the Annual Report, are examples of this.

Acting in good faith and fairly between members, the Directors consider what is most likely to promote the success of the Company in the context of being a DBF among some 40 others across the Church of England, and also in being a charity with charitable objectives focused on mission and ministry. Whilst the importance of giving due consideration to our stakeholders is not new, we are explaining in more detail this year how the Board engages with our stakeholders, to comply with the requirement to include a statement setting out how our Directors have discharged this duty.

- The Directors are fully aware of their responsibilities to promote

Structure and governance (continued)

the success of the Company in accordance with Section 172 of the Companies Act 2006.

- The Board regularly reviews how we engage with the parishes and Deaneries across the Diocese which comprise the electing body of Synod. In effect, the Directors through the DBF are the standing committee of Synod, and the Chairs of both the House of Laity and the House of Clergy are on the Board, as are representatives of both parish clergy and lay people in parishes.
- The stakeholder voice is brought into the boardroom throughout the annual cycle through information provided by management and also by direct engagement with stakeholders themselves. In our Strategic Report (pages 12-35) we set out some of our other principal stakeholders, how and why we engage, and detail engagement outcomes. The relevance of each stakeholder group may increase or decrease depending on the matter or issue in question, so the Board seeks to consider the needs and priorities of each stakeholder group during its discussions and as part of its decision-making.
- The SDBF has good relationships with its suppliers, parishes and others. Committees of the DBF include members who hold roles in parishes; and engagement with parishes, including with volunteer lay officers and clergy, includes annual meetings across the Diocese, organised on an Archdeaconry and Deanery basis.
- The Diocesan Secretary is effectively the Chief Executive Officer and is held accountable to the Board through regular meetings at least monthly with the Chair and Vice Chair, and through the Policy and Finance Committee where a range of employees attend, and through the Board meetings, any of which can be attended by employees from the Senior Management Team.
- Directors of the Board include the six Archdeacons and four Bishops and they have regular and open contact with employees at all levels of the organisation. All heads of departments have team meetings and individual meetings with staff and there are also all-staff meetings.
- The Senior Management Team has been designated as "senior management" for the purposes of the 2018 Code but not for the purposes of section 414C(8) of the Companies Act 2006. It comprises the senior functional management roles and together is made up of those with responsibility for interacting with the charitable company's principal stakeholders.
- The Board has had in place since 2015 measures to ensure that stakeholder interests are always taken into account. Where external legal advice is required, the Directors can consult with the Diocesan Registrar or ask senior staff such as the Diocesan Secretary or Deputy Diocesan Secretary to do so on their behalf.

Trustees' responsibilities

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

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

- select suitable accounting policies and apply them consistently
- observe methods and principles in the Charities SORP
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the 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.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included in the Diocesan website.



Bishop Richard (far right) prepares to speak at Diocesan Synod. © Eve Milner

Statement of disclosure to the auditor

So far as the Trustees are aware:

a) there is no relevant audit information of which the charitable company's auditor is unaware, and

b) we have taken all the steps that we ought to have taken as Trustees in order to make ourselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

Appointment of auditor

Buzzacott LLP was appointed as the new auditor in June 2021.

Administrative details

Trustees

No Trustee had any beneficial interest in the Company during 2021. The following Trustees were in post during the period 1 January 2021 to the date of approval of these financial statements.

President

The Right Revd Christopher Chessun,
The Bishop of Southwark

Ex-officio

The Right Revd Jonathan Clark *(to 21 March 2022)*,
The Bishop of Croydon

The Right Revd Dr Richard Cheetham,
The Bishop of Kingston

The Right Revd Dr Karowei Dorgu,
The Bishop of Woolwich

The Venerable Dr Rosemarie Mallett,
The Archdeacon of Croydon

The Venerable Simon Gates,
The Archdeacon of Lambeth

The Venerable Alastair Cutting,
The Archdeacon of Lewisham & Greenwich

The Venerable Moira Astin,
The Archdeacon of Reigate

The Venerable Dr Jane Steen *(to 22 June 2021)*,
The Archdeacon of Southwark

The Venerable John Kiddle,
The Archdeacon of Wandsworth

Chair of the House of Clergy of Diocesan Synod

The Venerable Dr Rosemarie Mallett

Chair of the House of Laity of Diocesan Synod

Mr Adrian Greenwood

Appointed by the Bishop of Southwark

Mr Alan Saunders,
Chair of the Board of Finance

Sir David Beamish
Vice Chair of the Board of Finance

Elected by Synod (House of Clergy)

The Revd Michael John *(from 10 December 2021)*
The Revd Jonathan Macy
The Revd Justine Middlemiss *(from 5 November 2021)*
The Revd Gregory Prior
The Revd Dr Eddie Scrase-Field *(from 5 November 2021)*
The Revd Katie Thomas *(to 10 December 2021)*
The Revd Fiona Weaver *(from 5 November 2021)*
The Revd Canon Leslie Wells *(to 10 December 2021)*

Elected by Synod (House of Laity)

Mrs April Alexander *(from 5 November 2021)*
Mr Bill Bishop *(to 5 November 2021)*
Mrs Rebecca Chapman
Mrs Jacqueline Dean *(to 5 November 2021)*
Mr John Dewhurst *(to 6 June 2021)*
Mrs Despina Francois
Miss Vasantha Gnanadoss
Mr Joseph Goswell
Mr Richard Helliwell
Dr David Keiller *(to 5 November 2021)*
Miss Solabomi Ogun
Miss Sola Oyeleye *(from 21 December 2021)*
Mr Colin Plant *(to 5 November 2021)*
Miss Rosemary Wilson *(from 5 November 2021)*

Lay persons elected as specialists

Dr Nicholas Burt
Mr Philip Fletcher *(to 17 December 2021)*
Mr Michael Hartley
Mr Andrew McMurtrie *(to 1 July 2021)*
Miss Gill Reynolds *(from 20 November 2021)*
Mr Nicholas Stansbury

Bishop's nominees

The Revd Lotwina Farodoye
The Revd Canon Jonathan Sedgwick

Senior staff

Ms Ruth Martin (Lay Canon),
Diocesan Secretary

Mrs Jacqueline Pontin
Deputy Diocesan Secretary

Mr Anthony Demby,
Director of Finance and Financial Assets (to 11 June 2021)

Mr Mark Rhodes,
Director of Finance and Financial Assets (from 1 June 2021)

Mr Colin Bushell,
Diocesan Surveyor

Mr David Loft,
Director of Human Resources

Mr Mark Charlton,
Director of Information Technology

The Revd Canon Wendy Robins,
Director of Discipleship, Lay Ministry and Continuing Ministerial Education

Ms Sophia Jones,
Director of Communications

Registered office

Trinity House, 4 Chapel Court,
Borough High Street, London SE1 1HW

Advisers

Bankers

National Westminster Bank plc
91 Westminster Bridge Road, London SE1 7HW

HSBC UK Bank plc
10 York Road, London SE1 7ND

HSBC Private Bank (UK) Limited
8 Cork Street, London W1S 3LJ

Independent Auditor

Buzzacott LLP
130 Wood Street, London EC2V 6DL

Solicitors

Winckworth Sherwood LLP
Minerva House, 5 Montague Close, London SE1 9BB

Investment Fund Managers

Cazenove Capital Management Ltd
1 London Wall Place, London EC2Y 5AU

CCLA Investment Management Ltd
Senator House, 85 Queen Victoria Street, London EC4V 4ET

JO Hambro Capital Management Ltd
1 St James's Market, London SW1Y 4AH

M&G Securities Ltd
10 Fenchurch Avenue, London EC3M 5AG

Mayfair Capital Investment Management Ltd
2 Cavendish Square, London W1G 0PU

Sarasin & Partners LLP
Juxon House, 100 St Paul's Churchyard, London EC4M 8BU

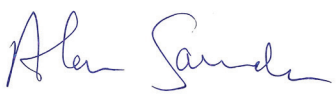
Savills Investment Management (UK) Ltd
33 Margaret Street, London W1G 0JD

Insurers

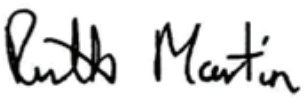
Ecclesiastical Insurance Group plc
Beaufort House, Brunswick Road, Gloucester GL1 1JZ

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 12-35 in their capacity as Company Directors.

By order of the Trustees



Alan Saunders
Chair of the Board of Finance
19 May 2022



Ruth Martin (Lay Canon)
Secretary
19 May 2022

Financial statements

Independent auditor's report

To the Members of the South London Church Fund and Southwark Diocesan Board of Finance

Opinion

We have audited the financial statements of South London Church Fund & Southwark Diocesan Board of Finance (the "charitable company") for the year ended 31 December 2021, which comprise the statement of financial activities, the income and expenditure account, the balance sheet, the statement of cash flows, and the notes to the financial statements including the principal 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 income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the 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 12 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 2021, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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 Trustees' report for the financial year which is also the Director's Report for the purposes of company law and includes the Strategic Report; and
- the Trustees' report, which is also the Director's Report for the purposes of company law and includes the Strategic Report,

has been prepared in accordance with applicable legal requirements.

Independent auditor's report (continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report, including the Strategic Report.

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

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

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement in the Trustees' report, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charitable company through discussions with Trustees and management, and from our knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charitable company, including the Charities Act 2011; the Companies Act 2006; Church Assembly and General Synod Measures; and safeguarding regulations;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- we ensured that laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management and representatives of those charged with governance as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud

and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected financial relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining accounting estimates were indicative of potential bias;
- performed substantive testing on expenditure; and
- investigated the rationale behind significant or unusual financial transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

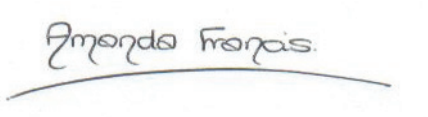
- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management and representatives of those charged with governance as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC and the charitable company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of Trustees and management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion. 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.



Amanda Francis
Senior Statutory Auditor

For and on behalf of Buzzacott LLP,
Statutory Auditor,
130 Wood Street,
London EC2V 6DL

19 May 2022

Statement of Financial Activities for the year ended 31 December 2021

	Note	Unrestricted funds General £'000	Unrestricted funds Designated £'000	Restricted funds £'000	Endowment funds £'000	Total funds 2021 £'000	Total funds 2020 £'000
Income and endowments from:							
Donations	3						
Parish contributions		15,657	-	-	-	15,657	15,980
Archbishops' Council		274	-	1,205	-	1,479	2,026
Other donations		3,339	128	493	-	3,960	1,752
Charitable activities	4	2,279	-	-	-	2,279	1,978
Investments	5	972	-	156	-	1,128	1,074
Net surplus on disposal of properties	6	902	-	-	3,606	4,508	2,009
Other income	7	-	-	-	-	-	161
Total		**23,423**	**128**	**1,854**	**3,606**	**29,011**	**24,980**
Expenditure on:							
Charitable activities	8	23,551	-	814	16	24,381	23,904
Total		**23,551**	**-**	**814**	**16**	**24,381**	**23,904**
Net income/(expenditure) before investment gains		**(128)**	**128**	**1,040**	**3,590**	**4,630**	**1,076**
Net unrealised gains/(losses) on investments	15	262	-	336	2,912	3,510	(4,641)
Net realised gains/(losses) on investments		(4)	-	-	1	(3)	298
Property impairment	15	-	-	-	-	-	(1,400)
Net income/(expenditure)		**130**	**128**	**1,376**	**6,503**	**8,137**	**(4,667)**
Transfers between funds	19	**577**	**299**	**-**	**(876)**	**-**	**-**
Other recognised gains	14	-	3,908	-	5,237	9,145	1,809
Net movement in funds		**707**	**4,335**	**1,376**	**10,864**	**17,282**	**(2,858)**
Total funds brought forward		5,136	45,209	2,943	235,846	289,134	291,992
Total funds carried forward	20	**5,843**	**49,544**	**4,319**	**246,710**	**306,416**	**289,134**

All activities derive from continuing activities. The notes on pages 54-87 form part of the financial statements. The full prior year Statement of Financial Activities (SoFA) is included at Note 27 (see page 86).

Income and expenditure account for the year ended 31 December 2021

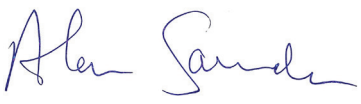
	2021 £'000	2020 £'000
Total income	25,405	24,425
Total expenditure	(24,365)	(23,881)
Operating surplus for the year	**1,040**	**544**
Net gains/(losses) on investments	598	(1,048)
Net income/(expenditure) for the year	**1,638**	**(504)**
Other comprehensive income:		
Revaluation of fixed assets	3,908	445
Net assets transferred from/(to) endowments	876	(2,748)
Total comprehensive income/(expenditure)	**6,422**	**(2,807)**

The income and expenditure account is derived from the Statement of Financial Activities (SoFA) with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities.

Balance sheet as at 31 December 2021

Company Number 236594	Note	£'000	2021 £'000	£'000	2020 £'000
Fixed assets:					
Tangible assets	14		276,256		269,280
Investments	15		27,295		24,321
Total			**303,551**		**293,601**
Current assets:					
Debtors	16	869		1,897	
Cash on deposit		4,417		1,895	
Cash at bank and in hand		3,176		1,202	
Total		**8,462**		**4,994**	
Creditors: amounts falling due within one year	17	(1,687)		(5,195)	
Net current assets/(liabilities)			**6,775**		**(201)**
Total assets less current liabilities			**310,326**		**293,400**
Creditors: amounts falling due after more than one year:					
Pension scheme liabilities	18		-		(185)
Other	18		(3,910)		(4,081)
Net assets			**306,416**		**289,134**
Funds:					
Endowment funds			246,708		235,846
Restricted income funds			4,318		2,943
Unrestricted income funds:					
General Fund			5,845		5,136
Designated funds			49,545		45,209
Total funds	**20**		**306,416**		**289,134**

The financial statements were approved by the Board of Trustees and authorised for issue on **19 May 2022** and signed on behalf of the Board by:



Alan Saunders
Chair of the Board of Finance

Statement of cash flows for the year ended 31 December 2021

		2021		2020
	£'000	£'000	£'000	£'000
Net cash used in operating activities		(341)		(4,763)
Cash flows from investing activities:				
Dividends, interest and rent from investments	1,128		1,894	
Proceeds from the sale of:				
Tangible fixed assets	7,898		4,536	
Investments	1,517		4,465	
Purchase of:				
Tangible fixed assets	(1,243)		(1,845)	
Fixed asset investments	(981)		(4,259)	
Net cash provided by investing activities		**8,319**		**4,791**
Cash flows from financing activities:				
Repayment of borrowing	(3,482)		(713)	
Cash inflow from new borrowing	-		2,311	
Net cash provided by/(used in) by financing activities		**(3,482)**		**1,598**
Change in cash and cash equivalents in the reporting period		4,496		1,626
Cash and cash equivalents at 1 January		3,097		1,471
Cash and cash equivalents at 31 December		**7,593**		**3,097**

Notes to the statement of cash flows for the year ended 31 December 2021

Reconciliation of net income to net cash flow from operating activities	2021 £'000	2020 £'000
Net income before investment gains for the year	4,630	1,374
Adjustments for:		
Depreciation charges	109	109
Dividends, interest and rent from investments	(1,128)	(1,894)
Movement in pension deficit recovery creditor less contributions paid	(594)	(969)
(Increase)/decrease in value of Value-Linked Loans	(130)	15
Surplus on sale of fixed assets	(4,468)	(2,306)
Decrease/(increase) in debtors	1,028	(726)
Increase/(decrease) in creditors	212	(366)
Net cash used in operating activities	**(341)**	**(4,763)**

Analysis of cash and cash equivalents	2021 £'000	2020 £'000
Cash in hand	3,176	1,202
Notice deposits (less than three months)	4,417	1,895
Total	**7,593**	**3,097**

Analysis of changes in net debt	At 1 January 2021 £'000	Cash flows £'000	At 31 December 2021 £'000
Cash	3,097	4,497	7,594
Loans falling due within one year	(3,611)	3,311	(300)
Loans falling due after one year	(4,081)	171	(3,910)
Total	**(4,595)**	**7,979**	**3,384**

Notes to the financial statements

1. Accounting policies

a. General information

The South London Church Fund & Southwark Diocesan Board of Finance (SDBF) is a charitable company limited by guarantee, incorporated in England and Wales and registered with the Charity Commission. In the event of the charitable company being wound up the liability in respect of the guarantee is limited to £1. The SDBF meets the definition of a public benefit entity under FRS 102.

b. Accounting convention and basis of preparation

The financial statements have been prepared in accordance with the Companies Act 2006, applicable Accounting Standards in the United Kingdom (FRS 102), the Statement of Recommended Practice for Charities (SORP 2015, second edition 2019) and with regard to the Diocesan Annual Report and Financial Statements Guide (fifth edition, 2015).

The financial statements have been prepared on the historical cost basis with the exception of freehold properties, which are included at their Fair Value as determined under the applicable valuation method as detailed in 1.f), and fixed asset investments, which are included at their Fair Value at the balance sheet date.

c. Going concern

In light of the COVID-19 epidemic, the Directors/ Trustees have reviewed forecasts for a period of at least 12 months from the date of the approval of these financial statements and consider that there are no material uncertainties regarding the SDBF's ability to continue as a going concern.

d. Income

Income is recognised in the period in which the charitable company is entitled to receipt, the amount can be measured reliably and it is probable that the funds will be received.

Income comprises donations, including parish contributions and grants receivable, legacies, income from listed investments, interest receivable, income directly related to charitable activities (including rent receivable), the net surplus on disposal of tangible fixed assets and miscellaneous income.

Parish contributions (or parish share) are recognised by the charitable company on receipt. Amounts not received are not recognised as debtors as the pledges represent a commitment that is not legally enforceable.

Other donations and grants are recognised when the charitable company has confirmation of both the amount and settlement date. In the event of donations and/or grants pledged but not received, the amount is accrued for where the receipt is considered probable. If a donation or grant is subject to conditions that require a level of performance before the charitable company is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charitable company and it is probable that those conditions will be fulfilled in the reporting period.

In accordance with the Charities FRS 102 SORP 2015 volunteer time is not recognised.

Legacies are included in the statement of financial activities when the charitable company is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charitable company. Entitlement is taken as the earlier of the date on which either: the charitable company is aware that probate has been granted, the estate has been finalised and notification has been made by the executor to the charitable company that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charitable company has been notified of the executor's intention to make a distribution.

Investment income is recognised once the dividend or

Notes to the financial statements

1. Accounting policies (continued)

similar income has been declared and notification has been received of the amount due.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charitable company; this is normally upon notification of the interest paid or payable by the bank.

Income from charitable activities includes parochial fees received for occasional offices including baptisms, weddings and funerals. These are recognised as income when receivable.

Gains or losses on the disposal of property assets are calculated as the difference between the sale proceeds net of sale costs and the net book value of the asset immediately prior to disposal. They are accounted for once legal completion of the disposal has taken place.

Monies receivable from the Government's Coronavirus Job Retention Scheme are recognised when the charitable company has entitlement to the income and the amount due to the charitable company can be measured.

e. ***Expenditure***

Expenditure is recognised on the accruals basis and is classified in the SoFA under headings that aggregate related costs.

i) **Charitable expenditure** comprises expenditure on contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the Diocese, and expenditure relating to the running of the Diocesan Retreat House.

ii) **Grants payable** included within charitable expenditure are treated as expenditure in the year in which the grant is awarded. Where the grant is conditional on the recipient meeting performance or other discretionary requirements to the satisfaction of the SDBF it is recognised as expenditure when these have been met. Grants made subject to such conditions that have not been met at the year-end are noted as a commitment but not accrued as expenditure.

iii) **Support costs** comprise central management, administration and governance costs. All support costs are included within charitable activities. Costs are charged directly to the activity to which they relate, but where this is not possible, they are apportioned on the basis of staff time cost.

iv) **Pension contributions.** The SDBF participates in two defined benefit pension schemes (see Note 25 on pages 82-85): the Church of England Funded Pensions Scheme for clergy and the Church Workers Pension Fund (CWPF) for SDBF lay staff. The SDBF closed the Defined Benefit Scheme section of the CWPF to new members in July 2013 and it will close to existing members from 31 December 2022.

Deficit funding for the pension schemes in which the SDBF participates is accrued at current value in creditors split between contributions falling due within one year and after more than one year.

The pension costs for the defined benefit schemes recognised as expenditure represent the SDBF's contributions payable in respect of the accounting period, in accordance with FRS 102.

SDBF staff joining after July 2013 are members of the Pension Builder section of the CWPF. Contributions to this scheme paid by the SDBF are charged to the SoFA as expenditure on the accruals basis.

f. Tangible fixed assets and depreciation

Benefice houses

The SDBF has followed the requirements of FRS 102 in its accounting treatment of benefice houses (parsonages). FRS 102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The SDBF is

1. Accounting policies (continued)

formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Trustees consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at cost. For benefice houses owned at 1 January 2015 the SDBF has adopted the estimated reinstatement cost as at 1 January 2014 as deemed cost. Benefice houses purchased or built after 1 January 2015 are included at purchase or build cost. Benefice houses transferred from the Diocesan Stipendiary Fund are included at the carrying value at the date of transfer. An impairment review is carried out annually.

Non-benefice freehold and leasehold properties
Freehold and leasehold properties are initially recognised at cost and subsequently measured at Fair Value at each reporting date. Leasehold properties are not amortised over the term of the lease period on the grounds of materiality because of the very long lengths of the leases and the limited number of leasehold properties. The SDBF has appointed a firm of chartered surveyors to undertake a full valuation of its freehold and leasehold properties on a rolling basis over a five-year period. The results of these valuations are extrapolated across the remaining portfolio to ensure that the carrying value of the properties approximates Fair Value. The revaluation gains or losses are reported within other recognised gains and losses in the SoFA.

Assets under construction
Assets under construction are recorded at cost during construction. On completion they are transferred to either the Board Property Fund or Diocesan Stipendiary Fund where the properties are measured at Fair Value or the Parsonage Fund where the property is carried at the cost of construction.

Properties subject to value-linked loans
Properties that have been bought with the assistance of value-linked loans from the Church Commissioners are included in the financial statements as fixed assets and the associated loans as loan creditors. The properties are stated at Fair Value and are revalued at each reporting date. On disposal the agreed share of the net sale proceeds will be remitted to the Church Commissioners and the related loan liability extinguished.

Depreciation on buildings
Depreciation is not charged on buildings as the Trustees consider that any provision (annual or cumulative) would not be material owing to the very long expected remaining useful economic life in each case, and that their expected residual value is not materially less than their carrying value. The SDBF 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.

Leasehold improvements
Improvements made to leasehold properties are amortised in the SoFA over the shorter of the term of the lease or the break clause where there is an expectation that this will be exercised.

g. Other tangible fixed assets
Other tangible assets are recognised at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged to the SoFA over the expected useful economic life of the asset at the following rates:

- furniture and equipment, 10-25% per annum, straight-line basis.

h. Operating lease commitments
The SDBF has entered into operating lease arrangements for the use of certain property assets,

Notes to the financial statements

1. Accounting policies (continued)

the rental for which is charged in full as expenditure in the year to which it relates. Rent-free periods given as part of an operating lease are amortised in the SoFA over the lease term or break clause where there is an expectation that this will be utilised.

i. ***Financial instruments: assets and liabilities***

Fixed asset investments

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted bid market price.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if acquired after the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Concessionary loans

The SDBF makes loans to further its charitable purposes, typically being loans to parishes, at nil interest or at rates below prevailing market rates. It is also in receipt of loans that are interest-free or at rates below prevailing market rates from the Church Commissioners for England and the Central Board of Finance. Such loans are classified as concessionary loans and accounted for in accordance with Section 34 of FRS 102 whereby the loans are initially recognised and measured at the amount paid or received and subsequently adjusted to reflect any repayments, accrued interest and any subsequent impairment.

Debtors

Debtors are recognised at the settlement amount due.

Cash and cash equivalents

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

Creditors and provisions

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

Value-linked loans

The SDBF value-linked loans for which the settlement proceeds are based on the value of the related properties. As this constitutes a non-basic financial instrument under FRS 102, these loans are recognised at Fair Value and are revalued at each reporting date to match the value of the related property.

Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Apart from fixed asset investments held at fair value, basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method.

j. ***Funds***

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

- **Unrestricted funds** are the SDBF's corporate funds and are freely available for any purpose within the SDBF's charitable objects at the discretion of the Trustees. There are two types of unrestricted funds:
  - ***general funds*** which the SDBF intends to use for the general purposes of the SDBF
  - ***designated funds*** set aside out of unrestricted funds by the SDBF for a purpose specified by the Trustees.

- **Restricted funds** are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.
- **Endowment funds** are those held on trust and administered by the SDBF to be retained for the benefit of the charitable company as a capital fund. In the case of the Parsonage Capital Fund, there are discretionary powers to convert capital into income and this fund is classified as expendable endowment. The Ministry Fund and the Diocesan Stipendiary Fund are endowment funds where there is no provision for expenditure of capital and these are classified as permanent endowments.

2. Critical accounting estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the SDBF's accounting policies and the reported assets, liabilities, income and expenditure and the disclosures made in the financial statements. 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.

The key area of estimation is the measurement of the SDBF's property assets at Fair Value. The Charity SORP requires entities that have adopted a policy of revaluation to undertake valuations on a regular basis to ensure that the carrying amount of the revalued assets does not differ materially from Fair Value at the end of the reporting period. The SDBF engages a firm of chartered surveyors for the valuation of its freehold properties, excluding benefice houses, on a rolling basis over a five-year period. In order to ensure that the carrying value of the freehold properties excluding benefice houses approximates to Fair Value, the results of the proportion of the properties valued in the year are extrapolated across the remainder of the property portfolio excluding benefice houses to arrive at year-end Fair Value. Those properties selected for valuation are taken across the SDBF's diverse property portfolio and the trustees consider this to be a reasonable basis for estimating the Fair Value of the SDBF's freehold properties at the balance sheet date. Any variances from actual Fair Value and the estimated Fair Value of the portfolio will affect the value of tangible fixed assets reported on the balance sheet, and other gains and losses reported in the SoFA. Income and expenditure is not impacted except in respect of profit or loss arising on the sale of a freehold property held at estimated Fair Value.

Other key accounting estimates and judgements used in preparing the financial statements include:

- the estimation of the useful economic life of tangible fixed assets for the purpose of determining the annual depreciation charge;
- the underlying assumptions in the actuarial valuations of the defined benefit schemes;
- the recoverability of debtors and any provision for bad or doubtful debts; and
- the assumptions underlying the assessment of future income and expenditure flows used in the trustees' assessment of the going concern basis of accounting.

Notes to the financial statements

3. Donations

Parish contributions

Donations are made by the parishes of the Diocese using an informed generosity system.

	2021	2020
	£'000	£'000
Unrestricted General Fund:		
Current year receipts from parishes	15,585	15,939
Previous year receipts from parishes	72	41
Total income	**15,657**	**15,980**

Church Commissioners and Archbishops' Council

2021	Unrestricted General Fund	Restricted funds	Total funds 2021
	£'000	£'000	£'000
Strategic Development grant	-	651	651
Ordinand training grant	-	500	500
Area Bishops grant	274	-	274
Strategic Ministry grant	-	54	54
Total	**274**	**1,205**	**1,479**

2020	Unrestricted General Fund	Restricted funds	Total funds 2020
	£'000	£'000	£'000
Sustainability grant	600	-	600
Strategic Development grant	-	529	529
Ordinand training grant	-	621	621
Area Bishops grant	276	-	276
Total	**876**	**1,150**	**2,026**

One unrestricted grant was received: from the Church Commissioners, an Area Bishops grant to fund the Area Bishops' administrative costs.

Four restricted grants were received: from the Church Commissioners, a Strategic Development grant towards the cost of resourcing mission in the Vauxhall, Nine Elms and Battersea area and through Fresh Expressions across the Diocese; from the Archbishops' Council, a block grant for Ordinand training; a further Strategic Development grant; and a Strategic Ministry grant to fund extra curacies.

3. Donations (continued)

Other donations

2021	Unrestricted funds			
	General	Designated	Restricted funds	Total funds 2021
	£'000	£'000	£'000	£'000
All Churches Trust grant	258	-	-	258
Trust for London grant	3,018	-	-	3,018
Legacy income	-	128	-	128
Other grants and donations	63	-	493*	556
Total	**3,339**	**128**	**493**	**3,960**

2020	Unrestricted funds			
	General	Designated	Restricted funds	Total funds 2020
	£'000	£'000	£'000	£'000
All Churches Trust grant	258	-	-	258
Trust for London grant	1,369	-	-	1,369
Legacy income	-	38	-	38
Other grants and donations	87	-	-	87
Total	**1,714**	**38**	**-**	**1,752**

* Restricted donations in 2021 represent two former custodian trustee assets gifted to the Diocese.

Notes to the financial statements

4. Charitable activities

	Unrestricted General Fund	Total funds 2021	Total funds 2020
	£'000	£'000	£'000
Statutory fees	445	445	361
Reimbursement of stipends	668	668	619
Other income	120	120	131
Rents receivable	1,005	1,005	821
Diocesan Retreat House	41	41	46
Total	**2,279**	**2,279**	**1,978**

All income from charitable activities was unrestricted in 2020.

5. Investment income

2021	Unrestricted General Fund	Restricted funds	Total funds 2021
	£'000	£'000	£'000
Dividends receivable	949	156	1,105
Interest receivable	23	-	23
Total	**972**	**156**	**1,128**

2020	Unrestricted General Fund	Restricted funds	Total funds 2020
	£'000	£'000	£'000
Dividends receivable	965	97	1,062
Interest receivable	12	-	12
Total	**977**	**97**	**1,074**

6. Net surplus on disposal of properties

2021	Unrestricted funds			
	General	Designated	Endowment funds	Total funds 2021
	£'000	£'000	£'000	£'000
Gain on disposal of parsonages	-	-	3,606	3,606
Gain on disposal of other properties	902	-	-	902
Total	**902**	**-**	**3,606**	**4,508**

2020	Unrestricted funds			
	General	Designated	Endowment funds	Total funds 2020
	£'000	£'000	£'000	£'000
Gain on disposal of parsonages	-	1,341	-	1,341
Gain on disposal of other properties	133	-	535	668
Total	**133**	**1,341**	**535**	**2,009**

7. Other income

2020	Unrestricted funds				
	General	Designated	Restricted funds	Endowment funds	Total funds 2020
	£'000	£'000	£'000	£'000	£'000
Coronavirus Job Retention Scheme Funding	161	-	-	-	161
Total	**161**	**-**	**-**	**-**	**161**

Notes to the financial statements

8. Charitable activities

2021	Unrestricted General Fund	Restricted funds	Endowment funds	Total funds 2021
	£'000	£'000	£'000	£'000
Contributions to Archbishops' Council:				
Training for Ministry	798	-	-	798
National Church responsibilities	617	-	-	617
Retired clergy housing costs	274	-	-	274
	1,689	**-**	**-**	**1,689**
Resourcing mission and ministry:				
Parish ministry:				
Stipends, National Insurance and insurance	10,070	-	-	10,070
Pension contributions	3,225	-	-	3,225
Reduction in pension scheme deficit	(594)	-	-	(594)
Housing costs	3,686	-	-	3,686
Removal and resettlement grants	555	-	-	555
Other expenses	2,985	-	16	3,001
	19,927	**-**	**16**	**19,943**
Support for parish ministry	1,716	814	-	2,530
Diocesan Retreat House	219	-	-	219
	21,862	**814**	**16**	**22,692**
Total	**23,551**	**814**	**16**	**24,381**

8. Charitable activities (continued)

2020	Unrestricted General Fund	Restricted funds	Endowment funds	Total funds 2020
	£'000	£'000	£'000	£'000
Contributions to Archbishops' Council:				
Training for Ministry	668	-	-	668
National Church responsibilities	651	-	-	651
Retired clergy housing costs	267	-	-	267
	1,586	**-**	**-**	**1,586**
Resourcing mission and ministry:				
Parish ministry:				
Stipends, National Insurance and insurance	9,796	-	-	9,796
Pension contributions	3,128	-	-	3,128
Reduction in pension scheme deficit	(969)	-	-	(969)
Housing costs	3,520	-	-	3,520
Removal and resettlement grants	557	-	-	557
Other expenses	3,285	-	23	3,308
	19,317	**-**	**23**	**19,340**
Support for parish ministry	1,686	1,061	-	2,747
Diocesan Retreat House	231	-	-	231
	21,234	**1,061**	**23**	**22,318**
Total	**22,820**	**1,061**	**23**	**23,904**

Notes to the financial statements

9. Analysis of expenditure including allocation of support costs

2021	Activities undertaken directly	Grant funding of activities	Support costs	Total costs 2021
	£'000	£'000	£'000	£'000
Charitable activities:				
Contributions to Archbishops' Council	-	1,689	-	1,689
Resourcing parish ministry	18,901	749	2,300	21,950
Education and social responsibility	-	523	-	523
Diocesan Retreat House	219	-	-	219
Total	**19,120**	**2,961**	**2,300**	**24,381**

2020	Activities undertaken directly	Grant funding of activities	Support costs	Total costs 2020
	£'000	£'000	£'000	£'000
Charitable activities:				
Contributions to Archbishops' Council	-	1,586	-	1,586
Resourcing parish ministry	18,687	880	1,961	21,528
Education and social responsibility	-	559	-	559
Diocesan Retreat House	231	-	-	231
Total	**18,918**	**3,025**	**1,961**	**23,904**

10. Analysis of support costs

2021	Unrestricted General Fund	Endowment funds	Total funds 2021
	£'000	£'000	£'000
Central administration	2,162	16	2,178
Governance:			
External audit	37	-	37
Registrar and Chancellor	79	-	79
Synodical costs	6	-	6
Total	**2,284**	**16**	**2,300**

2020	Unrestricted General Fund	Endowment funds	Total funds 2020
	£'000	£'000	£'000
Central administration	1,860	6	1,866
Governance:			
External audit	34	-	34
Registrar and Chancellor	60	-	60
Synodical costs	1	-	1
Total	**1,955**	**6**	**1,961**

Notes to the financial statements

11. Analysis of grants made

2021	Number	Individuals	Institutions	2021 total
		£'000	£'000	£'000
From unrestricted funds for National Church responsibilities:				
Contributions to Archbishops' Council	1	-	1,689	1,689
	1	**-**	**1,689**	**1,689**
From unrestricted funds:				
Southwark Diocesan Board of Education	1	-	352	352
Southwark Diocesan Welcare	1	-	172	172
Southwark Cathedral	1	-	18	18
Parishes for mission	106	-	119	119
Other institutions for mission	80		81	81
Individuals for mission	4	1	-	1
Clergy for settling in/first appointment	61	200	-	200
Clergy for study/sabbatical	10	9	-	9
Ordinands in training	65	231	-	231
	329	**441**	**742**	**1,183**
From restricted funds for various purposes within resourcing parish ministry:				
Mission and growth (Strategic Development Fund)	31	-	83	83
Education and development of women clergy (Gilmore Fund)	21	6	-	6
Clergy and lay training (Dartmouth House Fund)	-	-	-	-
	52	**6**	**83**	**89**
Total	**382**	**447**	**2,514**	**2,961**

11. Analysis of grants made (continued)

2020	Number	Individuals	Institutions	2020 total
		£'000	£'000	£'000
From unrestricted funds for National Church responsibilities:				
Contributions to Archbishops' Council	1	-	1,586	1,586
	1	**-**	**1,586**	**1,586**
From unrestricted funds:				
Southwark Diocesan Board of Education	1	-	351	351
Southwark Diocesan Welcare	1	-	208	208
Southwark Cathedral	1	-	18	18
Parishes for mission	138	-	181	181
Other institutions for mission	36	-	33	33
Individuals for mission	7	1	-	1
Clergy for settling in/first appointment	58	209	-	209
Clergy for study/sabbatical	20	12	-	12
Ordinands in training	17	230	-	230
	279	**452**	**791**	**1,243**
From restricted funds for various purposes within resourcing parish ministry:				
Mission and growth (Strategic Development Fund)	1	-	143	143
Education and development of women clergy (Gilmore Fund)	22	9	-	9
Clergy and lay training (Dartmouth House Fund)	12	44	-	44
	35	**53**	**143**	**196**
Total	**315**	**505**	**2,520**	**3,025**

Notes to the financial statements

12. Staff costs

	2021 £'000	2020 £'000
Employee costs during the year were as follows:		
Wages and salaries	2,419	2,445
National Insurance contributions	280	266
Pension costs	448	464
Termination payments	-	77
	3,147	**3,252**

The average number of persons employed during the year based on full-time equivalents:	**2021 Number**	**2020 Number**
Administration and financial management	17.7	19.9
Property	8.6	10.6
Vocations, ministry, safeguarding and Diocesan Retreat House	14	13.9
Mission and public policy	16.8	16.9
	57.1	**61.3**

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

	2021 Number	2020 Number
£60,001-£70,000	3	3
£70,001-£80,000	-	1
£90,001-£100,000	1	1
Total	**4**	**5**

12. Staff costs (continued)

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the Trustees, for planning, directing and controlling the activities of the Diocese. During 2021 they were:

Diocesan Secretary and Company Secretary	Ms Ruth Martin (Lay Canon)
Deputy Diocesan Secretary	Mrs Jacqueline Pontin
Director of Finance and Financial Assets	Mr Anthony Demby (to 11 June 2021)
Director of Finance and Financial Assets	Mr Mark Rhodes (from 1 June 2021)
Diocesan Surveyor	Mr Colin Bushell
Director of Human Resources	Mr David Loft
Director of Information Technology	Mr Mark Charlton
Director of Discipleship, Lay Ministry and Continuing Ministerial Education	The Revd Canon Wendy Robins
Director of Communications	Ms Sophia Jones

Remuneration, employer's National Insurance and pensions in 2021 for these nine employees (2020: nine) was £724,602 (2020: £707,000).

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out-of-pocket expenses totalling £121 (2020: £1,000) in respect of General and Diocesan Synod duties and other duties as Trustees. The following table gives details of the Trustees who were in receipt of a stipend and/or housing provided by the SDBF during the year.

	Stipend	Housing
The Right Revd Christopher Chessun	No	No
The Right Revd Dr Richard Cheetham	No	Yes
The Right Revd Jonathan Clark	No	Yes
The Right Revd Dr Karowei Dorgu	No	Yes
The Venerable Moira Astin	Yes	Yes
The Venerable Alastair Cutting	Yes	Yes
The Venerable Simon Gates	Yes	Yes
The Venerable John Kiddle	Yes	Yes
The Venerable Dr Rosemarie Mallett	Yes	Yes
The Venerable Dr Jane Steen (to 22 June 2021)	Yes	Yes
The Revd Michael John (from 10 December 2021)	Yes	Yes
The Revd Jonathan Macy	Yes	Yes
The Revd Justine Middlemiss (from 5 November 2021)	Yes	Yes
The Revd Gregory Prior	Yes	Yes
The Revd Dr Eddie Scrase-Field (from 5 November 2021)	Yes	Yes
The Revd Katie Thomas (to 10 December 2021)	Yes	Yes
The Revd Fiona Weaver (from 5 November 2021)	Yes	Yes
The Revd Canon Leslie Wells (to 10 December 2021)	Yes	Yes

Notes to the financial statements

12. Staff costs (continued)

The SDBF is responsible for funding, via the Church Commissioners, the stipends of licensed stipendiary clergy in the Diocese, other than Bishops and Cathedral staff. The SDBF is also responsible for the provision of housing for stipendiary clergy in the Diocese excluding the Diocesan Bishop and Cathedral staff.

The SDBF paid an average of 310 (2020: 299) stipendiary clergy as office-holders holding parochial or Diocesan appointments in the Diocese, and the costs were as follows:

	2021	2020
	£'000	£'000
Stipends	9,293	8,995
National Insurance contributions	748	707
Apprenticeship levy	41	40
Pension costs — current year	3,225	3,128
Total	**13,307**	**12,870**

The stipends of the Diocesan Bishop and Area Bishops are paid and funded by the Church Commissioners and are in the range £37,670-£46,180 (2020 range: £37,670-£46,180). The annual rate of stipend, funded by the SDBF, paid to Archdeacons in 2021 was in the range £36,635-£38,050 (2020 range: £36,635-£38,050) and other clergy who were Trustees were paid in the range £25,630-£27,342 (2020 range: £25,630-£27,342).

13. Analysis of transfers between funds

2021	Unrestricted funds		Restricted funds	Endowment funds
	General	Designated		
	£'000	£'000	£'000	£'000
From General Fund to Diocesan Stipendiary Fund for reduction in CEFPS pension scheme deficit	(594)	-	-	594
From Parsonage Capital Fund to Diocesan Pastoral Account for the sale of benefice houses	-	1,470	-	(1,470)
From Board Property Fund to General Fund for sale of property	1,671	(1,671)	-	-
From General Fund to Southwark Vision Development Fund for project costs	(500)	500	-	-
Total	**577**	**299**	**-**	**(876)**

2020	Unrestricted funds		Restricted funds	Endowment funds
	General	Designated		
	£'000	£'000	£'000	£'000
From General Fund to Diocesan Stipendiary Fund for reduction in CEFPS pension scheme deficit	(969)	-	-	969
From Strategic Development Fund to General Fund for project costs	246	-	(246)	-
From Parsonage Capital Fund to Diocesan Pastoral Account for the sale of benefice houses	-	409	-	(409)
From Diocesan Pastoral Account to Parsonage Capital Fund for benefice house additions	-	(147)	-	147
From Diocesan Pastoral Account to Diocesan Stipendiary Fund for property additions	-	(2,041)	-	2,041
From Board Property Fund to General Fund for sale of property	511	(511)	-	-
From Southwark Vision Development Fund to General Fund for project costs	109	(109)	-	-
Total	**(103)**	**(2,399)**	**(246)**	**2,748**

Notes to the financial statements

14. Tangible fixed assets

	Freehold & leasehold properties	Leasehold improvements	Furniture & equipment	Total
	£'000	£'000	£'000	£'000
Cost or valuation:				
At 1 January 2021	268,913	355	520	269,788
Additions	1,237	-	6	1,243
Disposals	(3,390)	-	-	(3,390)
Revaluation/impairment	9,231	-	-	9,231
At 31 December 2021	**275,991**	**355**	**526**	**276,872**
Depreciation:				
At 1 January 2021	-	146	361	507
Charge for the year	-	30	79	109
At 31 December 2021	**-**	**176**	**440**	**616**
Net book value at 31 December 2021	**275,991**	**179**	**86**	**276,256**
Net book value at 31 December 2020	**268,912**	**210**	**158**	**269,280**

Freehold and leasehold properties in the balance sheet are all vested in the SDBF, except for benefice houses which are vested in the incumbent. All properties in the current year and prior years are stated at fair value, except for benefice houses which are stated at deemed cost. The carrying value of benefice houses held at deemed cost at the balance sheet date is £143,505,000 (2020: £143,186,000).

All properties other than benefice houses were revalued to fair value at 31 December 2015 and are subject to revaluation on a five-year cycle. Properties with a fair value of £23,976,000 at 31 December 2021 (2020: £19,017,000) were revalued. The revaluation was carried out by Rapleys LLP in accordance with Royal Institute of Chartered Surveyors' professional standards and valuation practice statements and resulted in an increase in the value of these properties, excluding impairments, of £1,921,256 (2020: £226,000). An impairment review was carried out on certain parsonage houses. There was no write down in 2021 (2020: £1,400,000) parsonage and glebe.

To maintain consistency with the SDBF's accounting policy of measuring properties other than benefice houses at fair value, the results of this valuation have been extrapolated across those assets not revalued at the balance sheet date. This has resulted in an additional revaluation gain in the year of £9,275,000 (2020: £1,583,000).

14. Tangible fixed assets (continued)

The carrying value of leasehold properties included within freehold and leasehold properties amounts to £2,442,000 (2020: £1,809,000).

The carrying value of assets under construction included within freehold and leasehold properties amounts to £nil (2020: £44,000).

Certain properties have been purchased with the help of value-linked loans from the Church Commissioners. The properties are revalued to fair value annually. On disposal the agreed share of the net sale proceeds will be remitted to the Church Commissioners and the related loan liability extinguished. During the year, no properties (2020: one) with a carrying value of £nil (2020: £400,000) were disposed of. The value of these properties included within freehold and leasehold properties amounts to £2,620,000 (2020: £2,490,000). The revaluation gain on these properties amounts to £130,000 (2020: £15,000 loss) and has been netted off against the matching movement in the linked liability.

15. Fixed assets investments

	At 1 January 2021	Additions	Disposals	Change in fair value	At 31 December 2021
	£'000	£'000	£'000	£'000	£'000
Unrestricted funds:					
Unit trusts and similar funds	2,479	501	(955)	262	2,287
Restricted funds:					
Unit trusts and similar funds	2,310	480	-	336	3,126
Endowment funds:					
Unit trusts and similar funds	19,532	-	(562)	2,912	21,882
Total	**24,321**	**981**	**(1,517)**	**3,510**	**27,295**

Notes to the financial statements

16. Debtors

	2021 £'000	2020 £'000
Due within one year:		
Concessionary loans to parishes	239	102
Loans to others	-	6
Other debtors	306	1,125
Prepayments	137	117
	682	**1,350**
Due after more than one year:		
Concessionary loans to parishes	182	546
Other debtors	5	1
	187	**547**
Total debtors	**869**	**1,897**

17. Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Bank loan repayment instalments due in one year	300	1,300
Church Commissioners' non value-linked loan	-	2,311
Other taxes and social security	79	73
Other creditors and accruals	717	511
Church of England Funded Pensions Scheme	591	1,000
Total creditors: amounts falling due within one year	**1,687**	**5,195**

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

	2021	2020
	£'000	£'000
Loans repayable in instalments due after more than one year:		
Commercial loans	290	591
CBF loan	1,000	1,000
Church Commissioners' value-linked loans	2,620	2,490
	3,910	**4,081**
Pension scheme liabilities:		
Church of England Funded Pensions Scheme	-	185
	-	**185**
Total creditors: amounts falling due after more than one year	**3,910**	**4,266**

	2021	2020
	£'000	£'000
The maturity of the above loans may be analysed as follows:		
Between two and five years	1,290	1,591
In five years and more	2,620	2,490
	3,910	**4,081**

The commercial loan comprises a five-year loan repayable in monthly instalments with HSBC UK Bank plc. The loan is secured against Board freehold property with a carrying value of £9.9m. Interest is charged at 1.5% above base rate.

The CBF loan is a 10-year loan repayable at the end of the term under the Diocesan Loan Scheme. Interest is charged at 0.55% per annum above the CBF Church of England Deposit Fund Rate.

Value-linked loans from the Church Commissioners are repayable on the sale of the property to which they relate. Interest is charged at 4% per annum. On disposal the agreed share of the net sale proceeds will be remitted to the Church Commissioners and the related loan liability extinguished.

Notes to the financial statements

19. Summary of fund movements

2021	Balances at 1 January 2021	Income	Expenditure	Transfers	Gains and losses	Balances at 31 December 2021
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds:						
General	5,136	23,423	(23,551)	577	258	5,843
	5,136	**23,423**	**(23,551)**	**577**	**258**	**5,843**
Designated funds:						
Diocesan Pastoral Account	2,336	-	-	1,470	-	3,806
Board Property Fund	42,506	-	-	(1,671)	3,908	44,743
Multi-Academy Trust	-	-	-	-	-	-
Southwark Vision Development Fund	367	128	-	500	-	995
	45,209	**128**	**-**	**299**	**3,908**	**49,544**
Restricted funds:						
Strategic Development Fund	-	664	(297)	-	-	367
Diocesan Stipend Income	-	-	-	-	-	-
Gilmore Fund	323	16	(6)	-	37	370
Dartmouth House Fund	2,594	101	-	-	299	2,994
Ordinand Training Fund	26	500	(457)	-	-	69
Strategic Ministry Grant	-	54	(54)	-	-	-
Other restricted	-	519	-	-	-	519
	2,943	**1,854**	**(814)**	**-**	**336**	**4,319**
Endowment funds:						
Ministry Fund	3,640	-	-	-	368	4,008
Diocesan Stipendiary Fund	94,225	-	(16)	594	7,782	102,585
Parsonage Capital Fund	137,981	3,606	-	(1,470)	-	140,117
	235,846	**3,606**	**(16)**	**(876)**	**8,150**	**246,710**
Total funds	**289,134**	**29,011**	**(24,381)**	**-**	**12,652**	**306,416**

19. Summary of fund movements (continued)

2020	Balances at 1 January 2020	Income	Expenditure	Transfers	Gains and losses	Balances at 31 December 2020
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds:						
General	6,813	21,799	(22,820)	(103)	(553)	5,136
	6,813	**21,799**	**(22,820)**	**(103)**	**(553)**	**5,136**
Designated funds:						
Diocesan Pastoral Account	2,773	1,341	-	(1,779)	-	2,335
Board Property Fund	42,572	-	-	(511)	445	42,506
Southwark Vision Development Fund	439	38	-	(109)	-	368
	45,784	**1,379**	**-**	**(2,399)**	**445**	**45,209**
Restricted funds:						
Strategic Development Fund	-	529	(283)	(246)	-	-
Ordinand Training Fund	130	621	(725)	-	-	26
Gilmore Fund	378	15	(9)	-	(61)	323
Dartmouth House Fund	2,990	82	(44)	-	(434)	2,594
	3,498	**1,247**	**(1,061)**	**(246)**	**(495)**	**2,943**
Endowment funds:						
Ministry Fund	4,241	(10)	-	-	(591)	3,640
Diocesan Stipendiary Fund	90,933	863	(23)	4,874	(2,422)	94,225
Parsonage Capital Fund	140,723	-	-	(2,126)	(616)	137,981
	235,897	**853**	**(23)**	**2,748**	**(3,629)**	**235,846**
Total funds	**291,992**	**25,278**	**(23,904)**	**-**	**(4,232)**	**289,134**

Notes to the financial statements

20. Summary of assets by fund

2021	Fixed assets tangible	Investments	Current assets	Creditors	Net assets
	£'000	£'000	£'000	£'000	£'000
Unrestricted funds:					
General	2,886	2,287	5,676	(5,006)	5,843
	2,886	**2,287**	**5,676**	**(5,006)**	**5,843**
Designated funds:					
Diocesan Pastoral Account	-	-	3,806	-	3,806
Board Property Fund	48,785	-	(4,042)	-	44,743
Multi-Academy Trust	-	-	-	-	-
Designated Mission Fund	-	-	-	-	-
Southwark Vision Development Fund	-	-	995	-	995
	48,785	**-**	**759**	**-**	**49,544**
Restricted funds:					
Strategic Development Fund	-	-	367	-	367
Diocesan Stipendiary Fund	-	-	-	-	-
Gilmore Fund	-	339	31	-	370
Dartmouth House Fund	-	2,306	688	-	2,994
Ordinand Training Fund	-	-	69	-	69
Other Restricted Fund	-	481	38	-	519
	-	**3,126**	**1,193**	**-**	**4,319**
Endowment funds:					
Ministry Fund	-	3,219	789	-	4,008
Diocesan Stipendiary Fund	81,080	18,663	3,433	(591)	102,585
Parsonage Capital Fund	143,505	-	(3,388)	-	140,117
	224,585	**21,882**	**834**	**(591)**	**246,710**
Total funds	**276,256**	**27,295**	**8,462**	**(5,597)**	**306,416**

20. Summary of assets by fund (continued)

2020	Fixed assets tangible	Investments	Current assets	Creditors	Net assets
	£'000	£'000	£'000	£'000	£'000
Unrestricted funds:					
General	2,857	2,479	8,076	(8,276)	5,136
	2,857	**2,479**	**8,076**	**(8,276)**	**5,136**
Designated funds:					
Diocesan Pastoral Account	-	-	2,335	-	2,335
Board Property Fund	46,675	-	(4,169)	-	42,506
Southwark Vision Development Fund	-	-	368	-	368
	46,675	**-**	**(1,466)**	**-**	**45,209**
Restricted funds:					
Ordinand Training Fund	-	-	26	-	26
Gilmore Fund	-	301	22	-	323
Dartmouth House Fund	-	2,008	586	-	2,594
	-	**2,309**	**634**	**-**	**2,943**
Endowment funds:					
Ministry Fund	-	2,850	790	-	3,640
Diocesan Stipendiary Fund	76,562	16,683	2,165	(1,185)	94,225
Parsonage Capital Fund	143,186	-	(5,205)	-	137,981
	219,748	**19,533**	**(2,250)**	**(1,185)**	**235,846**
Total funds	**269,280**	**24,321**	**4,994**	**(9,461)**	**289,134**

Notes to the financial statements

21. Description of funds

General Fund	The fund represents the unrestricted undesignated fund available for any of the SDBF's purposes.
Diocesan Pastoral Account	This is a designated fund for the purposes defined in the Mission and Pastoral Measure 2011. It represents capital receipts released following the sale of benefice houses (parsonages) and redundant churches. To the extent that any remaining funds are not required, or are not likely to be required, for these purposes then the funds may be applied to any general purpose of the SDBF.
Board Property Fund	This fund is a designated fund. It represents the fair value of properties held by the SDBF at the year end.
Southwark Vision Development Fund	This is a designated fund to support Southwark Vision 2017-25 across the Diocese.
Strategic Development Fund	This is a restricted fund. It represents grants received from the Church Commissioners and Archbishops' Council for specific projects to fund mission and growth across the Diocese.
Ordinand Training Fund	This is a restricted fund. It represents the block grant received from the Archbishops' Council to fund Ordinand training.
Gilmore Fund	The Isabella Gilmore Fund is a restricted fund for the purpose of the education and development of licensed, commissioned or ordained women.
Dartmouth House Fund	This is a restricted fund for the purpose of facilitating clergy and lay training, retreats or conferences to assist and promote the work of the Church of England in the Diocese of Southwark and to use the monies to acquire any buildings which may be necessary to forward such purposes, subject always to the consent in writing of the Bishop of Southwark.
Ministry Fund	This is a permanent endowment fund held under the Endowments and Glebe Measure 1976 from which the income arising and/or benefit of use of the asset has been passed to the SDBF for the purpose of supporting clergy stipends within the Diocese. Investment income from the fund is credited to the General Fund where it is used only to fund clergy stipend payments.
Diocesan Stipendiary Fund	This is a permanent endowment fund. It represents the glebe assets of benefices from which the income arising and/or benefit of use has been passed to the SDBF under the provisions of the Mission and Pastoral Measure 2011. Investment income from the fund is credited to the General Fund where it is used only to fund clergy stipend payments.
Parsonage Capital Fund	This is an expendable endowment fund. It represents the capital assets relating to benefice houses (parsonages) but which under the Repairs of Benefice Buildings Measure 1972 are maintained by the Diocese. Under the Mission and Pastoral Measure 2011, capital receipts released following the sale of benefice houses are held in the Diocesan Pastoral Account, a designated fund. To the extent that the funds are not required for future building or improvement works to benefice houses the funds may be applied to any general purpose of the SDBF.
Other Restricted Fund	This represents other restricted funds held by the Diocese. These include amounts gifted for use in the Croydon Episcopal Area and to assist the training of ordinands throughout the Diocese.

22. Capital commitments

At 31 December 2021, the SDBF had no capital expenditure commitments authorised but not contracted for (2020: none), and commitments contracted for but provided for of £30,000 (2020: £63,000).

23. Operating leases

Total commitments under non-cancellable operating leases are as follows:

	2021 £'000	2020 £'000
Minimum lease payments payable:		
Within one year of the balance sheet date	205	264
In the second to fifth years inclusive of the balance sheet date	66	107
More than five years from the balance sheet date	-	1
Total	**271**	**372**

Total lease rental payments expensed in the year are £512,000 (2020: £474,000).

	2021 £'000	2020 £'000
Minimum lease payments receivable:		
Within one year of the balance sheet date	482	438
In the second to fifth years inclusive of the balance sheet date	313	280
More than five years from the balance sheet date	658	724
Total	**1,453**	**1,442**

24. Members' liability

The charitable company is a company limited by guarantee, Company Registration Number 236594 (England and Wales). The trustees are the members of the charitable company for company law purposes. In the event of the charitable company being wound up the liability in respect of the guarantee is limited to £1 per member of the charitable company.

Notes to the financial statements

25. Pensions

The SDBF participates in two pension schemes administered by the Church of England Pensions Board: the **Church of England Funded Pensions Scheme (CEFPS)** for stipendiary clergy and the **Church Workers' Pension Fund (CWPF)** for lay staff.

Church of England Funded Pensions Scheme

The SDBF participates in the CEFPS 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 each specific Responsible Body, and that contributions are accounted for as if the scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2021: £2,631,000, 2020: £2,168,000), plus the figures highlighted in the table opposite as being recognised in the SoFA, giving a total charge of £3,225,000 for 2021 (2020: £3,128,000).

A valuation of the scheme is carried out once every three years. The most recent scheme valuation completed was carried out at 31 December 2018. The 2018 valuation revealed a deficit of £50m, based on assets of £1,818m and a funding target of £1,868m, assessed using the following assumptions:

- an average discount rate of 3.2%
- RPI inflation of 3.4% per annum (and pension increases consistent with this)
- an increase in pensionable stipends of 3.4% per annum
- mortality in accordance with 95% of the S3NA_VL tables, with allowance for improvement in mortality rates in line with the CMI 2018 extended model, with a long-term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial additional mortality improvement of 0.5% per annum.

Following the 31 December 2018 valuation, a recovery plan was put in place until 31 December 2022 and the deficit repair contributions payable (as a percentage of pensionable stipends) are as set out in the table below.

	January 2018 to December 2020	January 2021 to December 2022
Percentage of pensionable stipends:		
Deficit repair contributions	11.9%	7.1%

As at 31 December 2019, 31 December 2020 and 31 December 2021, the deficit recovery contributions under the recovery plan in force were as set out in the table above.

25. Pensions (continued)

Church of England Funded Pensions Scheme (continued)

For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the scheme's rules.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2020 and 2021 is set out in the table below.

	2021	2020
	£'000	£'000
Balance sheet liability as at 1 January	1,185	2,154
Contributions paid	(601)	(960)
Interest cost (recognised in the SoFA)	2	18
Remaining change to the balance sheet liability* (recognised in the SoFA)	5	(27)
Balance sheet liability as at 31 December	**591**	**1,185**

*Comprises change in agreed deficit recovery plan and change in discount rate and assumptions between year-ends.

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions. 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 12 months. No price inflation assumption is needed since pensionable stipends for the remainder of the recovery plan are already known.

	December 2021	December 2020	December 2019
Discount rate	0.0%	0.2%	1.1% pa
Price inflation	N/A	3.1%	2.8% pa
Increase to total pensionable payroll	(1.5%)	1.6%	1.3% pa

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

Church Workers' Pension Fund

The SDBF participates in the Defined Benefits Scheme section of the Church Workers' Pension Fund (CWPF) for lay staff. The scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

The CWPF 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 SDBF closed the Defined Benefits Scheme section to new entrants from July 2013, and will close the section to existing members on 31 December 2022.

Notes to the financial statements

25. Pensions (continued)

Church Workers' Pension Fund (continued)

Defined Benefits Scheme

The Defined Benefits Scheme section of the CWPF provides benefits for lay staff based on final pensionable salaries.

For funding purposes, the Defined Benefits Scheme 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 Defined Benefits Scheme 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 Defined Benefits Scheme 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 Defined Benefits Scheme 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 Defined Benefits Scheme. This means that contributions are accounted for as if the Defined Benefits Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year: £144,000 for 2021 (2020: £151,000).

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 Defined Benefits Scheme is carried out once every three years. The most recently finalised was carried out as at 31 December 2019. In this valuation, the Life Risk Section was shown to be in deficit by £7.7m and £7.7m was notionally transferred from the employers' sub-pools to the Life Risk Section. This increased the Employer contributions that would otherwise have been payable. The overall deficit in the Defined Benefits Scheme was £11.3m.

The next actuarial valuation is due at 31 December 2022.

Following the valuation, the Employer has entered into an agreement with the CWPF to pay a contribution rate of 40.1% of pensionable salary and expenses of £13,200 per year.

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

Pension Builder Scheme

The SDBF participates in the Pension Builder Scheme section of CWPF for lay staff. The scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

25. Pensions (continued)

Church Workers' Pension Fund (continued)

Pension Builder Scheme (continued)

The CWPF 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 Pension Builder Scheme of the CWPF is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefit schemes.

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

Pension Builder 2014 is a cash balance scheme that provides a lump sum that members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. This account may have bonuses added by the Pensions 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 is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and contributions are accounted for as if the scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable (2021: £306,000, 2020: £251,000).

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent valuation was carried out as at 31 December 2019. The next valuation is due as at 31 December 2022.

For the Pension Builder Classic section, the valuation revealed a deficit of £14.2m on the ongoing assumptions used. At the most recent review, the Pensions 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.

For the Pension Builder 2014 section, the valuation revealed a surplus of £1.8m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

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

26. Related party transactions

The SDBF has related party relationships with connected organisations as detailed on page 25 of this annual report. Grants made in the current and previous year to these related parties are disclosed in Note 11 (see pages 66-67) to these accounts.

There are no other related party transactions requiring disclosure (2020: none).

Notes to the financial statements

27. Prior year Statement of Financial Activities

2020	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2021
	General	Designated			
	£'000	£'000	£'000	£'000	£'000
Income and endowments from:					
Donations					
Parish contributions	15,980	-	-	-	15,980
Archbishops' Council	876	-	1,150	-	2,026
Other donations	1,714	38	-	-	1,752
Charitable activities	1,978	-	-	-	1,978
Investments	977	-	97	-	1,074
Net surplus on disposal of properties	133	1,341	-	535	2,009
Other	161	-	-	-	161
Total	**21,819**	**1,379**	**1,247**	**535**	**24,980**
Expenditure on:					
Charitable activities	22,820	-	1,061	23	23,904
Total	**22,820**	**-**	**1,061**	**23**	**23,904**
Net income/(expenditure) before investment gains	**(1,001)**	**1,379**	**186**	**512**	**1,076**
Net unrealised gains/(losses) on investments	(553)	-	(495)	(3,593)	(4,641)
Net realised gains/(losses) on investments	(20)	-	-	318	298
Impairment write-downs	-	-	-	(1,400)	(1,400)
Net income/(expenditure)	**(1,574)**	**1,379**	**(309)**	**(4,163)**	**(4,667)**
Transfers between funds	**(103)**	**(2,399)**	**(246)**	**2,748**	**-**
Other recognised gains:					
Gains on revaluation of fixed assets	-	445	-	1,364	1,809
Net movement in funds	**(1,677)**	**(575)**	**(555)**	**(51)**	**(2,858)**
Total funds brought forward	6,813	45,784	3,498	235,897	291,992
Total funds carried forward	**5,136**	**45,209**	**2,943**	**235,846**	**289,134**

28. Funds held as Diocesan Authority

The SDBF acts as Diocesan Authority or Custodian Trustee for many trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956, as amended, and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are PCCs and others. Assets held as Diocesan Authority are not controlled by the SDBF and are not included in these financial statements. They are summarised as follows:

	2021	2020
	£'000	£'000
CBF Church of England Investment Fund	10,938	10,397
M&G Equities Investment Fund for Charities	1,776	1,578
CBF Church of England Global Equity Income Fund	1,061	858
Other CBF Church of England funds	1,122	498
Other Common Investment and OEIC holdings	983	1,288
Direct holdings in UK equities	258	122
CBF Church of England Deposit Fund	1,717	1,806
Cash	4	14
Total assets held as Diocesan Authority	**17,860**	**16,561**

29. Subsidiary undertaking

The SDBF is the beneficial owner of a subsidiary undertaking, Southwark DBF Trading, a company limited by guarantee, which is registered in England and supplies property and administrative services to the SDBF. The company did not trade during the current or prior year and had no assets or liabilities at the Balance Sheet date (2020: £nil).

Glossary of terms

Acronym	Meaning
aSa	Average Sunday Attendance
BAP	Bishops' Advisory Panel
CAH	Church at Home
CBF	Central Board of Finance
CEFPS	Church of England Funded Pensions Scheme
CEMES	Church of England Ministry Experience Scheme
CTBI	Churches Together in Britain and Ireland
CWPF	Church Workers' Pension Fund
CYP	Children and young people
DAC	Diocesan Advisory Committee
DBF	Diocesan Board of Finance
DBS	Disclosure and Barring Service
DCT	Diocesan Council of Trustees
DMPC	Diocesan Mission and Pastoral Committee
DSAP	Diocesan Safeguarding Advisory Panel
DST	Diocesan Safeguarding Team
FRC	Financial Reporting Council
FRS	Financial Reporting Standard
fxC	Fresh Expression of Church
GDPR	General Data Protection Regulation
HR	Human resources
IICSA	Independent Inquiry into Child Sexual Abuse
IME2	Initial Ministerial Education Phase 2
ISAs (UK)	International Standards on Auditing (UK)
JPIC	Justice, Peace and Integrity of Creation
LLF	Living in Love and Faith
LL&LMAG	Lay Leadership & Lay Ministry Advisory Group
MAP	Mission Action Plan
MAT	Multi Academy Trust
PCC	Parochial Church Council
PCR2	Past Cases Review 2
PFC	Policy and Finance Committee
PGS	Parish Giving Scheme
PSF	Parish Support Fund
SDBE	Southwark Diocesan Board of Education
SDBF	South London Church Fund & Southwark Diocesan Board of Finance
SDF	Strategic Development Funding

Glossary of terms (continued)

Acronym	Meaning
SIR	Serious Incident Reporting
SMT	Senior Management Team
SoFA	Statement of Financial Activities
SORP	Statement of Recommended Practice for Charities
SPA	Southwark Pastoral Auxiliary
SVDF	Southwark Vision Development Fund
TUTV	Turning up the Volume
UKME	United Kingdom Minority Ethnic
uSa	Usual Sunday Attendance

Notes

Hearts on Fire
The Diocese of Southwark

Loving God
Walking with Jesus
Led by the Spirit

Luke 24:13-35



The Diocese of Southwark

THE SOUTH LONDON CHURCH FUND AND SOUTHWARK DIOCESAN BOARD OF FINANCE

England & Wales - Charity number 249678

Accounts

The Diocese of Southwark

The South London Church Fund & Southwark Diocesan Board of Finance

Annual Report 2020

Company registration number 236594
Registered charity number 249678



Walking | Welcoming | Growing

Cover image: The South London Food Bank Warehouse, housed in St Margaret the Queen, Streatham Hill. © Charlie Clift

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Overview

Introduction by the Bishop of Southwark

As we began 2020 it would have been almost impossible for any of us to have envisaged the year that we would go on to experience. Since then, in the context of the global pandemic and the hardship and suffering which has ensued, we have been learning how best to reach out to our communities and how to be church in a different way – sometimes working in mixed mode and sometimes simply online as the national restrictions have dictated.

I want to thank all those who have helped our churches to operate online, staffed our food banks, and supported our communities in so many ways, seeking to show God's love to our neighbours and many who have experienced unprecedented isolation. I also want to express deep appreciation to our hospital chaplains for the work that they have done with patients and staff in this difficult time and, indeed, to all working on the front line in many different capacities.

As soon as the Government announced the first lockdown I set up and chaired a Coronavirus Task Group, meeting frequently to ensure that we had a co-ordinated approach to transmitting advice and information concerning the pandemic to our parishes. I am grateful to my CTG colleagues (The Diocesan Secretary, The Director of Communications, The Dean of Southwark and the Archdeacon of Lewisham & Greenwich) for their work and was glad to award Lancelot Andrewes Medals to them for their endeavours. I have also awarded the Lancelot Andrewes Medal to others across the Diocese for special acts of caring and service during the pandemic, which has taken a toll on so many.

As we begin our recovery, clergy well-being needs to be a priority and I have asked The Venerable John Kiddle to take the lead on this.

I want to acknowledge the contribution to the Diocese of three people who retired in 2020. The Venerable Chris Skilton retired in February following his time as Archdeacon of Croydon. He had previously served as Archdeacon of Lambeth and Rector of Sanderstead. He is greatly missed but I am grateful to The Venerable Moira Astin, Archdeacon of Reigate, who looked after the Croydon Area until The Venerable Rosemarie Mallett took up the role. The Revd Canon Stephen Roberts retired in August following a distinguished ministry in Southwark as parish priest, Diocesan Director of Ordinands, Archdeacon of Wandsworth and latterly for five years as Deputy Diocesan Secretary. Colin Powell (Lay Canon), the Director of Education, retired in December, having worked an extra term due to the pandemic. We want to thank them all for their inspirational service.

I am delighted that we have been able to embed the work of the Lay Council, developing lay ministries in line with our Southwark Vision for partnerships in the Gospel which enable lay and ordained ministers to flourish in their distinctive callings. The Readers Board and the SPA Council have now been fully integrated into the Lay Council and I express thanks to Gerie Knight for her zeal as Diocesan SPA over the years. Our new Diocesan SPA, Wendy Stephens, is the first Southwark Pastoral Auxiliary to hold my licence.

The Black Lives Matter campaign resonated strongly in the Diocese and



Bishop Christopher

has further focused our attention to issues related to the lives of UKME members of our Diocese and working to ensure equality, dignity and due recognition for all.

I especially want to thank our parishes for their magnificent support through the Parish Support Fund in 2020 which is continuing into 2021. This has helped to ensure our financial resilience which of course is instrumental in our commitment to equip and resource mission and ministry across the Diocese.

Let us be of good courage and put our trust in the Lord.



Chair of the Diocesan Board of Finance

We are now moving slowly back to normal life again but inevitably the pandemic has had a major impact on our parishes and our Diocesan finances. As the Diocesan Secretary explains on page 7, we still face significant challenge as we seek to preserve and build the financial resilience of our Diocese going forward.

I am pleased to report that we weathered the storm better than we initially expected, avoiding the heavy losses we feared at first. Indeed, had it not been for the fall in the value of our investments, the Diocese would have reported a surplus in its overall statement of financial accounts for 2020. I can, however, report that, for those areas under our direct control, we returned a small surplus, although the figure is inflated at the reporting level to around £1.4m by the inclusion of gains on the sale of some investments and by the accounting requirement to include a surplus of almost £1m on the movement in pension fund liabilities.

We were helped in our response to the challenges by a generous sustainability grant of £600,000 from the Church Commissioners, by a review of staffing in the Diocesan office which yielded important savings, and by the timely sale of surplus property no longer needed for ministry housing. Above all, though, the achievement reflects the determination of our parishes to commit to sustaining ministry by maintaining the delivery of the Parish Support Fund (PSF) at remarkably high levels.

We have been one of the Dioceses from whom the National Church has sought advice regarding our giving strategy in order to assist others. Ours is of course founded on the transparency with which our parish finances are discussed through our Archdeacons and supported by the Diocesan office team. Besides thanking our parishes and our staff, I do want also to thank the Archdeacons who work tirelessly with our parishes and staff to deliver the PSF which last year achieved 96.7% of initial pledges, an extraordinary and excellent result.

The problems of 2020 have not undermined the long-term resilience of the Diocese thanks to the partnership with our parishes. We were also helped in our cash flow last year by borrowing from the Church Commissioners, a sum that has been fully repaid by April 2021.

The Diocese does not have substantial reserves compared to some older Dioceses so we have to manage our financial resources with especial care. That means ensuring that our free reserves and our investment portfolio remain sufficient. We reviewed both our cash reserves policy and our investment policy in 2019.

The latter review has been led by the chair of the Investment sub-Committee, Andrew McMurtrie, who steps down after many years of service with our thanks and best wishes. In 2020 before the pandemic struck, we had already started to diversify away from being principally invested in UK equities towards global equities, although that could not prevent a fall in the value of our investments.

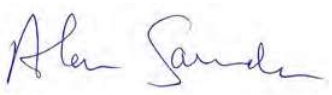
As the Diocesan Secretary explains, change is necessary to continue to implement the Southwark Vision, sustain our parishes and maintain our ministry across deprived as well as wealthier



Alan Saunders

parishes. Although uncertainties remain, I am confident that, given our partnership with the parishes, we will withstand setbacks to our finances and maintain resilience for the future. We are projecting a deficit for the current financial year – reducing over the subsequent two years — but hope that, as with last year, the outturn will be better than we forecast and that the PSF will hold up well again.

Finally, I would like to pay tribute to all the hard work of our central team, led by Ruth Martin, in this most difficult of years. They all rose to the task. I would like to thank especially Anthony Demby, our retiring Finance Director, for the excellent contribution he has made over the years and the invaluable support he has given Ruth and myself. It is appropriate, too, to thank Haysmacintre LLP, our departing auditors who have served the Diocese for many years, and to welcome Buzzacott LLP as our new auditors.



The Diocesan Secretary

We will all remember 2020 as an extraordinary and troubling year for our nation, our dioceses, our churches and communities. This is reflected in our annual report and financial statements, with the food bank at the church of St Margaret, Streatham Hill on our front cover, and within the report itself other events and outcomes that attest to and reflect the uncertainties around us.

Whilst our strategic objectives to grow our Diocese in discipleship and numbers remain on course as the Southwark Vision, our church buildings were closed for much of the year and new, innovative ways of reaching people came to the fore, both in person through the great pastoral work across the Diocese and through digital work. We brought forward the design of our new website (launched February 2021), established a digital communications group, and the Bishop established the Coronavirus Task Group to guide our clergy and lay leaders as the turbulent year unfolded.

The difficulties of the year were reflected in the poorer than forecast performance of our investment funds, the reduction in property rental income and the challenges we faced trying to ease tenants from our properties in time for incoming clergy to take up post. We recognise that parishes were using reserves, increasing borrowing, seeking grants and making appeals in order to maintain their giving to the Diocese though the Parish Support Fund. We have been so grateful that the delivery of the pledge was maintained within 96% of the budget during 2020.

The Diocese borrowed £2.3m from the Church Commissioners to support our clergy stipends during the year (money now repaid as I write), successfully sought sustainability grant support from the National Church, participated in the Coronavirus Job Retention "furlough" scheme, and also took difficult decisions about managing expenditure and reducing staffing in the Diocesan office by making nine posts, including six staff, redundant.

A number of parishes were exceptionally generous, including, for example, the PCC of Holy Trinity, Clapham, which came to our financial assistance as we housed the priest and young family at St Peter, Vauxhall, and the PCC of St Mary, Battersea, which was willing to offer generous loan support to a struggling parish. The financial result of the year reflects these unforeseen circumstances, and I am delighted that, for those items under direct management control, we yielded a small financial surplus.

Significant challenges remain and will be with us for the next few years. Despite this, we are intentionally seeking to move forward with resourcing the Southwark Vision which we continued to implement during the year, not least though the sustaining of our Fresh Expressions work, innovation in reaching young people and families, and through the development of Southwark as an Eco-Diocese.

During the year we established the Strategic Ministry Deployment Vision and Policy. This seeks to support the Vision through the affirmation of parish ministry and diversity in ordained and lay ministry, as well as the enhancement of lay ministry, retaining the strength of stipendiary clergy numbers and also more curates.

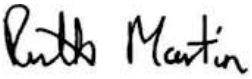


Ruth Martin

The Diocese is committed to long-term financial modelling to undergird mission and ministry, and pioneer ministry, both lay and ordained, will play an important part in this. Key to success in this will be the rebuilding of financial resilience, with a renewed focus on growing the PSF and supporting parishes' recovery as the cornerstone of our giving strategy.

In thanking parishes, clergy and lay leaders I also thank all my colleagues, and particularly Anthony Demby, our finance director, with whom I have had the privilege of working these last six years and who now can enjoy his retirement.

Thank you for the privilege of serving the Diocese.



Our Vision: a fruitful future

We share a vision for the future in which we will see:

- growing churches, new worshipping communities and new Christians
- deepening discipleship: engaged, prayerful and informed Christians
- growth in vocations to existing and new ministries
- generous giving and prayer supporting all we do
- justice and peace built up, and violence challenged, in our local and global community
- a shared commitment to the integrity of Creation
- a Church for all which reflects our diverse community in membership and leadership, including growth in black, Asian and minority ethnic (UKME) vocations and appointments.

Our Vision is founded on mutual commitment from all who make up the Diocesan family to walk together in the pilgrimage of faith, supporting, encouraging and resourcing each other in our common task.

The Diocese of Southwark serves...



2.9 million people



in the 16 local authorities of South London & East Surrey



through 356 places of worship — a Church of England presence in every community



and 106 church schools educating more than 37,000 young people







Clockwise from top: Lambeth and Dulwich Deaneries' Black Lives Matter event © Eleanor Bentall**; Bishop Christopher celebrating Remembrance Day alongside reservists from the Braganza Street Army Reserve Centre, the regimental headquarters of the 256 Field Hospital, in front of a statue of pioneering British-Jamaican nurse Mary Seacole; a moment captured during the Diocese's pilgrimage to Jerusalem in February 2020.**

Legal objects

The Trustees, who are also Directors for the purposes of company law, present their Annual Report, together with the audited financial statements, for the year ended 31 December 2020.

The Directors/Trustees are one and the same, and in signing as Trustees they are also signing the Strategic Report sections in their capacity as Directors.

This combined report satisfies the legal requirements for:

- a Directors' Report of a charitable company;
- a Strategic Report under the Companies Act 2006; and
- a Trustees' Annual Report under the Charities Act 2011.

Legal objects

The objects of the South London Church Fund & Southwark Diocesan Board of Finance (SDBF) are "for the public benefit to assist, promote and further the religious and other charitable work (including but not limited to the educational work) of the South London Church Fund & Southwark Diocesan Board of Finance within the Diocese, and any other Diocese which shall at any time be formed, wholly or in part out of the Diocese, either with or without the addition of any part or parts of other Dioceses."

Its function is to serve as the corporate governance body of the Church of England in the Diocese, responsible for the financial stewardship of the Diocese through performing, working and transacting business in connection with the Church and Diocese. It may act as the Parsonages Board for the Diocese within the meaning of the Repair of Benefices Buildings Measure 1972.

The Diocese of Southwark covers most of Greater London south of the Thames and part of East Surrey. Within the Diocesan boundaries are the Royal Borough of Greenwich, the London Boroughs of Croydon, Lambeth, Lewisham, Merton, Southwark, Sutton and Wandsworth, plus parts of the London Boroughs of Richmond upon Thames, Bromley and Bexley and the Royal Borough of Kingston upon Thames. In Surrey, it also includes parts of the Borough of Reigate and Banstead, Tandridge District Council and Mole Valley District Council.

The SDBF has the following responsibilities:

i. the management of glebe property and investments arising from the Endowments and Glebe Measure 1976 to generate income to support the cost of stipends;
ii. managing the repair of benefice houses on behalf of the Diocesan Parsonage Board under the Repair of Benefice Buildings Measure 1972;
iii. to act as custodian of permanent endowment and real property assets relating to trusts held by Incumbents and Archdeacons and by Parochial Church Councils (PCCs) as Diocesan Authority under the Incumbents and Churchwardens (Trusts) Measure 1964 and the Parochial Church Councils (Powers) Measure 1956.

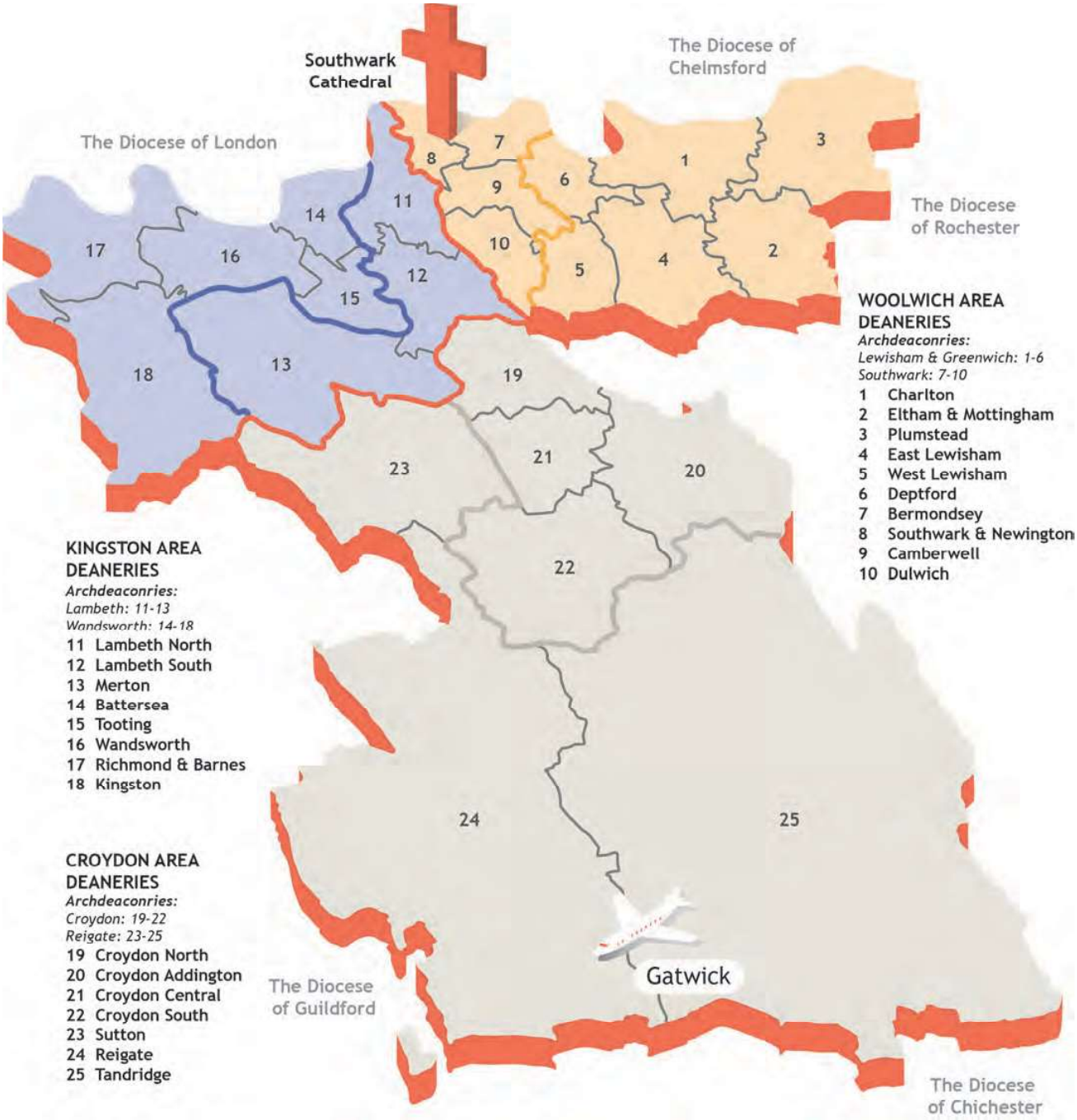
The SDBF is empowered to act as a committee of the Diocesan Synod, responsible for the corporate governance of the Diocese and also for raising and disbursing money and employing staff. Its members are both Directors and Trustees.

The standing committee of the Diocesan Synod is the Diocesan Council of Trustees (Bishop's Council). Its members are also the members of the SDBF, the Diocesan Mission and Pastoral Committee (DMPC) and the Diocesan Parsonages Board. Each of these four bodies has coterminous membership.

The strategic priorities of the Diocese are established by the Diocesan Synod, and its standing committee the Diocesan Council of Trustees (DCT), in consultation with Deanery Synods, PCCs and the Bishop of Southwark (in respect of his responsibility for the provision of the cure of souls).

The DCT (acting as Bishop's Council, the Diocesan Board of Finance (DBF), the DMPC and the Diocesan Parsonages Board) fulfil their objectives within this framework, together with the DCT committees and advisory groups of the Diocese. To this end, significant time and effort is committed to communication between and with these bodies, as well as with the Church nationally; this includes consultation on specific matters relating to the priorities for the forthcoming year, taking into account the commitments arising from the Diocesan Budget.

Map of the Diocese of Southwark



Strategic report

Strategic report

The main role of the Southwark Diocesan Board of Finance (SDBF) is to identify and manage resources within the Diocese, particularly the financial aspects of the provision of ministry. This is so as to lead, enable and serve the Diocesan Synod, deaneries, parishes, schools and communities of the Diocese in furthering mission and ministry and fulfilling the vision of the Diocese, whilst also ensuring full compliance with statutory responsibilities.

The purposes are:

- to provide sufficient ministerial resources to ensure a Christian presence in every parish, including appropriate housing; also including support for communities across the Diocese through school, university, hospital and prison chaplaincies
- to provide resources for people of all ages and at all stages of their spiritual journey to grow in understanding of the Christian faith
- to support and enable the work of the Southwark Diocesan Board of Education (SDBE), establishing and maintaining contacts with universities, colleges and schools
- to engage actively in local debate and ensure that Christian voices are heard in all areas of public life
- to support and strengthen the Church's work for the common good, including resources and support for God's bias for the poor, through care for Creation and through interfaith dialogue. This includes direct financial support for, and board membership of, Welcare, a charity aimed at families needing support. In addition, the Diocese provides direct financial support for, and board membership of, Together Southwark, which is aimed at alleviating poverty through development projects and which, until the end of 2020, was supported financially by the Church Urban Fund; from 2021, the Diocese will become sole corporate trustee.





Top, from left: the Revd Joshua Rey, Bishop Christopher, the Revd Vanessa Elston, Fleur Anderson, MP for Putney, Bishop Jonathan and Bishop Richard join a Christian Aid prayer vigil outside the Houses of Parliament on 11 March, calling for action on climate change. Bottom: Bishop Christopher licenses new priests over Zoom in the first virtual licensings in the history of the Diocese.

Southwark Vision 2017-25 and strategic objectives

Southwark Vision

From the Archbishop of Canterbury's Charge given to Bishop Christopher in 2011, the Diocese of Southwark has been on a journey of discernment towards a shared vision, Southwark Vision, which has been brought together from the themes and agreed outcomes described in the *Strategy for Ministry* final report adopted by Synod in November 2015, and *Hearts on Fire Vision for Mission*, with its commitment to the Five Marks of Mission and the five strategic objectives adopted by Synod in March 2016. These two documents together explain the detailed thinking behind the summary of our Diocesan Vision. In all we do we aim to be Christ-centred and outward-focused.



Objective One

To grow average weekly attendance by 5% by 2025, partly through having each church develop a high-quality Mission Action Plan (MAP) which includes a course for evangelism and discipleship.

The traditional measures of church attendance in the Church of England, such as usual Sunday attendance (uSa), continue to be collected and overall show an ongoing decline. However, the Diocese of Southwark is showing positive signs of starting to halt this decline. An increase in the Worshipping Community measure (those who consider themselves to be a full part of a church community) is particularly encouraging.

The latest figures, below, relate to 2019.

- The Worshipping Community in Southwark churches was 55,824, an increase of 7% since 2015 (Church of England comparison is a decline of 3%).
- The usual Sunday attendance (uSa) at Southwark churches was 31,623 adults and children, a decrease of 6% since 2015 (CofE comparison is a decline of 9%).
- On average, 38,213 people attended weekly services in Southwark churches, a decrease of 6% since 2015 (CofE comparison is a decline of 12%).
- On average, 6,548 children and 1,598 adults a week attended services for schools in Southwark churches, increases of 36% and 55% respectively (CofE comparison is increases of 8% and 4%).
- From 2015 to 2019 weddings in Southwark churches declined by 34% from 902 to 586 (CofE comparison was a 34% decline).
- In the same period, funerals in church declined by 2% and funerals taken by CofE ministers in crematoria by 41% (CofE comparison is declines of 15% and 33%, respectively).
- In total, 2,450 funerals were taken in Southwark in 2019, and 2,850 adults and children were baptised.

Objective Two

By 2025, to increase the number of worshipping communities with a primary focus on areas of population growth through investment in Fresh Expressions of Church (fxC) in the areas where the data suggests the existing congregations are increasingly unrepresentative of the resident community and therefore unlikely to be successful in reaching them without intentional intervention.

In 2019 we were encouraged to report that we had 78 new fxCs attended by some 2,890 people (1,240 children and 1,650 adults). These were found across the full range of Church traditions and, while many were Messy Churches, two-thirds were other types of fxCs.

As COVID-19 has had such an impact on these communities in particular, we are currently undertaking a full review on whether, and how, these fxCs are likely to continue and it is encouraging that anecdotal evidence is suggesting that many are paused rather than stopped completely.

Objective Three

To grow a financial resource base that allows investment in growth for the future. Key measurables include: annual financial surplus; working financial reserves equivalent to three* months' operating costs by 2020 (*revised in 2019); 1% of Diocesan turnover annually dedicated to major Diocesan ministry and mission projects beginning in 2016, rising to 2% by 2020.

2020's results were better than expected, helped by the resilient performance of the Parish Support Fund and parochial fees. We also received a £600,000 sustainability grant from the

Church Commissioners and benefited from the boom in the London property market at the end of the year with one good sale. Cuts were made to Diocesan office positions and budget while still keeping mission and ministry needs uppermost and a tight rein on expenditure. Property costs were lower due to the complete lockdown at parts of the year.

Regarding financial resilience and resources, the effect of the pandemic meant that the Diocese did not achieve its free reserves target in 2020 (target £5.9m, achieved £5.1m). The Diocese has £45.2m (2019: £45.8m) in designated funds and £138.0m (2019: £140.7m) in expendable endowments. Free reserves are expected to fluctuate owing to investments in improving and maintaining properties.



The Venerable Dr Rosemarie Mallett being installed as Archdeacon of Croydon.

Objective Four

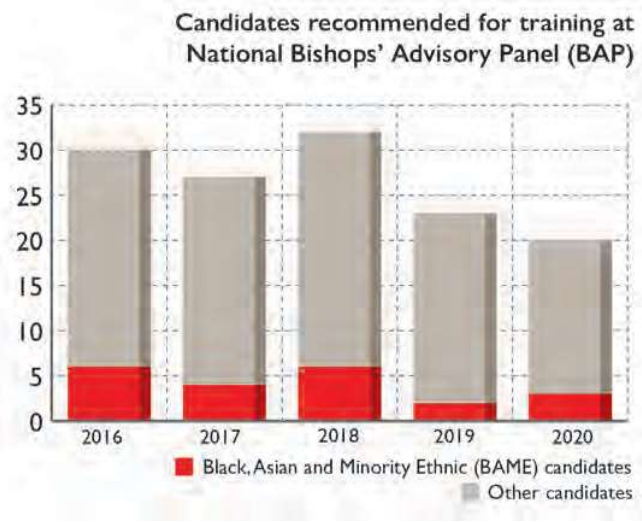
To grow the number of ordained and lay vocations by 50% by 2020 by enabling and discerning ordained ministers; by expanding opportunities for licensed and commissioned lay leadership; by affirming and growing other forms of lay ministry (for example, worship leaders, family and youth leaders, and spiritual directors); to offer relevant and enriching training; to create networks of support and celebration which reflect the diversity of the Diocese, and our commitment to evangelism and discipleship; and to deliver fully integrated and pioneering church growth and Fresh Expressions of Church.

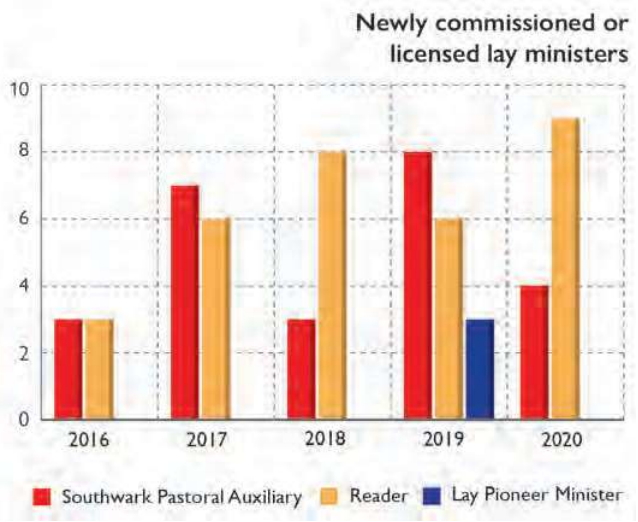
- The original target for increasing ordained vocations was achieved in 2018 (50% increase) and has continued to increase.
- For licensed and commissioned lay leadership and ministry we have launched the Lay Council and undertaken some restructuring internally to provide a greater focus on the expansion of lay ministry and opportunities for post-licensing development with clergy and lay ministers together.
- There is much work to be done and we are seeking to increase existing ministries as well as to develop new commissioned lay ministries such as pioneer lay ministry and children's and families' workers. This will commence in September 2021.
- We are also seeking pathways to new licensed ministries such as licensed pioneer and suitably qualified Southwark Pastoral Auxiliaries (SPAs).
- The latest data is shown on page 15.

Objective Five

By 2025, to grow leadership and representation that reflects the rich diversity of our Diocese and especially focusing where the data suggests groups are currently under-represented: through ethnicity, age (especially 18-40), educational opportunities, material well-being, or tradition.

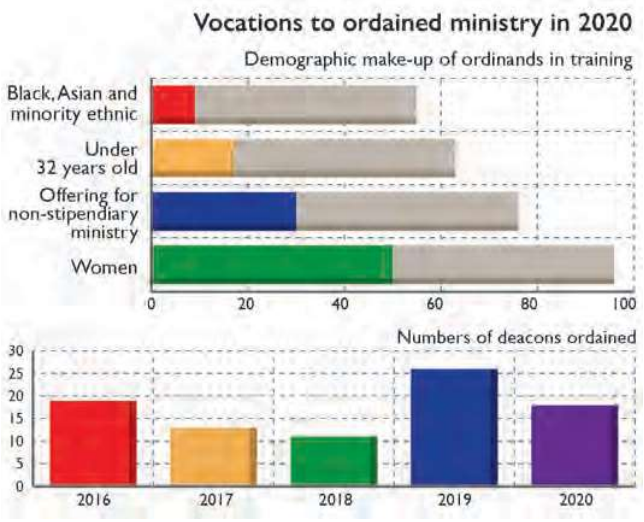
A huge amount of work is being undertaken to ensure that our ministers reflect the communities they serve. The ethnic background of clergy in senior pipeline roles is changing slowly but has not seen significant change in the past five years. We do, however, have a UKME (United Kingdom Minority Ethnic) Area Bishop and a UKME Archdeacon.

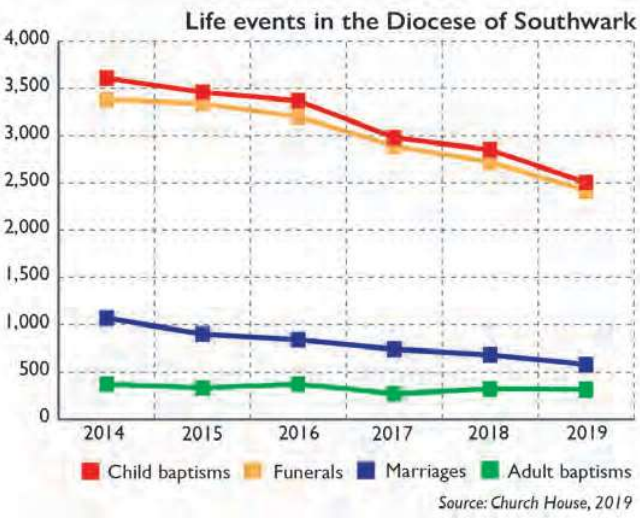




Progress made towards achieving 2020 objectives

2020 objectives	Progress made
To achieve a balanced budget within 1% of annual turnover.	Achieved with support of the Church Commissioners.
To maintain investment in Southwark Vision and Synodical initiatives.	Achieved.
To control costs on a baseline budget of 1% increase in the Parish Support Fund (PSF).	Achieved controlled costs beyond expectations in an exceptional year.
To continue to build reserves in line with reserves policy.	The long term plan remains but not possible given COVID-19.
To join the Parish Giving Scheme (PGS).	Achieved. Delayed by COVID-19 but successful pilots took place in summer 2020 and launched by year end.
To serve parishes well by providing opportunities to increase giving, including contactless giving, PGS, dedicated resources, and engagement with national initiatives.	Achieved. Good practice encouraged, contactless devices available, significant support for parishes during the pandemic, new Generous Giving Advisor funded by National Church.
To encourage renewed energy for the PSF.	Achieved. Extremely successful in pandemic year. Consistent communication and encouragement for specific parishes where needed during pandemic.
To encourage deaneries to share good practice and develop Deanery Leadership Teams (DLTs).	Full roll-out of DLTs and deanery development delayed by COVID-19 but a number of successful deanery initiatives took place during the year.
To provide for direct giving for Southwark Vision, including the Fairer Shares "arrears" policy.	A variety of gifts were received in 2020 but collection of Fairer Shares arrears was impacted by COVID-19.
To launch the first six projects of the second round of funding from the Strategic Development Fund (SDF) and complete submission for a further six.	Achieved. The first six projects launched but the Diocese not submitting for a further six.
To successfully embed the Lay Council to develop affirmed lay ministry opportunities, and to reinvigorate existing, and develop new, commissioned and licensed ministries.	Achieved. Embedding successfully with new lay ministries emerging.





Progress made towards achieving 2020 objectives

2020 objectives	Progress made
To implement Diocesan action plan for Turning up the Volume.	In progress.
To establish and launch a clear strategy for pioneer ministry.	Achieved.
To deliver mandatory Past Cases Review 2.	Started in September 2020. Timeline impacted by COVID-19 lockdown.
To maintain focus on the prevention of harm to vulnerable groups in our worshipping communities.	Achieved, and always ongoing.
To implement the move to cloud-based IT systems following review.	Achieved.
To discontinue proposed Blue Box installation following review and develop in-house property management system.	Achieved.
To continue move to online recording of parish information.	In progress. Parish Information Review implemented. Online PSF pledge system in place.
To launch communications strategy to meet needs of our diverse Diocese.	Linked to lay leadership and lay ministry initiatives.
To design and launch new website.	Completed just after year end (February 2021).
To review and relaunch Diocesan newspaper *The Bridge*.	Achieved.
To complete parsonage condition surveys, develop five- and 10-year maintenance plan and plan reintroduction of quinquennial inspections for parsonages.	Impacted by COVID-19; to be completed in 2021.
To progress measure to combat knife crime collaboratively with other Dioceses and partners.	Work in progress; partnership with Synergy Network achieved.
To agree priorities for Eco Diocese.	In progress.

Other activities and achievements in the year

The activities of the SDBF come in the context of Southwark Vision which developed from earlier Strategy for Ministry and Hearts on Fire reports and the strategic objectives provide additional context for the annual objectives, many of which are operational.

The Christian presence

In the year of the pandemic the Diocese raised £16.0m through voluntary contributions to the Parish Support Fund (PSF) to fund mission and ministry across the Diocese.

Ministry and discipleship

- The Diocese deployed Strategic Development Fund money from the Archbishops' Council to develop 40 new Fresh Expressions of Church (fxC) in 2020, in addition to the grants we gave to new and existing fxCs. Since 2016, 102 fxCs have been verified in the Diocese; even in the pandemic 49 have continued to be live during 2020 (92 have indicated that they will restart after restrictions have lifted). With the new grants there are 141 fxCs in total, exceeding the 100 fxCs we expected by the end of 2020.
- The work of embedding the Lay Council continued to provide the foundation for the development of existing and new lay ministries at affirmed, commissioned and licensed levels.
- Bishop's Advisory Groups were established for Readers and SPAs, the two existing authorised lay ministries at licensed and commissioned levels, and the Southwark Diocesan Board of Readers and Southwark Pastoral Auxiliary (SPA) Council were brought to a close.
- SPAs are a highly valued commissioned ministry, but in 2020 we began plans to also offer the Bishop's licence to particular individuals. Wendy Stephens was the first SPA to be licensed by Bishop Christopher in this way.
- Plans to affirm pastoral ministry in particular were developed, together with plans for commissioning children's and family workers and extending training pathways for commissioned lay pioneers.
- 18 deacons were ordained to serve in parishes across the communities of the Diocese.
- Nine Readers were licensed and five SPAs commissioned.
- The numbers of Southwark-run short courses fell in 2020 owing to the pandemic. However, attendance stabilised over the course of the year as online training came on stream, with the Bishop's Certificate and courses on preaching and spirituality holding up particularly well with their new online presence.



Mission and evangelism

In 2020, the two departments with responsibility for The Five Marks of Mission (Mission and Evangelism, and Justice, Peace and Integrity of Creation) were reorganised into one, creating a framework for a holistic missional approach.

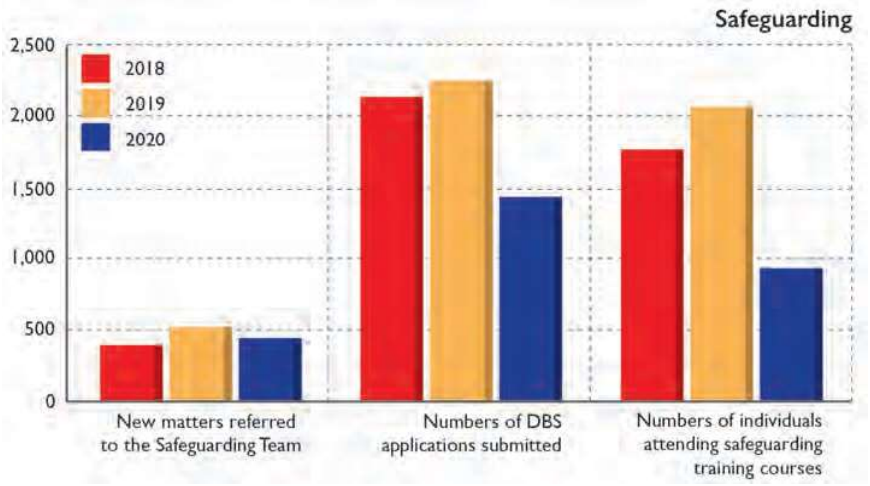
The activities of the two departments in the year included:

- supporting Thy Kingdom Come, the global prayer initiative, with printable resources and videos
- dedicated COVID-19 Mission Action Planning sessions
- supporting children and youth workers with (before lockdown) a networking lunch for paid workers and (after lockdown) Zoom sessions
- continuing the work of the Woolwich Youth Forum with 13 sessions attended by 35 young people
- contributing to the work of the Synergy Network, which in December launched a new website aimed at tackling youth knife crime
- helping Southwark work towards becoming a Bronze Eco Diocese. Between November 2019 and November 2020, the number of churches registered as Eco Churches went up from 69 to 108. In the same time period, Bronze awards went up from nine churches with awards to 19, and Silver went up from four to six.

In addition:

- the Children and Youth team delivered 10 courses catering to a total of 207 attendees
- Together Southwark co-ordinated the work of Lunchbox Library, a service offering hot meals to children in the school holidays. In 2020, the service supported 487 children with 12,105 meals.

Safeguarding



- During 2020, with churches closed for much of the year, there was a decline in safeguarding concerns from parishes.
- Safeguarding training courses were initially suspended during lockdown but later in the year, either in person or remotely, 931 people attended. These safeguarding training courses were delivered in line with the evolving national safeguarding learning and development framework.
- There was a 15% decrease in new matters referred to the Diocesan Safeguarding Team during 2020, down to 441 in 2020 from 516 the previous year.
- 1,425 online Disclosure and Barring Service (DBS) applications were made in 2020.
- The Diocese successfully started the past cases review (PCR2), a national requirement to review historical safeguarding cases.
- 2020 also saw the publication of the IICSA report into the Church of England which has recommendations which will impact Dioceses as the Church consults on changes to safeguarding policies.

In addition, the DBF (DCT):

- ensured that there was adequate safeguarding resourcing in the Diocese in accordance with the instructions of Diocesan Synod, with an increase in Assistant Diocesan Safeguarding Adviser resource
- ensured that there were clear lines of accountability between the Diocesan Bishop and key Diocesan staff, including the Diocesan Safeguarding Adviser
- ensured safer recruitment and training of any church officers working with children, young people and/or vulnerable adults employed by the DBF.

Other activities

Grants and funding

- The Diocese successfully applied for a £600,000 sustainability grant from the Church Commissioners

Other activities and achievements (continued)

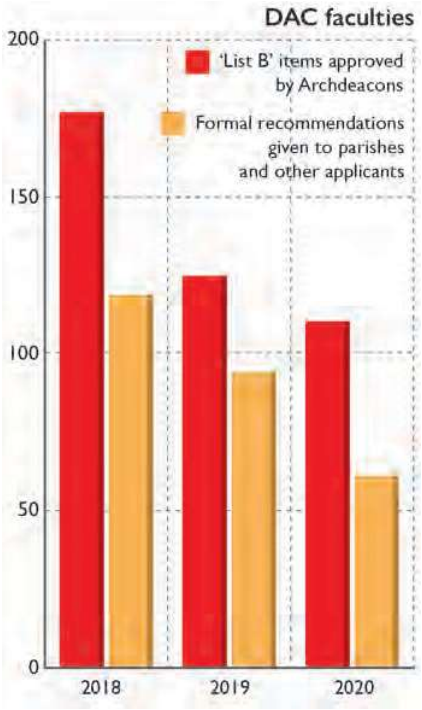
in light of the pandemic.
- The Diocese continues to recruit to fill posts paid for through the six Strategic Development Fund (SDF) projects in the Diocese, which will also enable us to consider how to replicate growth and development across the Diocese.

Personnel

- The Diocese paid the stipends of 292.5 full-time equivalent incumbents, curates and other clergy, based primarily in parishes.
- As part of the Diocese's ongoing human resources (HR) advisory service, during 2020 there were at least 219 enquiries. This was a significant increase on previous years as a direct consequence of the Coronavirus pandemic, with parishes seeking advice about the effects on their paid staff, including furlough arrangements, and in some cases issues about redundancy. Advice and updates about furlough was also provided through the Coronavirus Task Group bulletins. There were seven cases requiring longer-term support to parishes.

Buildings and pastoral

- During the year, the Diocesan Advisory Committee (DAC) gave 61 formal recommendations to parishes and other applicants, and 110 "List B" items were approved by Archdeacons after consultation with the DAC.
- 2020 was the first year in which Committee members participated in DAC virtual "visits" (by video-conferencing), in addition to



continuing to offer some in-person site visits where possible. The DAC worked with parishes seeking speedy advice and permissions in response to COVID-19, for example to install fixed live-streaming cameras and audio-visual equipment in church buildings or to make modifications to church entrances to enable safe use through one-way systems.
- Responding to General Synod's February 2020 environment motion to work towards Net Zero Carbon by 2030, the DAC has been giving guidance on churches' proposals such as roofing insulation, heating and lighting. There are now 55 churches who are registered members of the 100% green electricity Energy Basket provided by the Parish Buying service.
- Staff also assisted parishes in applying for grant funding, including from the Government's Culture Recovery Fund (where six churches obtained a total of £348,445), and from Marshall's Charity (three churches received £37,000 between them).
- Despite the lockdown we completed three new units of accommodation in Southwark and Lewisham & Greenwich Archdeaconries, creating more accommodation, particularly for curates.

Communications

- Bishop Christopher established the Coronavirus Task Group, whose members comprised himself, the Dean of Southwark, the Archdeacon of Lewisham & Greenwich, the Diocesan Secretary and the Director of Communications. The CTG provided advice and support to clergy and parish officers throughout the pandemic, with more than 35 bulletins being sent by the Communications Department.
- The Communications Department also provided technical support to parishes taking their services and other communications online. In parallel, the Digital Communications Group was established to further develop the Diocese's digital presence, particularly during the lockdown.











Top left: volunteers at Christ Church, Gipsy Hill prepare to deliver care packages Above left: cloth laid out ready for cutting as part of St Mary, Putney's initiative to sew scrubs for NHS workers. Top right: deacons at their 2020 ordinations in Kingston Episcopal Area. Centre right: Croydon ordinations. Below right: Woolwich ordinations.

Volunteers

Volunteering, particularly at food banks and in pastoral ministry, flourished during 2020. The service provided to a community through church volunteering has a significant impact on people's relationships with the Church, particularly at times of crisis. Enabling the Church to flourish enables volunteering to flourish. National figures show that some 88% of churches in the Diocese were involved in some form of social action in 2019 (the most recent year for which data is available), compared with a national figure of 77%. During the same time frame, 67% of Southwark churches ran at least one social action project, against a figure of 51% nationally.

Related parties

These include:

- the Archbishops' Council (Charity No 1074857), from which the SDBF receives grants and to which the SDBF pays a donation based on an apportionment system for funding national training of ordinands and the activities of the various national boards and councils, including General Synod. The Chair of the House of Laity is a Trustee
- the Church Commissioners for England (Charity No 1140097), from which the SDBF receives grants and which acts on behalf of clergy with HM Revenue and Customs. The SDBF pays for clergy stipends through the Church Commissioners
- the Church of England Pensions Board (Charity No 236627), to which the SDBF pays retirement benefit contributions for stipendiary clergy and employees and makes contributions towards the provision of housing for clergy in retirement
- the Southwark Diocesan Board of Education (SDBE), a separate registered charity (No 313001) to which the SDBF makes grants. The SDBE supports 106 Church of England schools; 91 are Primary Schools and 15 are Secondary Schools, of which one is an All-Through School and five are Academies. The SDBE supports the provision, effectiveness and development of education in all Church of England schools within the Diocese. It specifically seeks to develop the Christian ethos and distinctiveness of Church schools; to promote religious education and collective worship; and to advise School Governors and Trustees and support the maintenance and improvement of school buildings and facilities. The SDBE also supports the provision of chaplaincy in higher and further education institutions. The SDBF makes a grant to the SDBE and has pump-primed specific initiatives. The Bishop of Southwark is President of the SDBE, whilst the Rt Revd Jonathan Clark, Bishop of Croydon, and the Venerable Dr Jane Steen, Archdeacon of Southwark, are trustees
- SDBE Multi Academy Trust, which is an exempt charitable company (No 10385920). The SDBF has made a specific grant through the SDBE to underpin the development of the Multi Academy Trust (MAT). The SDBF is a member of the MAT and is represented through the Diocesan Secretary. As a member, the SDBF is entitled to nominate one-third of the directors of the MAT
- Southwark Diocesan Welcare (Welcare), a separate registered charity (No 1107859) to which the SDBF makes a grant. Welcare is a Christian charity working in South London and East Surrey with disadvantaged children and families, irrespective of faith, culture, abilities or life choices. By offering family support, mentoring services and group work with parents and children, Welcare empowers families to rebuild their lives and family ties, helping parents to give their children happier, more confident childhoods. Mrs Anne Coates and the Diocesan Secretary Ruth Martin were Diocesan-nominated trustees in 2020, and in addition the Venerable Moira Astin, Archdeacon of Reigate, is an independent trustee
- Southwark Cathedral, a charity exempt from registration with the Charity Commission to which the SDBF makes a grant. It is the seat of the Bishop of Southwark, and services and special events are held at the Cathedral that are paid for by the SDBF
- Together Southwark (Charity No 1153362), elected to promote the alleviation of poverty and relief of financial hardship among children, young people and vulnerable families, which is partly funded by the SDBF. The Rt Revd Karowei Dorgu, Bishop of Woolwich, the Venerable Dr Rosemarie Mallett, Archdeacon of Croydon and Chair of the House of Clergy, and Adrian Greenwood, Chair of the House of Laity, are trustees.



Pupils from Archbishop Tenison's School in Croydon volunteer during lockdown.

Transactions with related parties are identified in appropriate places throughout the financial statements. Where materiality of the transactions merits more detailed disclosure, this is given in Note 27 to the financial statements (see page 81).

Future plans

It is planned that there will be a Diocesan deficit until the end of 2023, with the deficit in 2021 reducing by the end of 2022 and the potential for a balanced budget by the end of 2023. It is essential to make further progress towards stronger cash reserves. The Diocese will continue to review its investments in funds closely, particularly in considering further movement from UK equities towards global equities.

2020 was a very unexpected year. Although the Diocese has had to review its future plans in light of the COVID-19 pandemic, it is still committed to focusing on growth through Southwark Vision, and on seeking to work towards its strategic objectives: that, by 2025, there will be growth in numbers and in discipleship as we journey along together. The continuing investment in the projects around the Diocese that are part-funded by the Church Commissioners' Strategic Development Fund will be sources of replication and learning.

Going forward, as churches develop recovery plans post-pandemic, the long term may see deeper structural change in the Church nationally. However, the Diocese remains committed to maintaining the maximum possible number of stipendiary clergy and supporting parish structures, whilst also innovating with new forms of ministry including lay and ordained pioneer ministry and authorised lay ministry such as children's and family workers.

This is part of our strategic deployment vision, which sees increasing flexibility as we also continue to strive for two-thirds of parishes financially supporting one-third, rather than the other way round as at present. The Diocesan giving strategy will continue to be key.







Clockwise from above: a team from St Mary, Lewisham help build the church's therapeutic garden; the Revd Andy Dovey, Lead Chaplain for Croydon Health Services, holds an Angels of the Nation statue. This was an award given to relatives of those who died in the pandemic; Readers are licensed in Southwark Cathedral.

The Diocese is also continuing its focus on diversity, seeking to ensure that the leadership reflects the communities we serve, especially any unrepresented groups. We are also seeking to build on the significant increase in volunteers working in pastoral ministry in communities served by our parishes.

During 2020, two reports from the National Church on lay leadership and lay ministry, *A Vision for Lay Ministries* and *Kingdom Calling: the Vocation, Ministry and Discipleship of the Whole People of God*, will contribute to the developing work of the Lay Council in the years to come. In addition, our restructured departmental organisation will provide opportunities for new learning and training initiatives, including lay and ordained colleagues together. Plans also include a focus on curates with a review in the medium term of their training, placements and provision, taking into account developments in a national review of provision.

Developing our integrated databases, and innovating with new forms of communication and "mixed mode" events, will continue to be a priority.

COVID-19 has had a major impact on our Diocesan schools, and the Southwark Diocesan Board of Education (SDBE), which receives its core funding from the Diocese, will continue to be an important focus for our work with families and schools including the Growing Faith initiative.

Continued on page 24

Future plans (continued)

In 2021 we plan to:

- encourage parishes to develop COVID-19 Mission Action Plans that address our commitment to being Christ-centred and outward-focused, and seeking to encourage the ongoing development of Deanery Leadership Teams for mission
- launch the Diocese's Anti-Racism Charter and further commitment to supporting and sustaining ministry for ethnic minority communities, including those arriving from Hong Kong. This will also include work to systematically gather and review data to chart progress, mindful of the Black Lives Matter movement
- create training pathways to develop effective ministry in urban estates, expected to include new training approaches for lay pioneers
- continue to focus on the delivery of Southwark Vision which includes cultural changes to encourage diversity and innovation within the parish and deanery structures
- review parishes whose pledge to the Parish Support Fund is not covering their ministry costs, in order to move towards two-thirds of parishes supporting one-third where self-financing is not possible. This will link closely with our renewed giving strategy, especially the building up of the Parish Giving Scheme and the communication of the principles of informed generosity in our "new normal" post-pandemic context
- develop plans for a "quinquennial" conference in 2022 which for the first time will be non-residential and combine ordained and licensed lay ministers, as we celebrate being together again in events which can also include some mixed-mode attendance for those unable to be present
- develop initial plans to consider long term the challenge of "carbon net zero", the launch of the Diocesan Environment Policy and continued work towards achieving Eco Diocese bronze status
- implement safeguarding reviews, including any actions from the Past Cases Review 2 (PCR2) and the Independent Inquiry into Child Sexual Abuse (IICSA) report
- launch the new Diocesan website, with renewed digital and social media communication whilst also recognising the significance of hard copy and live communication and presentations as the Diocese journeys together, speaking well of each other through difference and diversity.







People in the Diocese enjoying online worship during the first lockdown.

In addition, there will be a focus on growth and developing fruitful churches, including the implementation of the Strategic Ministry Deployment Vision with:

- continued investment from SDF funding providing opportunities for replication plants, for example St Matthew's at the Elephant
- an ongoing commitment to supporting our deprived communities, including 25 new worshipping communities on estates such as Thamesmead
- a review of parishes with usual Sunday attendance (uSa) of fewer than 50 adults to identify potential ministry and mission initiatives, including the use of pioneer ministry
- the implementation of our policy on "hub" and "resourcing" churches which will use innovative, flexible approaches to help grow, sustain and support local ministry, particularly as we aim for more pioneering ministers (both lay and ordained)
- development of new authorised ministries at commissioned level, particularly for those who work with children and families, and opportunities for affirmation at the local level in our communities, particularly in pastoral ministry.

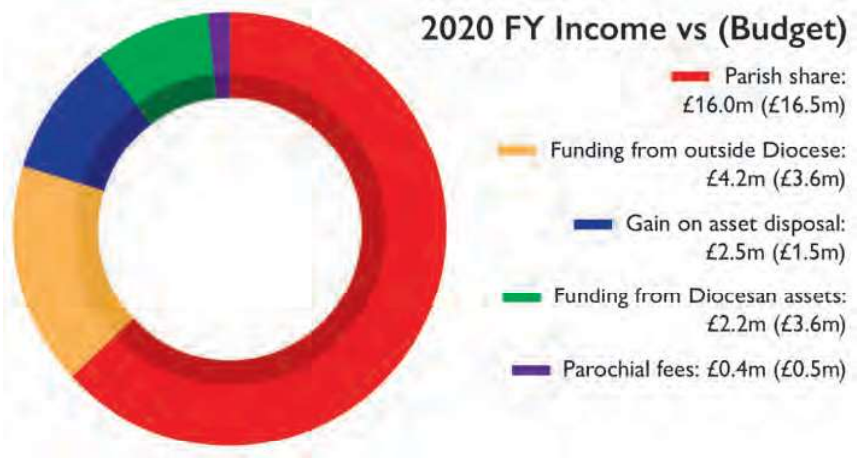
Financial review

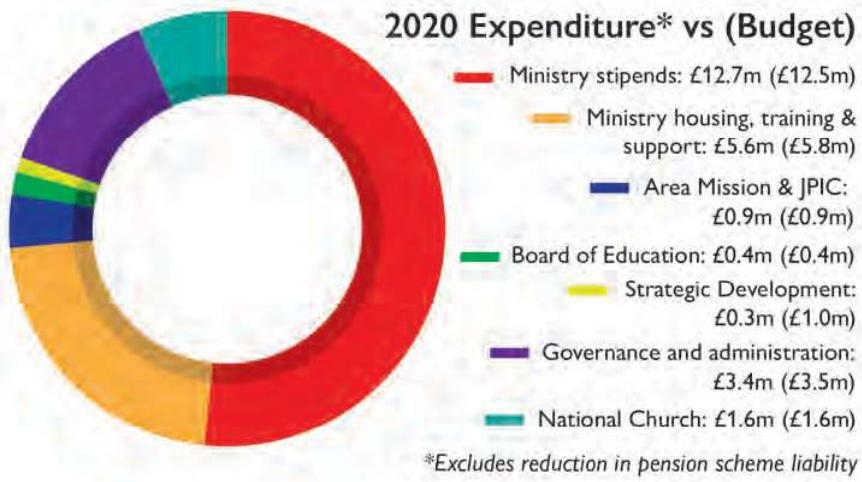
Financial performance

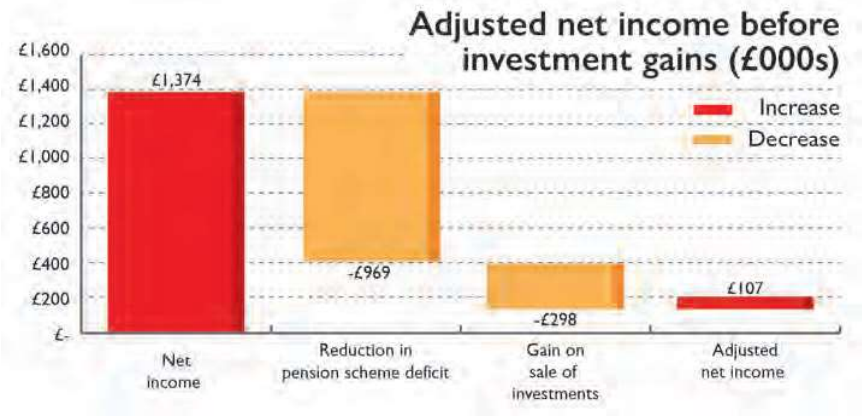
A surplus of £1.4m (2019: £3.9m) inclusive of gains on the disposal of investment funds and £1m on the reduction in pension liabilities was generated before revaluation, investment gains or losses. The result far exceeded the forecast made at the depth of the Coronavirus pandemic in April 2020 and is due to several factors: a redundancy programme in June 2020 resulted in the loss of six posts and a further three vacancies going unfilled; close monitoring of costs resulted in actual expenditure for the year coming in lower than budget; a £0.6m Sustainability Grant from the Archbishops' Council for COVID-19; the sale of three properties, which had been identified for disposal in the 2020 capital budget, all of which sold well; and from the reduction in pension liabilities of the Church of England Funded Pension Scheme of £1.0m (2019: £4.2m).

The increase in the value of Board and Diocesan Stipendiary Fund property of £0.4m (2019: £1.7m) was insufficient to offset the reduction in value of the investment portfolio of £4.6m (2019: £2.8m increase).

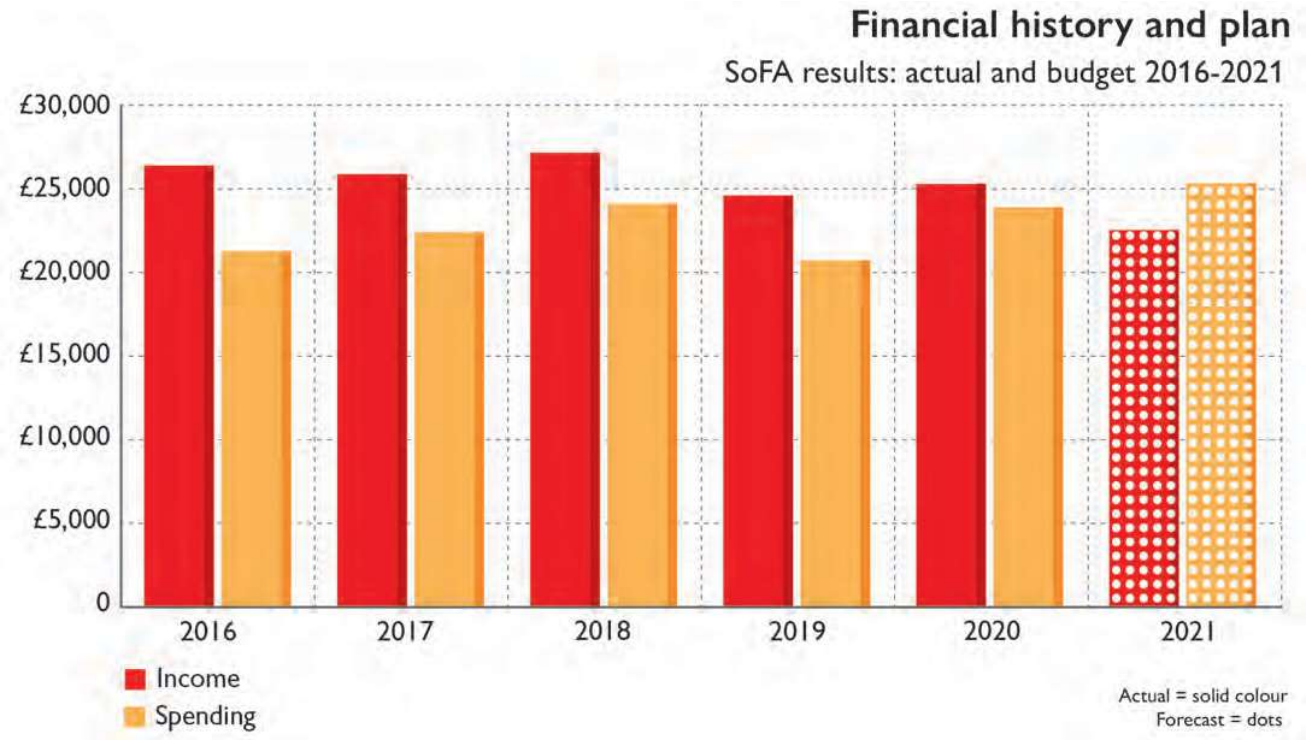
The donations made by parishes through the Parish Support Fund (PSF), which is the name of our parish share scheme, are our principal source of income. The generosity of our parishes has been magnificent. Income from the PSF in 2020 was £16.0m (2019: £16.4m). The collection rate for 2020 fell to 96.7% from 99% in 2019. The result is even more striking when set in the context of the mandatory closure of churches during the first lockdown from March to June 2020 and, from March 2020 onwards, significant reduction in letting income for parishes with halls. Grants from the Archbishops' Council increased due to the Sustainability Grant







Financial review (continued)



awarded in recognition of the steps taken by the Diocese to mitigate the effects of COVID-19 and to its very low level of historical assets. Other donations increased to £1.8m (2019: £1.6m), owing to an increase in the grant from the Trust for London and to a number of donations from parishes in excess of their agreed PSF pledge.

Income from charitable activities fell to £1.1m (2019: £1.4m), due principally to the significant fall in income from the Diocesan Retreat House because of the pandemic. Investment income fell to £1.9m (2019: £2.4m) due to the pandemic. UK equity income funds were particularly badly affected, and Government-imposed changes to protect tenants during the pandemic negatively affected both the number of properties available for rent and the rent achieved.

In addition to gains from the disposal of properties of £2.0m (2019: £1.6m), which are the result of the ongoing programme of disposing of properties not suitable for missional needs, gains of £0.3m (2019: £nil) were realised on the sale of investments. However, these proceeds were reinvested in other funds.

The receipts from property sales are used to purchase more suitable properties, build more suitable accommodation, or substantially refurbish parsonage houses when they fall vacant. During the year, work was completed on the conversion of a very large parsonage into three properties: a more manageably sized parsonage and two three- bedroom apartments for missional use or commercial let.

The reduction in costs is a result of proactive steps taken during the middle of the year to reduce staff numbers, a continuous examination of all areas of cost, and a fall in the deficit of the Church of England Funded Pensions Scheme for clergy.

The pandemic in general, and the first lockdown in particular, resulted in vacancy works not proceeding at the pace or in the quantity of previous years

Financial review (continued)

and this had a positive impact on costs in the year.

The amount spent on administration as a proportion of the total gross expenditure of the SDBF amounted to 8.2% (2019: 7.5%). This expenditure continues to be monitored rigorously. It is comparable to other Dioceses and other charities of a similar size and complexity.

The value of investments fell by £4.6m (2019: £2.8m increase) with UK equity income funds being especially badly affected. Net sales of investments during the year were £0.2m (2019: £nil). During the year £4.5m (2019: £nil) of funds were sold and the proceeds reinvested to increase diversification. Further detail on the investments and their performance can be found in the investment policy section on page 28.

This year we have separately disclosed impairment write-downs for greater transparency. Previously they have been included in the gains on revaluation of fixed assets. It is a non-cash item and is taken at a point in time. Properties are held for the long term and our experience has been that the sale price exceeds the carrying value of the asset.

The capital value of properties rose by £1.8m (2019: £2.6m). The overall increase reflected a stronger than expected London property market. Following the decision taken by the Trustees in 2016 whereby properties other than benefice houses were to be valued on a five-yearly cycle, one-fifth (20%) of the portfolio was revalued during the year by the SDBF's appointed firm of chartered surveyors, and the average change in the value of the properties revalued was applied to the remainder of the portfolio.

Overall, funds on the balance sheet fell by £2.9m (2019: £8.4m increase).

Significant property transactions

A summary of property transactions that took place during the year is shown in the table, right. Expenditure on property development and improvements continue to take place, both to increase the number of units available for curates and other church workers and to ensure that parsonage houses are fit for purpose. This is in line with our property strategy endorsed by Diocesan Synod and to support Southwark Vision.

	2020 Number	2020 £'000	2019 Number	2019 £'000
Purchases:				
Parsonage	-	-	1	828
Board	-	-	2	1,070
Total	**-**	**-**	**3**	**1,898**
Property development and improvement:				
Parsonage	12	602	28	3,309
Diocesan Stipendiary Fund	3	100	4	363
Board	2	232	3	92
Total	**17**	**934**	**31**	**3,764**
Completed development projects:				
Parsonage	-	-	1	1,407
Diocesan Stipendiary Fund	3	844	-	-
Total	**3**	**844**	**1**	**1,407**
Sales at book value:				
Parsonage	1	409	4	1,980
Diocesan Stipendiary Fund	1	909	-	-
Board	1	511	4	3,488
Total	**3**	**1,829**	**8**	**5,468**

Financial review (continued)

During the year work was completed on the sub-division of two parsonages to create three additional units of accommodation.

Our policy continues to be:

- to accommodate the changing geographical deployment of clergy within the Diocese
- to realise the development/ refurbishment potential in some properties to enable more effective use of funds for the ministry of the Church and to house curates
- to replace unsuitable properties to ensure that each parish/benefice has a benefice house.

Under the Mission and Pastoral Measure 2011, the Diocesan Pastoral Account is available for the purchase and/or improvement of benefice houses. To the extent that any remaining funds are not required, or are not likely to be required, for these purposes then the Account may be applied to any general purpose of the SDBF. The policy of the SDBF is to use the Account for exceptional property expenditure and for property staff costs where they are principally engaged in the purchase, sale and maintenance of the property portfolio but not to use it for routine property administration and maintenance.

Balance sheet position

During 2020 the SDBF borrowed £2.3m from the Church Commissioners. The loan has been repaid in full after the balance sheet date. The borrowing from HSBC at Streatham Hill Saint Margaret has been refinanced due to delays in obtaining planning permission. Once permission has been granted the site will be sold and the loan repaid.

The Trustees consider that the balance sheet, together with details in Note 21 (see pages 74-75), 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. The net assets at the balance sheet date totalled £289.1m (2019: £292.0m). Included in this total are properties, mostly in use for ministry, whose value amounted to £268.9m (2019: £269.0m).

Reserves policy

Free reserves

Free reserves are the total of the unrestricted General Fund. Having considered financial risk, liquidity requirement and the timing of cash flows throughout the year, the Trustees reviewed and amended the policy in 2019. The Trustees' policy was gradually to grow working financial reserves in the General Fund such that it was equivalent to three months' budgeted unrestricted expenditure by the end of 2020, with an aspiration to achieve six months' budgeted unrestricted expenditure by the end of 2025.

At 31 December 2020, the amount required under this policy totalled £5.9m (2019: £6.1m). Actual free reserves as at 31 December 2020 totalled £5.1m (2019: £6.8m).

Reserves invested in fixed assets

The General Fund comprises net assets amounting to £5.1m (2019: £6.8m), of which £2.9m (2019: £3.3m) is invested in tangible fixed assets, principally freehold and leasehold property, and a further £2.5m (2019: £3.5m) is held in pooled fund investments.

Designated funds

The Trustees may designate additional unrestricted reserves to be retained for an agreed purpose where this is prudent. Such designated reserves are reviewed on an annual basis and returned to the General Fund if the purpose of their designation is no longer considered to be adequate justification for their retention.

A description of each reserve, together with the intended use of the reserve, is set out in Note 22 (see page 76). At 31 December 2020, total designated reserves were £45.2m (2019: £45.8m). The policy of the Trustees is to gradually return as many of these funds as possible to the General Fund.

Restricted and endowment funds

As set out in Note 21 (see pages 74-75), the SDBF holds and administers a number of restricted and endowment funds. As at 31 December 2020, restricted funds totalled £2.9m (2019: £3.5m) and endowment funds totalled £235.8m (2019: £235.9m). Neither are available for the general purposes of the SDBF.

Grant-making policy

The Articles of Association of the SDBF allow for the making of grants in pursuance of its objects. The grants made in the current and previous year

Financial review (continued)

are disclosed in Note 12 (see pages 62-63). All grants are made from budgets set aside for specific purposes and are subject to authorisation policies and criteria.

Investment policy

The SDBF is permitted by its Articles of Association to make investments. Note 21 (see pages 74-75) provides details of the assets of each fund, together with the related purposes. Note 16 (see page 69) summarises the movements in investments during the year. The investment principles were reviewed towards the end of 2018.

With most of its capital assets in residential housing, the focus of the Trustees is on the selection and review of investment funds to provide additional income to the Diocese whilst aiming to maintain the inflation-adjusted value of capital. The investment policy and principles in this align with the property strategy and Southwark Vision 2017-25.

The Trustees' investment policy is:

- to pursue an ethical investment policy. The Trustees are committed to following the ethical and climate change investment guidelines laid down by the Ethical Advisory Group of the National Investing Bodies of the Church of England
- not to invest directly but through collective investment vehicles
- to seek the best economic returns consistent with commercial prudence following the judgment in the Bishop of Oxford case.

	Funds at 31 December 2020	Proportion of portfolio	Income yield in year	Total return in year
	£'000	%	%	%
Managed funds:				
M&G Equity Investment Fund for Charities	7,678	31.8	4.9	(12.5)
Cazenove Charity Equity Income Fund	3,746	15.5	4.8	(11.7)
JO Hambro UK Equity Income Fund	2,337	9.6	3.7	(15.4)
CBF Investment Fund	147	0.1	2.8	9.7
Savills Charities Property Fund	2,985	12.3	3.9	1.3
Mayfair Capital PITCH Fund	3,082	12.7	4.6	(1.3)
Sarasin Global Higher Dividend Fund	4,346	18.0	1.8	3.2
Total	**24,321**	**100.0**		

The investment objectives are:

- to seek the best possible overall return on investments, having due regard to the preservation of capital and subject to agreed risk tolerance
- for the Diocesan Stipendiary Fund and Ministry Fund, the aim is to maximise the growth of income in the longer term whilst maintaining the inflation-adjusted value of the capital
- for Board of Finance investments, the aim is to maximise capital and income in the longer term.

The investments held and their return during the year are set out in the table above.

Whilst the portfolio recovered some of the losses suffered during the March 2020 sell-off it finished the year 16% lower than it started. The results were marginally lower than the benchmark FTSE All Share Total Return Index, generating a decrease of 11.2% compared with a decrease of 10.9% in the benchmark.

The SDBF does not adopt a total return policy for its investments but looks to identify investment managers who can produce income growth whilst preserving capital subject to agreed risk tolerances. Income generated in the year fell to £1.1m (2019: £1.5m).

During the year investments in UK equity funds were sold and the proceeds invested in global equity funds for diversification purposes, a policy agreed by the Trustees in 2019.

Principal risks and uncertainties

The Senior Management Team considers, evaluates and records the major areas of risk to which the SDBF is exposed, assessing both the likelihood and impact of those risks being realised, together with the measures in place to manage and mitigate such risks.

The principal risks below reflect the risks approved by Trustees for 2020 which were revised in light of the economy and indeed society as a whole being impacted by the COVID-19 pandemic.

The process of identification and assessment of risk, the risks identified and the measures for mitigation are reviewed at least annually by the Audit and Risk Committee, with at least one area of principal risk reviewed in detail at each meeting. Responsibility for delivery of the mitigation strategies identified is delegated to the Diocesan Secretary. The risk register is presented to, discussed by, and amended as Trustees determine and formally agreed by Trustees annually. As an organic document, it is available for inspection by all Trustees.

The risk register for the year ended 2020 identified eight areas where the risk of either failure to act or the impact of the events was considered "high". These areas and the associated mitigation strategies were as follows:

1. Communication

The parishes work in partnership with the DBF to promote Southwark Vision and to resource the Vision to cover the costs of ministry through the Parish Support Fund (PSF). This requires constant communication about the work of the Diocese across South London and East Surrey, its mission and ministry initiatives. The risk is that insufficient funds are generated and that support across the Diocese wavers. Mitigants include:

- close, transparent working relationships with all parishes and high quality communications delivered by a professional team.
- There is an additional risk of poor media coverage leading to reputational loss, mitigated by high quality public relations and rigorous attention to the press and social media, in particular to any historical safeguarding issues.

2. COVID-19

This was a new risk area added in light of the pandemic and, whilst it impacts on and features in other risk areas, Trustees agreed it needed to be identified also as a separate principal risk. COVID-19 has had a major impact on the patterns of worship, and on much of what we call church, particularly on opportunities for fellowship, visiting those in need, and worship in our churches. It is driving considerable change, transforming the social and economic context of our life together, and our churches have had to adapt to how they interact with their congregations and local communities. There is a risk that the necessary focus on the short term will distract from longer-term strategic objectives, and there is a risk of reduced pledge payments as parishes see a fall in their income. There is also a risk that remote working by staff impacts the practical outworking of the values of the Diocesan leadership and staff team, particularly of collaborative team working, and prolonged periods of remote working can impact the support offered to parishes as well as the well-being of staff. Mitigants include:

- developing communications strategies in a more digital environment
- additional team meetings taking place remotely
- even closer working of DBF staff with the Archdeacons to ensure that parishes are fully supported and encouraged to maintain pledge payments
- support for churches with their online initiatives as they reach existing church members and new audiences
- a focus on growing faith outside the church setting, including with children and young people.

3. Data and data protection (GDPR)

The COVID-19 pandemic brought renewed urgency to our plans for integrated databases. The collection, integrity and interpretation of data are key for good strategic decisions. The principal risks are that incomplete, inaccurate or misinterpreted data leads to poor decisions, wasted resource and has a negative impact on reputation. Mitigants include:

- ensuring that IT systems (including the National Church Institution's systems) are capable of collection and reporting the data needed
- that close contact with parish offices allows timely and accurate reporting
- an ongoing review of the data collected to ensure that it meets the needs of decision-making.

The Diocese and all parishes must comply with GDPR or risk legal and reputational consequences. Mitigants include:

- all new staff being required to complete a training module during their probation
- the latest guidance from the ICO being followed and a helpline available to parishes for ad hoc queries.

4. Diocesan growth

The Southwark Vision includes five strategic objects which will lead to growth. The risk, exacerbated by the impact of COVID-19, is that the progress towards achieving these objectives is slowed, if not stalled. Mitigants include:

- a focus on supporting parishes with simplified Mission Action Plans
- an increased focus on children and young people
- a focus on Fresh Expressions of Church and pioneer posts (lay and ordained) as churches are encouraged to create new forms of engagement
- putting further energy into lay vocations and new lay ministries which maintain the momentum of ordained vocations
- a focus on growing leaders and representation that reflects the diversity of our Diocese.

5. Financial risks

The economic downturn and closure of churches because of COVID-19 has resulted in loss of income and cash flow difficulties for many of our churches with the consequential risk of a reduction in pledges being paid. Mitigants include:

- a renewed effort and priority given to communication with parishes and specific support through Archdeacons where this is helpful
- launching innovative approaches to giving, and ensuring that our digital communication commends different forms of giving
- a continued focus on the theology of generosity supported by resources for parishes through the Head of Giving post and the new Giving Advisor post, offering alternative ways of giving, for example online
- close monitoring of pledge receipts and offering support with financial planning
- the launch of the Parish Giving Scheme.

6. Governance

Given the increasing and evolving compliance and regulatory framework for large charities, the risk is a lack of accountability and lack of transparency in decision-making. Mitigants include:

- ensuring that the scheme of delegation is followed and matters are dealt with at the correct level of governance with all terms of reference of the constituent bodies being rigorously followed
- that meetings between the Diocesan Secretary and Chair and Vice-Chair of the DBF occur at least monthly reviewing financial performance and that there is a formal presentation of annual objectives and progress on objectives to Trustees and Diocesan Synod.

7. IT

There is a risk that the loss of access to electronic data, including e-mails, affects the ability of Diocesan staff to fulfil their responsibilities. Mitigants include:

- ongoing investment in IT, especially in light of more remote working, as the outcome of the external IT Review is implemented with a move to the cloud
- frequent backups, with a robust disaster recovery plan. The sudden move to remote working in March 2020 was a good test of the migration to the cloud and of our IT systems development.

8. Safeguarding

As a result of the national Independent Inquiry into Child Sexual Abuse (IICSA), and new requirements for the way in which serious incidents are recorded, resourcing was expanded during 2020. Where there might be one or more occurrences of abuse by someone working for or on behalf of the Church, with consequences for those affected, there is also a reputational risk in the event of poor safeguarding practices. Mitigants include:

- ensuring that transparent accountability is robust and secure, and that the Safeguarding Team is fully resourced and line-managed by the Diocesan Secretary
- legal advice being sought where necessary, particularly with regard to information-sharing
- that parishes are required to use the online arrangements for Disclosure and Barring Service checks as part of the safe recruitment of those who work with children, young people and adults who may be at risk of harm
- that the comprehensive training programme is developed and delivered by the Safeguarding Team to all relevant staff and volunteers, with compulsory attendance for those in key roles and delivered online during COVID-19. The risk of a backlog developing can be mitigated by online programme
- rigorous recording of data and production of statistics to allow full and ongoing reviews of Diocesan safeguarding processes as well as input into IICSA
- all safeguarding work being supported by a proactive and sensitive PR and media strategy
- the formal reporting of safeguarding activity and key risks for annual scrutiny by the Diocesan Audit and Risk Committee and the whole Trustee body at the DCT is a further important mitigant of risk.

Governance

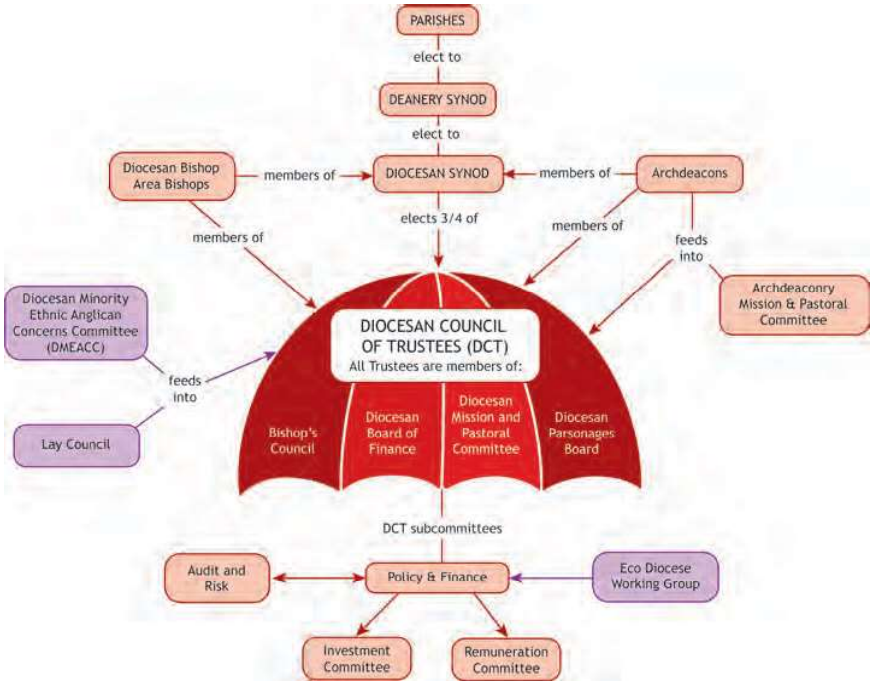
Structure and governance

Summary information about the structure of the Church of England

The Church of England is the established Church and HM The Queen is the Supreme Governor. It is organised into two provinces (Canterbury and York) and 42 Dioceses. Each Diocese is a See under the care of a Bishop who is charged with the cure of souls of all the people within that geographical area. This charge is shared with priests within benefices and parishes which are separate charitable entities but also part of sub-divisions of the Diocese, served by the Diocese and accountable to the Diocese.

The National Church has a General Synod comprising ex-officio and elected representatives from each Diocese, and it agrees and lays before Parliament Measures for the governance of the Church's affairs which, if enacted by Parliament, have the force of statute law. In addition to the General Synod, the Archbishops' Council has a co-ordinating role for work authorised by the Synod; the Church Commissioners manage the historic assets of the Church of England; and the Church of England Pensions Board administers the pension schemes for clergy and lay workers.

Within each Diocese, overall leadership lies with the Diocesan Bishop. The Diocese of Southwark is itself divided into 25 deaneries, each with its own Synod, and within each parish there is a Parochial Church Council (PCC). The PCC shares responsibility with the parish priest for the mission of the church in that place, in a similar way to that in which the Bishop shares responsibilities with the Diocesan Synod. Whilst each Diocese is a separate legal entity, with a clear responsibility for a specific geographical area, being part of the Church of England requires and enables each Diocese to seek support from and work in partnership with other Dioceses.



Organisational structure

The South London Church Fund & Southwark Diocesan Board of Finance (SDBF) is a company limited by guarantee (No 236594) and a registered charity (No 249678) governed by its Articles of Association. It was incorporated in 1929. The Articles were updated and modernised during 2017. The Company Secretary is the Diocesan Secretary.

The governance and policy of the SDBF is the responsibility of the Trustees, who are also members and directors of the company and trustees for the purposes of charity law. Since November 2015, the Diocesan Council of Trustees (DCT, see diagram, above) has been the standing committee of the Diocesan Synod, and its members are members of the Diocesan Board of Finance (DBF), the Bishop's Council, Diocesan Mission and Pastoral Committee (DMPC) and Parsonages Board (i.e. coterminous membership). Under the revised governance, the DCT comprises the Diocesan Bishop (President of

Structure and governance (continued)

the Diocesan Synod), Chair and Vice Chair of the Board of Finance (both laity), Area Bishops, Archdeacons, Chair of the Houses of Clergy and Laity of the Diocesan Synod, six clergy (two from each episcopal Area), 12 members of the laity elected by the House of Laity of the Diocesan Synod (including three from each Area) and up to six further lay members with up-to-date financial or other relevant expertise formally elected by the House of Laity of the Diocesan Synod. The implementation of this revised governance structure was reviewed by an external consultant during 2018 and was found to be successful and robust. Recommendations for further training of Trustees and development of the more strategic elements of the DMPC were accepted.

The Diocesan Synod, the statutory governing body of the Diocese, is an elected body drawn from across the Diocese with responsibility for setting the vision and strategy of the Diocese. The Synod membership is elected every three years, the last elections having been in 2018. The Synod elects from its members 12 of the lay Trustees of the SDBF and six of the clergy members. The SDBF is subject to the direction of the Synod in all its activities, unless such direction is not in accordance with the governing documents or statutory regulations. Since the DBF developed coterminous membership with the Bishop's Council, DMPC and Parsonages Board, membership, trusteeship and directorship of the SDBF also includes membership of those other bodies, all part of the DCT. The Diocesan Secretary is Secretary to each of these, except that the Deputy Diocesan Secretary is Secretary to the DMPC.

Decision-making structure

Corporate priorities and the overall financial strategy for the Diocese, in its primary object to promote, assist and advance the work of the Church of England within the Diocese of Southwark, are set by the Diocesan Synod and the SDBF. The responsibility for ensuring that these priorities and strategies are delivered is delegated to the Diocesan Secretary who reports to the Bishop of Southwark and is also accountable to Trustees through the Chair of the SDBF. The Policy and Finance Committee, which is the standing committee of the Council of Trustees, holds the work of the Diocesan Secretary to account. The company meets once a year in a General Meeting to receive and approve the Annual Report and Financial Statements, appoint the auditors and elect the Chair and Vice Chair, nominated by the Bishop of Southwark.

Each year the Diocesan Synod receives and agrees the annual budget, prepared and approved by the Board. The Diocesan Council of Trustees (DBF) holds five meetings each year, including one all-day meeting to consider the annual budget and objectives. Trustees formulate and coordinate policies on mission, ministry and finance by:

- initiating proposals for action by the Synod and advising it on matters of policy
- delegating, where appropriate, deliberation of policy and review of decisions to its Policy and Finance Committee, Audit and Risk Committee and Investment Committee
- transacting the business of the Synod when it is not in session, subject to the directions of the Synod and in accordance with Synod Standing Orders
- acting as the Trustees of the Board
- establishing ad hoc review groups, their terms of reference and membership
- carrying out such other functions as the Synod delegates to it
- appointing members to committees and representatives to external bodies, subject to the direction of the Synod.

The Trustees are assisted in their work by two committees.

The Policy and Finance Committee (PFC) is the standing committee of the DCT and monitors management accounts and budget, the use of assets and investment policies, and exercises the authority delegated to it by the Trustees in areas such as grants and loans. It also undertakes the Board's responsibilities under the Parsonages Measures 1938 and 1947; the Repair of Benefice Buildings Measure 1972; the Parochial Church Councils (Powers) Measure 1956, as amended, and the Incumbents and Churchwardens (Trusts) Measure 1964 (with respect to parochial property); the Endowment and Glebe Measure 1976 (with regard to property assets); and the Mission and Pastoral Measure 2011 (with regard to redundant churches). In addition, this

committee considers and initiates areas of strategic policy where proposals are at an early stage of development prior to submission to the Board. It meets five times a year including one all-day meeting which particularly examines the forthcoming budget, work plans and annual objectives. It holds the work of the Diocesan Secretary to account and, through her, the work of the executive team.

The Audit and Risk Committee scrutinises performance, oversees issues of financial probity, reviews the work of external audit, prepares the response to the external auditor's management letter, scrutinises the effectiveness of governance and reviews the risk register and major areas of risk. It meets four times a year. Following a 2018 review of the implementation of the governance changes in 2015, the committee changed its name in 2019. It was previously known as Audit and Governance.

In addition, the Board is advised by its **Investment Sub-Committee**, which provides advice to the PFC and to the Diocesan Secretary on the SDBF's investments and funds available for investment. This meets five times a year including two all-day meetings. The board is also advised by its Remuneration Committee, which normally meets annually.

Trustee recruitment, selection and induction

Board Trustees (DBF) are also members of the Bishop's Council, DMPC and Diocesan Parsonages Board and are selected as set out above. Potential Trustees complete skills audits, there is a role description and Trustees are given induction at the outset of the triennium and at other times as appropriate, such as when Trustees are elected or appointed during the triennium. They are also informed, before seeking membership and at all other relevant times, of the role and function of each committee and constituent element of the DCT. Some staff hold the title of 'Director' but this relates to their function within the organisation and has no legal meaning within the terminology associated with the Companies Act. All Trustees are required to sign the Diocesan Declaration of Eligibility, Responsibility and Conflicts of Interest statement forms. A Handbook of Governance is given to each Trustee.

Remuneration of key management personnel

Remuneration of the Diocesan Secretary is determined annually by the Remuneration Committee, which also receives the Diocesan Secretary's remuneration recommendations for members of the Senior Management Team, which the Remuneration Committee then considers for approval. The committee is a sub-committee of the PFC, formally reporting through it to the Board. It is chaired by the Bishop of Southwark and includes the Chair and Vice-Chair of the SDBF and any external consultants as they determine. The committee in 2020 included the Chair of the PFC.

Delegation of day-to-day delivery

The Trustees and the committees which assist them in the fulfilment of their responsibilities delegate management to the Diocesan Secretary who, with her Senior Management Team, delivers the activities of the company in accordance with the policies of the Trustees. The Diocesan Secretary is given specific and general delegated authority to deliver the business of the Board.

Funds held as Diocesan Authority

The Board acts as Diocesan Authority or Custodian Trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956, as amended, and the Incumbents and Churchwardens (Trusts) Measure 1964 where the Managing Trustees are PCCs and others. These assets are not aggregated in the financial statements as the SDBF does not control them, and they are segregated from the SDBF's own assets by means of a separate bank account, separately identified investment holdings and a separate accounting system. Further details of financial trust assets, whose market value amounted to £16.6m at 31 December 2020 (2019: £16.5m), are available from the SDBF on request, and are summarised in Note 29 (see page 83). Where properties are held as Diocesan Authority, the deeds are identified as such and held in safe custody by the SDBF's solicitor, Winckworth Sherwood LLP.

Structure and governance (continued)

Section 172 statement

This section serves as our Section 172 statement and should be read in conjunction with the Strategic Report on pages 12-31. Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders in their decision-making. The Directors continue to have regard to the interests of the Company's employees and other stakeholders, including the impact of its activities on the community, the environment and the Company's reputation, when making decisions.

The majority of Directors are elected from the parishes and communities served by the Diocese, ensuring coverage geographically across the Diocese through elections from the Diocesan Synod. The presentations by the Chair of the Board to Diocesan Synod, covering budgets, objectives and the Annual Report, are examples of this.

Acting in good faith and fairly between members, the Directors consider what is most likely to promote the success of the Company in the context of being a DBF among some 40 others across the Church of England, and also in being a charity with charitable objectives focused on mission and ministry. Whilst the importance of giving due consideration to our stakeholders is not new, we are explaining in more detail this year how the Board engages with our stakeholders, to comply with the requirement to include a statement setting out how our Directors have discharged this duty.

- The Directors are fully aware of their responsibilities to promote the success of the Company in accordance with Section 172 of the Companies Act 2006.
- The Board regularly reviews how we engage with the parishes and Deaneries across the Diocese which comprise the electing body of Synod. In effect, the Directors through the DBF are the standing committee of Synod, and the Chairs of both the House of Laity and the House of Clergy are on the Board, as are representatives of both parish clergy and lay people in parishes.
- The stakeholder voice is brought into the boardroom throughout the annual cycle through information provided by management and also by direct engagement with stakeholders themselves. In our Strategic Report (pages 12-31) we set out some of our other principal stakeholders, how and why we engage, and detail engagement outcomes. The relevance of each stakeholder group may increase or decrease depending on the matter or issue in question, so the Board seeks to consider the needs and priorities of each stakeholder group during its discussions and as part of its decision-making.
- The SDBF has good relationships with its suppliers, parishes and others. Committees of the DBF include members who hold roles in parishes; and engagement with parishes, including with volunteer lay officers and clergy, includes annual meetings across the Diocese, organised on an Archdeaconry and Deanery basis.
- The Diocesan Secretary is effectively the Chief Executive Officer and is held accountable to the Board through regular meetings at least monthly with the Chair and Vice Chair, and through the Policy and Finance Committee where a range of employees attend, and through the Board meetings, any of which can be attended by employees from the Senior Management Team.
- Directors of the Board include the six Archdeacons and four Bishops and they have regular and open contact with employees at all levels of the organisation. All heads of departments have team meetings and individual meetings with staff and there are also all-staff meetings.
- The Senior Management Team has been designated as "senior management" for the purposes of the 2018 Code but not for the purposes of section 414C(8) of the Companies Act 2006. It comprises the senior functional management roles and together is made up of those with responsibility for interacting with the Company's principal stakeholders.
- The Board has had in place since 2015 measures to ensure that stakeholder interests are always taken into account. Where external legal advice is required, the Directors can consult with the Diocesan Registrar or ask senior staff such as the Diocesan Secretary or Deputy Diocesan Secretary to do so on their behalf.

Trustees' responsibilities

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

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

- select suitable accounting policies and apply them consistently
- observe methods and principles in the Charities SORP
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the 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.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included in the Diocesan website.



St Stephen, Dulwich; the picture, by St Stephen's Director of Visual Communications, Sarah Bucknall, won Ecclesiastical Insurance's regional photography prize early in 2020.

Statement of disclosure to the auditor

So far as the Trustees are aware:

a) there is no relevant audit information of which the charitable company's auditor is unaware, and

b) we have taken all the steps that we ought to have taken as Trustees in order to make ourselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

Appointment of auditor

The appointment of new auditors, Buzzacott LLP, will be proposed at the Annual General Meeting.

Administrative details

Trustees

No Trustee had any beneficial interest in the Company during 2020. The following Trustees were in post during the period 1 January 2020 to the date of approval of these financial statements.

President

The Right Revd Christopher Chessun,
The Bishop of Southwark

Ex-officio

The Right Revd Jonathan Clark,
The Bishop of Croydon

The Right Revd Dr Richard Cheetham,
The Bishop of Kingston

The Right Revd Dr Karowei Dorgu,
The Bishop of Woolwich

The Venerable Christopher Skilton (to 29 February 2020),
The Archdeacon of Croydon

The Venerable Dr Rosemarie Mallett
(installed as Archdeacon from 15 March 2020),
The Archdeacon of Croydon

The Venerable Simon Gates,
The Archdeacon of Lambeth

The Venerable Alastair Cutting,
The Archdeacon of Lewisham & Greenwich

The Venerable Moira Astin,
The Archdeacon of Reigate

The Venerable Dr Jane Steen,
The Archdeacon of Southwark

The Venerable John Kiddle,
The Archdeacon of Wandsworth

Chair of the House of Clergy of Diocesan Synod

The Venerable Dr Rosemarie Mallett

Chair of the House of Laity of Diocesan Synod

Mr Adrian Greenwood

Appointed by the Bishop of Southwark

Mr Alan Saunders,
Chair of the Board of Finance

Mrs Lotwina Farodoye
Vice Chair of the Board of Finance (to 19 September 2020, then the Bishop's nominee as the Revd Lotwina Farodoye from 28 October 2020)

Sir David Beamish
Vice Chair of the Board of Finance (from 14 November 2020)

Elected by Synod (House of Clergy)

The Revd Canon Peter Farley-Moore *(to 21 December 2020)*
The Revd Jonathan Macy
The Revd Gregory Prior
The Revd Katie Thomas
The Revd Alison Way *(to 22 January 2020)*
The Revd Canon Leslie Wells

Elected by Synod (House of Laity)

Mr Bill Bishop
Sir David Beamish *(to 14 November 2020)*
Mrs Rebecca Chapman
Mrs Jacqueline Dean
Mr John Dewhurst
Ms Despina Francois
Ms Vasanthini Gnanadoss
Mr Joseph Goswell
Mr Alex Helliwell
Dr David Keiller
Ms Solabomi Ogun
Mr Colin Plant

Lay persons elected as specialists

Dr Nicholas Burt
Mr Philip Fletcher
Mr Michael Hartley
Mr Andrew McMurtrie
Mr Nicholas Stansbury (from 4 March 2020)

Senior staff

Ms Ruth Martin (Lay Canon),
Diocesan Secretary

The Revd Canon Stephen Roberts
Deputy Diocesan Secretary (to 31 July 2020)

Mr Anthony Demby,
Director of Finance and Financial Assets

Mr Colin Bushell,
Diocesan Surveyor

Mr David Loft,
Director of Human Resources

Mr Mark Charlton,
Director of Information Technology

The Revd Canon Wendy Robins,
Director of Press and Communications (to 2 November 2020, then Director of Discipleship, Lay Ministry and Continuing Ministerial Education)

Ms Sophia Jones,
Director of Communications (from 2 November 2020)

Mrs Jacqueline Pontin
Director of Strategic and Operational Projects (to 31 July 2020, then Deputy Diocesan Secretary)

Registered office

Trinity House, 4 Chapel Court,
Borough High Street, London SE1 1HW

Advisers

Bankers

National Westminster Bank plc
91 Westminster Bridge Road, London SE1 7HW

HSBC UK Bank plc
10 York Road, London SE1 7ND

HSBC Private Bank (UK) Limited
8 Cork Street, London W1S 3LJ

Independent Auditor

Haysmacintyre LLP
10 Queen Street Place, London EC4R 1AG

Solicitors

Winckworth Sherwood LLP
Minerva House, 5 Montague Close, London SE1 9BB

Investment Fund Managers

Cazenove Capital Management Ltd
1 London Wall Place, London EC2Y 5AU

CCLA Investment Management Ltd
Senator House, 85 Queen Victoria Street, London EC4V 4ET

JO Hambro Capital Management Ltd
1 St James's Market, London SW1Y 4AH

M&G Securities Ltd
10 Fenchurch Avenue, London EC3M 5AG

Mayfair Capital Investment Management Ltd
2 Cavendish Square, London W1G 0PU

Sarasin & Partners LLP
Juxon House, 100 St Paul's Churchyard, London EC4M 8BU

Savills Investment Management (UK) Ltd
33 Margaret Street, London W1G 0JD

Insurers

Ecclesiastical Insurance Group plc
Beaufort House, Brunswick Road, Gloucester GL1 1JZ

In approving this Trustees' Report, the Trustees are also approving the Strategic Report included on pages 12-31 in their capacity as Company Directors.

By order of the Trustees

Alan Saunders
Chair of the Board of Finance
20 May 2021

Ruth Martin (Lay Canon)
Secretary
20 May 2021

Financial statements

Independent auditor's report

Opinion

We have audited the financial statements of The South London Church Fund & Southwark Diocesan Board of Finance for the year ended 31 December 2020, which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2020, and of the charitable company's net movement in funds, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the 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 12 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 Trustees' 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

Independent auditor's report (continued)

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 Trustees' Annual Report (which incorporates the Strategic Report and the Directors' Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report included within the Trustees' Annual Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the charitable company or returns adequate for our audit have not been received from branches not visited by us; or
- the 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, 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 owing 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 owing to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including

fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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 charity law, 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, payroll tax and sales tax.

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 the posting of inappropriate journal entries and management bias in accounting estimates and judgements. 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 entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- challenging assumptions and judgements made by management in their critical accounting estimates.

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.



David Sewell
Senior Statutory Auditor

For and on behalf of Haysmacintyre LLP,
Statutory Auditor
10 Queen Street Place,
London EC4R 1AG

Date: 27 May 2021

Statement of Financial Activities for the year ended 31 December 2020

	Note	Unrestricted funds: General £'000	Unrestricted funds: Designated £'000	Restricted funds £'000	Endowment funds £'000	Total funds 2020 £'000	Total funds 2019 £'000
Income and endowments from:							
Donations	3						
Parish contributions		15,980	-	-	-	15,980	16,413
Archbishops' Council		876	-	1,150	-	2,026	1,123
Other donations		1,714	38	-	-	1,752	1,631
Charitable activities	4	1,096	-	-	-	1,096	1,360
Other activities	5	61	-	-	-	61	148
Investments	6	1,798	-	97	-	1,895	2,358
Other	7	274	1,341	-	853	2,468	1,568
Total		**21,799**	**1,379**	**1,247**	**853**	**25,278**	**24,601**
Expenditure on:							
Raising funds	8	7	-	-	17	24	24
Charitable activities	9	22,813	-	1,061	6	23,880	20,687
Total		**22,820**	**-**	**1,061**	**23**	**23,904**	**20,711**
Net income/(expenditure) before investment gains		**(1,021)**	**1,379**	**186**	**830**	**1,374**	**3,890**
Net (losses)/gains on investments	16	(553)	-	(495)	(3,593)	(4,641)	2,839
Impairment write-downs	15	-	-	-	(1,400)	(1,400)	(950)
Net (expenditure)/income		**(1,574)**	**1,379**	**(309)**	**(4,163)**	**(4,667)**	**5,779**
Transfers between funds	14	**(103)**	**(2,399)**	**(246)**	**2,748**	**-**	**-**
Other recognised gains:							
Gains on revaluation of fixed assets	15	-	445	-	1,364	1,809	2,636
Net movement in funds		**(1,677)**	**(575)**	**(555)**	**(51)**	**(2,858)**	**8,415**
Total funds brought forward		6,813	45,784	3,498	235,897	291,992	283,577
Total funds carried forward	20	**5,136**	**45,209**	**2,943**	**235,846**	**289,134**	**291,992**

All activities derive from continuing activities. The notes on pages 49-83 form part of the financial statements. A full compendium of the prior year Statement of Financial Activities (SoFA) is included at Note 28 (see page 82).

Income and expenditure account for the year ended 31 December 2020

	2020	2019
	£'000	£'000
Total income	24,425	24,601
Total expenditure	(23,881)	(20,695)
Operating surplus for the year	**544**	**3,906**
Net (losses)/gains on investments	(1,048)	672
Net (expenditure)/income for the year	**(504)**	**4,578**
Other comprehensive income:		
Revaluation of fixed assets	445	772
Net assets transferred to endowments	(2,748)	(4,328)
Total comprehensive (expenditure)/income	**(2,807)**	**1,022**

The income and expenditure account is derived from the Statement of Financial Activities (SoFA) with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities.

Balance sheet as at 31 December 2020

Company Number 236594	Note	£'000	2020 £'000	£'000	2019 £'000
Fixed assets:					
Tangible assets	15		269,280		269,379
Investments	16		24,321		29,169
Total			**293,601**		**298,548**
Current assets:					
Debtors	17	1,897		1,170	
Cash on deposit		1,895		669	
Cash at bank and in hand		1,202		803	
Total		**4,994**		**2,642**	
Creditors: amounts falling due within one year	18	(5,195)		(2,251)	
Net current (liabilities)/assets			**(201)**		**391**
Total assets less current liabilities			**293,400**		**298,939**
Creditors: amounts falling due after more than one year:					
Pension scheme liabilities	19		(185)		(1,154)
Other creditors	19		(4,081)		(5,794)
Net assets			**289,134**		**291,992**
Funds:					
Endowment funds			235,846		235,897
Restricted income funds			2,943		3,498
Unrestricted income funds:					
General Fund			5,136		6,813
Designated funds			45,209		45,784
Total funds	**21**		**289,134**		**291,992**

The financial statements were approved by the Board of Trustees and authorised for issue on **20 May 2021** and signed on behalf of the Board by:



Alan Saunders
Chair of the Board of Finance

Statement of cash flows for the year ended 31 December 2020

		2020		2019
	£'000	£'000	£'000	£'000
Net cash outflow from operating activities		(4,763)		(3,784)
Cash flows from investing activities:				
Dividends, interest and rent from investments	1,894		2,358	
Proceeds from the sale of:				
Tangible fixed assets	4,536		6,790	
Investments	4,465		-	
Purchase of:				
Tangible fixed assets	(1,845)		(5,741)	
Fixed asset investments	(4,259)		-	
Net cash provided by investing activities		**4,791**		**3,407**
Cash flows from financing activities:				
Repayment of borrowing	(713)		(767)	
Cash inflow from new borrowing	2,311		1,000	
Net cash provided by financing activities		**1,598**		**233**
Change in cash and cash equivalents in the reporting period		1,626		(144)
Cash and cash equivalents at 1 January		1,471		1,616
Cash and cash equivalents at 31 December		**3,097**		**1,472**

Notes to the statement of cash flows for the year ended 31 December 2020

Reconciliation of net income to net cash flow from operating activities	2020 £'000	2019 £'000
Net income before investment gains for the year	1,374	3,890
Adjustments for:		
Depreciation charges	109	109
Dividends, interest and rent from investments	(1,894)	(2,358)
Movement in pension deficit recovery creditor less contributions paid	(969)	(4,164)
Decrease in value of Value-Linked Loans	15	-
Profit on sale of fixed assets	(2,306)	(1,568)
(Increase)/decrease in debtors	(726)	821
Decrease in creditors	(366)	(514)
Net cash used in operating activities	**(4,763)**	**(3,784)**

Analysis of cash and cash equivalents	2020 £'000	2019 £'000
Cash in hand	1,202	803
Notice deposits (less than three months)	1,895	669
Total	**3,097**	**1,472**

Analysis of changes in net debt	At 1 January 2020	Cash flows	Other non-cash changes	At 31 December 2020
	£'000	£'000	£'000	£'000
Cash	1,472	1,625	-	3,097
Loans falling due within one year	(300)	(1,598)	(1,713)	(3,611)
Loans falling due after one year	(5,794)	-	1,713	(4,081)
Total	**(4,622)**	**27**	**-**	**(4,595)**

Notes to the financial statements

1. Accounting policies

a. General information

The South London Church Fund & Southwark Diocesan Board of Finance (SDBF) is a charitable company limited by guarantee, incorporated in England and Wales and registered with the Charity Commission. In the event of the charitable company being wound up the liability in respect of the guarantee is limited to £1. The SDBF meets the definition of a public benefit entity under FRS 102.

b. Accounting convention and basis of preparation

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom (FRS 102), the Statement of Recommended Practice for Charities (SORP 2015, second edition 2019) and with regard to the Diocesan Annual Report and Financial Statements Guide (fifth edition, 2015).

The financial statements have been prepared on the historical cost basis with the exception of freehold properties, which are included at their Fair Value as determined under the applicable valuation method as detailed in 1.f), and fixed asset investments, which are included at their Fair Value at the balance sheet date.

c. Going concern

In light of the COVID-19 epidemic, the Directors/ Trustees have reviewed forecasts for the 12 months from the date of the approval of these financial statements and consider that there are no material uncertainties regarding the SDBF's ability to continue as a going concern.

d. Income

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

i) **Parish share** is recognised as income of the year to which pledges have been made. Amounts not received are not recognised as debtors as parish share pledges represent a commitment that is not legally enforceable.

ii) **Rent receivable** is recognised as income in the period to which it relates.

iii) **Interest and dividends** are recognised as income when receivable.

iv) **Grants received** that are subject to pre-conditions for entitlement specified by the donor which have not been met at the year-end are not recognised in the SoFA and are included in creditors.

v) **Parochial fees** are recognised as income when receivable.

vi) **Donations** other than grants are recognised when receivable.

vii) **Gains on disposal of fixed assets** are included within other income. Losses on disposal are included within other expenditure.

viii) **Diocesan Stipendiary Fund income** is governed by the Diocesan Stipends Fund Measure 1953, as amended, and is restricted to the payment of clergy stipends. The income is fully expended within the year of receipt. The income and the related stipend expenditure are both included in the unrestricted column of the SoFA.

e. Expenditure

Expenditure is recognised on the accruals basis and is classified in the SoFA under headings that aggregate related costs.

i) **Costs of raising funds** are costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investment properties.

ii) **Charitable expenditure** comprises expenditure on contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the Diocese, and expenditure relating to the running of the Diocesan Retreat House.

iii) **Grants payable** are charged in the year in which the grant is awarded. Where the grant is conditional on the recipient meeting performance or other discretionary requirements to the satisfaction of the SDBF it is recognised as expenditure when these have been met. Grants made subject to such conditions that have not been met at the year-end are noted as a commitment but not accrued as expenditure.

Notes to the financial statements

1. Accounting policies (continued)

e. ***Expenditure (continued)***

iv) **Support costs** comprise central management, administration and governance costs. The amount spent on raising funds and other activities is considered by the Trustees to be immaterial and all support costs are included within charitable activities. Costs are charged directly to the activity to which they relate, but where this is not possible, they are apportioned on the basis of staff time cost.

v) **Pension contributions.** The SDBF participates in two defined benefit pension schemes (see Note 26 on pages 78-81): the Church of England Funded Pensions Scheme for clergy and the Church Workers Pension Fund (CWPF) for SDBF lay staff. The SDBF closed the Defined Benefit Scheme section of the CWPF to new members in July 2013 and it will close to existing members from 31 December 2022.

Deficit funding for the pension schemes in which the SDBF participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.

The pension costs charged for the defined benefit schemes as resources expended represent the SDBF's contributions payable in respect of the accounting period, in accordance with FRS 102.

SDBF staff joining after July 2013 are members of the Pension Builder section of the CWPF. Contributions to this scheme paid by the SDBF are charged to the SoFA as resources expended on the accruals basis.

f. ***Tangible fixed assets and depreciation***

Freehold and leasehold properties

Freehold and leasehold properties are initially recognised at cost and subsequently measured at Fair Value at each reporting date. Leasehold properties are not amortised over the term of the lease period on the grounds of materiality because of the very long lengths of the leases and the limited number of leasehold properties. The SDBF has appointed a firm of chartered surveyors to undertake a full valuation of its freehold and leasehold properties on a rolling basis over a five-year period. The results of these valuations are extrapolated across the remaining portfolio to ensure that the carrying value of freehold properties approximates Fair Value. The revaluation gains or losses are reported within other recognised gains and losses in the SoFA.

Assets under construction

Assets under construction are recorded at cost during construction. On completion they are transferred to either the Board Property Fund or Diocesan Stipendiary Fund where the properties are measured at Fair Value or the Parsonage Fund where the property is carried at the cost of construction.

Properties subject to value-linked loans

Properties that have been bought with the assistance of value-linked loans from the Church Commissioners are included in the financial statements as fixed assets and the associated loans as loan creditors. The properties are stated at Fair Value and are revalued at each reporting date. On disposal the agreed share of the net sale proceeds will be remitted to the Church Commissioners and the related loan liability extinguished.

Benefice houses

The SDBF has followed the requirements of FRS 102 in its accounting treatment of benefice houses (parsonages). FRS 102 requires the accounting treatment to follow the substance of arrangements rather than their strict legal form. The SDBF is formally responsible for the maintenance and repair of such properties and has some jurisdiction over their future use or potential sale if not required as a benefice house, but in the meantime legal title and the right to beneficial occupation is vested in the incumbent. The Trustees consider the most suitable accounting policy is to capitalise such properties as expendable endowment assets and to carry them at cost. For benefice houses owned at 1 January 2015 the SDBF has adopted the estimated reinstatement cost as at 1 January 2014 as deemed cost. Benefice houses purchased or built after 1 January 2015 are included at purchase or build cost. Benefice houses transferred from the Diocesan Stipendiary Fund are included at the carrying value at the date of transfer.

1. Accounting policies (continued)

f. ***Tangible fixed assets and depreciation (continued)***

Depreciation on buildings

Depreciation is not charged on buildings as the Trustees consider that any provision (annual or cumulative) would not be material owing to the very long expected remaining useful economic life in each case, and that their expected residual value is not materially less than their carrying value. The SDBF 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.

Leasehold improvements

Improvements made to leasehold properties are amortised in the SoFA over the term of the lease or the break clause where there is an expectation that this will be exercised.

g. ***Other tangible fixed assets***

Other tangible assets are recognised at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged to the SoFA over the expected useful economic life of the asset at the following rates:

- furniture and equipment, 10-25% per annum, straight-line basis.

h. ***Other accounting policies***

i) **Fixed asset investments** are included in the balance sheet at market value and the gain or loss taken to the SoFA.

ii) **Leases.** The SDBF has entered into operating lease arrangements for the use of certain property assets, the rental for which is charged in full as expenditure in the year to which it relates. Rent-free periods given as part of an operating lease are amortised in the SoFA over the lease term or break clause where there is an expectation that this will be utilised.

i. ***Financial instruments: assets and liabilities***

Concessionary loans

The SDBF makes loans to further its charitable purposes, typically being loans to parishes, at nil interest or at rates below prevailing market rates. It is also in receipt of loans that are interest-free or at rates below prevailing market rates from the Church Commissioners for England and the Central Board of Finance. Such loans are classified as concessionary loans and accounted for in accordance with Section 34 of FRS 102 whereby the loans are initially recognised and measured at the amount paid or received and subsequently adjusted to reflect any repayments, accrued interest and any subsequent impairment.

Debtors

Debtors are recognised at the settlement amount due.

Cash and cash equivalents

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

Creditors and provisions

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

Value-linked loans

The SDBF value-linked loans for which the settlement proceeds are based on the value of the related properties. As this constitutes a non-basic financial instrument under FRS 102, these loans are recognised at Fair Value and are revalued at each reporting date to match the value of the related property.

Notes to the financial statements

1. Accounting policies (continued)

j. ***Funds***

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

- **Unrestricted funds** are the SDBF's corporate funds and are freely available for any purpose within the SDBF's charitable objects at the discretion of the Trustees. There are two types of unrestricted funds:
  - ◊ ***general funds*** which the SDBF intends to use for the general purposes of the SDBF
  - ◊ ***designated funds*** set aside out of unrestricted funds by the SDBF for a purpose specified by the Trustees.
- **Restricted funds** are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.
- **Endowment funds** are those held on trust and administered by the SDBF to be retained for the benefit of the charitable company as a capital fund. In the case of the Parsonage Capital Fund, there are discretionary powers to convert capital into income and this fund is classified as expendable endowment. The Ministry Fund and the Diocesan Stipendiary Fund are endowment funds where there is no provision for expenditure of capital and these are classified as permanent endowments.

2. Critical accounting estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the SDBF's accounting policies and the reported assets, liabilities, income and expenditure and the disclosures made in the financial statements. 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.

The key area of estimation is the measurement of the SDBF's property assets at Fair Value. The Charity SORP requires entities that have adopted a policy of revaluation to undertake valuations on a regular basis to ensure that the carrying amount of the revalued assets does not differ materially from Fair Value at the end of the reporting period. The SDBF engages a firm of chartered surveyors for the valuation of its freehold properties, excluding benefice houses, on a rolling basis over a five-year period. In order to ensure that the carrying value of the freehold properties excluding benefice houses approximates to Fair Value, the results of the proportion of the properties valued in the year are extrapolated across the remainder of the property portfolio excluding benefice houses to arrive at year-end Fair Value.

Those properties selected for valuation are taken across the SDBF's diverse property portfolio and the trustees consider this to be a reasonable basis for estimating the Fair Value of the SDBF's freehold properties at the balance sheet date. Any variances from actual Fair Value and the estimated Fair Value of the portfolio will affect the value of tangible fixed assets reported on the balance sheet, and other gains and losses reported in the SoFA. Income and expenditure is not impacted except in respect of profit or loss arising on the sale of a freehold property held at estimated Fair Value.

3. Donations

Parish contributions

Donations are made by the parishes of the Diocese using an informed generosity system.

	2020	2019
	£'000	£'000
Unrestricted General Fund:		
Current year receipts from parishes	15,939	16,357
Previous year receipts from parishes	41	56
Total income	**15,980**	**16,413**

Church Commissioners and Archbishops' Council

2020	Unrestricted General Fund	Restricted funds	Total funds 2020
	£'000	£'000	£'000
Sustainability grant	600	-	600
Strategic Development grant	-	529	529
Ordinand training grant	-	621	621
Area Bishops grant	276	-	276
Total	**876**	**1,150**	**2,026**

2019	Unrestricted General Fund	Restricted funds	Total funds 2019
	£'000	£'000	£'000
Strategic Development grant	-	257	257
Ordinand training grant	-	583	583
Area Bishops grant	283	-	283
Total	**283**	**840**	**1,123**

Two unrestricted grants were received: from the Church Commissioners, an Area Bishops grant to fund the Area Bishops' administrative costs; and, from the Archbishops' Council, a Sustainability grant to address the impact of COVID-19.

Three restricted grants were received: from the Church Commissioners, a Strategic Development grant towards the cost of resourcing mission in the Vauxhall, Nine Elms and Battersea area and through Fresh Expressions across the Diocese; from the Archbishops' Council, a block grant for Ordinand training; and a further Strategic Development grant.

Notes to the financial statements

3. Donations (continued)

Other donations

2020	Unrestricted funds		
	General	Designated	Total funds 2020
	£'000	£'000	£'000
Unrestricted General Fund:			
All Churches Trust grant	258	-	258
Trust for London grant	1,369	-	1,369
Legacy income	-	38	38
Other grants and donations	87	-	87
Total	**1,714**	**38**	**1,752**

2019	Unrestricted funds		
	General	Designated	Total funds 2019
	£'000	£'000	£'000
Unrestricted General Fund:			
All Churches Trust grant	258	-	258
Trust for London grant	1,147	-	1,147
Legacy income	-	76	76
Other grants and donations	150	-	150
Total	**1,555**	**76**	**1,631**

4. Charitable activities

	2020	2019
	£'000	£'000
Unrestricted General Fund:		
Statutory fees	361	421
Reimbursement of stipends	619	499
Other income	70	150
Diocesan Retreat House	46	169
Total	**1,096**	**1,360**

5. Other trading activities

	2020	2019
	£'000	£'000
Unrestricted General Fund:		
Room hire and recharges	61	148
Total	**61**	148

6. Investment income

2020	Unrestricted General Fund	Restricted funds	Total funds 2020
	£'000	£'000	£'000
Dividends receivable	965	97	1,062
Interest receivable	12	-	12
Rents receivable	821	-	821
Total	**1,798**	**97**	**1,895**

2019	Unrestricted General Fund	Restricted funds	Total funds 2019
	£'000	£'000	£'000
Dividends receivable	1,328	145	1,473
Interest receivable	29	-	29
Rents receivable	856	-	856
Total	**2,213**	**145**	**2,358**

Notes to the financial statements

7. Other income

2020	Unrestricted funds				
	General	Designated	Restricted funds	Endowment funds	Total funds 2020
	£'000	£'000	£'000	£'000	£'000
Coronavirus Job Retention Scheme claim	161	-	-	-	161
Gain/(loss) on sale of investments	(20)	-	-	318	298
Gain on disposal of other properties	133	-	-	535	668
Gain on disposal of benefice houses	-	1,341	-	-	1,341
Total	**274**	**1,341**	**-**	**853**	**2,468**

2019	Unrestricted funds				
	General	Designated	Restricted funds	Endowment funds	Total funds 2019
	£'000	£'000	£'000	£'000	£'000
Gain on disposal of other properties	195	-	-	-	195
Gain on disposal of benefice houses	-	1,373	-	-	1,373
Total	**195**	**1,373**	**-**	**-**	**1,568**

8. Fundraising costs

2020	Unrestricted funds				
	General	Designated	Restricted funds	Endowment funds	Total funds 2020
	£'000	£'000	£'000	£'000	£'000
Property rental costs	7	-	-	17	24
Total	**7**	**-**	**-**	**17**	**24**

2019	Unrestricted funds				
	General	Designated	Restricted funds	Endowment funds	Total funds 2019
	£'000	£'000	£'000	£'000	£'000
Property rental costs	9	-	-	15	24
Total	**9**	**-**	**-**	**15**	**24**

Notes to the financial statements

9. Charitable activities

2020	Unrestricted funds				
	General	Designated	Restricted funds	Endowment funds	Total funds 2020
	£'000	£'000	£'000	£'000	£'000
Contributions to Archbishops' Council:					
Training for Ministry	668	-	-	-	668
National Church responsibilities	651	-	-	-	651
Retired clergy housing costs	267	-	-	-	267
	1,586	**-**	**-**	**-**	**1,586**
Resourcing mission and ministry:					
Parish Ministry:					
Stipends and National Insurance	9,796	-	-	-	9,796
Pension contributions	3,129	-	-	-	3,129
Defined benefit pension scheme movement	(969)	-	-	-	(969)
Housing costs	3,520	-	-	-	3,520
Removal and resettlement grants	557	-	-	-	557
Other expenses	3,277	-	-	6	3,283
	19,310	**-**	**-**	**6**	**19,316**
Support for parish ministry	1,686	-	1,061	-	2,747
Diocesan Retreat House	231	-	-	-	231
	21,227	**-**	**1,061**	**6**	**22,294**
Total	**22,813**	**-**	**1,061**	**6**	**23,880**

9. Charitable activities (continued)

2019	Unrestricted funds				
	General	Designated	Restricted funds	Endowment funds	Total funds 2019
	£'000	£'000	£'000	£'000	£'000
Contributions to Archbishops' Council:					
Training for Ministry	675	-	-	-	675
National Church responsibilities	663	-	-	-	663
Retired clergy housing costs	255	-	-	-	255
	1,593	**-**	**-**	**-**	**1,593**
Resourcing mission and ministry:					
Parish Ministry:					
Stipends and National Insurance	9,644	-	7	-	9,651
Pension contributions	3,139	-	2	-	3,141
Defined benefit pension scheme movement	(4,164)	-	-	-	(4,164)
Housing costs	3,644	-	-	-	3,644
Removal and resettlement grants	900	-	-	-	900
Other expenses	3,126	-	-	1	3,127
	16,289	**-**	**9**	**1**	**16,299**
Support for parish ministry	1,951	(40)	575	-	2,486
Diocesan Retreat House	309	-	-	-	309
	18,549	**(40)**	**584**	**1**	**19,094**
Total	**20,142**	**(40)**	**584**	**1**	**20,687**

Notes to the financial statements

10. Analysis of expenditure including allocation of support costs

2020	Activities undertaken directly	Grant funding of activities	Support costs	Total costs 2020
	£'000	£'000	£'000	£'000
Charitable activities:				
Contributions to Archbishops' Council	-	1,586	-	1,586
Resourcing parish ministry	18,663	880	1,961	21,504
Education and social responsibility	-	559	-	559
Diocesan Retreat House	231	-	-	231
Total	**18,894**	**3,025**	**1,961**	**23,880**

2019	Activities undertaken directly	Grant funding of activities	Support costs	Total costs 2019
	£'000	£'000	£'000	£'000
Charitable activities:				
Contributions to Archbishops' Council	-	1,593	-	1,593
Resourcing parish ministry	15,265	1,116	1,824	18,205
Education and social responsibility	-	580	-	580
Diocesan Retreat House	309	-	-	309
Total	**15,574**	**3,289**	**1,824**	**20,687**

11. Analysis of support costs

2020	Unrestricted General Fund	Endowment funds	Total funds 2020
	£'000	£'000	£'000
Central administration	1,860	6	1,866
Governance:			
External audit	34	-	34
Registrar and Chancellor	60	-	60
Synodical costs	1	-	1
Total	**1,955**	**6**	**1,961**

2019	Unrestricted General Fund	Endowment funds	Total funds 2019
	£'000	£'000	£'000
Central administration	1,726	1	1,727
Governance:			
External audit	35	-	35
Registrar and Chancellor	55	-	55
Synodical costs	6	-	6
Total	**1,823**	**1**	**1,824**

Notes to the financial statements

12. Analysis of grants made

2020	Number	Individuals	Institutions	2020 total
		£'000	£'000	£'000
From unrestricted funds for National Church responsibilities:				
Contributions to Archbishops' Council	1	-	1,586	1,586
	1	**-**	**1,586**	**1,586**
From unrestricted funds:				
Southwark Diocesan Board of Education	1	-	351	351
Southwark Diocesan Welcare	1	-	208	208
Southwark Cathedral	1	-	18	18
Parishes for mission	138	-	181	181
Other institutions for mission	36	-	33	33
Individuals for mission	7	1	-	1
Clergy for settling in/first appointment	58	209	-	209
Clergy for study/sabbatical	20	12	-	12
Ordinands in training	17	230	-	230
	279	**452**	**791**	**1,243**
From restricted funds for various purposes within resourcing parish ministry:				
Mission and growth (Strategic Development Fund)	1	-	143	143
Education and development of women clergy (Gilmore Fund)	22	9	-	9
Clergy and lay training (Dartmouth House Fund)	12	44	-	44
	35	**53**	**143**	**196**
Total	**315**	**505**	**2,520**	**3,025**

12. Analysis of grants made (continued)

2019	Number	Individuals	Institutions	2019 total
		£'000	£'000	£'000
From unrestricted funds for National Church responsibilities:				
Contributions to Archbishops' Council	1	-	1,593	1,593
	1	**-**	**1,593**	**1,593**
From unrestricted funds:				
Southwark Diocesan Board of Education	1	-	334	334
Southwark Diocesan Welcare	1	-	206	206
Southwark Cathedral	1	-	18	18
Parishes for mission	145	-	222	222
Other institutions for mission	47	-	93	93
Individuals for mission	10	13	-	13
Clergy for settling in/first appointment	68	229	-	229
Clergy for study/sabbatical	30	30	-	30
Ordinands in training	61	525	-	525
	365	**797**	**873**	**1,670**
From restricted funds for various purposes within resourcing parish ministry:				
Mission and growth (Strategic Development Fund)	1	-	3	3
Education and development of women clergy (Gilmore Fund)	29	10	-	10
Clergy and lay training (Dartmouth House Fund)	16	13	-	13
	46	**23**	**3**	**26**
Total	**412**	**820**	**2,469**	**3,289**

Notes to the financial statements

13. Staff costs

	2020	2019
	£'000	£'000
Employee costs during the year were as follows:		
Wages and salaries	2,445	2,435
National Insurance contributions	266	259
Pension costs	464	490
Termination payments	77	-
	3,252	**3,184**

The average number of persons employed during the year, including temporary staff:	2020 Number	2019 Number
Administration and financial management	20	22
Property	11	11
Vocations, ministry, safeguarding and Diocesan Retreat House	23	28
Mission and public policy	20	26
	74	**87**

The average number of persons employed during the year based on full-time equivalents:	2020 Number	2019 Number
Administration and financial management	19.9	17.6
Property	10.6	9.6
Vocations, ministry, safeguarding and Diocesan Retreat House	13.9	17.3
Mission and public policy	16.9	20.6
	61.3	**65.1**

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

	2020 Number	2019 Number
£60,001-£70,000	3	5
£70,001-£80,000	1	1
£90,001-£100,000	1	1
Total	**5**	**7**

13. Staff costs (continued)

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the Trustees, for planning, directing and controlling the activities of the Diocese. During 2020 they were:

Diocesan Secretary and Company Secretary	Ms Ruth Martin (Lay Canon)
Deputy Diocesan Secretary	The Revd Canon Stephen Roberts (to 31 July 2020)
Director of Finance and Financial Assets	Mr Anthony Demby
Diocesan Surveyor	Mr Colin Bushell
Director of Human Resources	Mr David Loft
Director of Information Technology	Mr Mark Charlton
Director of Press and Communications	The Revd Canon Wendy Robins (to 2 November 2020, then Director of Discipleship, Lay Ministry and Continuing Ministerial Education)
Director of Communications	Ms Sophia Jones (from 2 November 2020)
Director of Strategic and Operational Projects	Mrs Jacqueline Pontin (to 31 July 2020, then Deputy Diocesan Secretary)

Remuneration, employer's National Insurance and pensions for these nine employees (2019: eight) was £707,000 (2019: £710,000).

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out-of-pocket expenses totalling £1,000 (2019: £6,000) in respect of General and Diocesan Synod duties and other duties as Trustees. The following table gives details of the Trustees who were in receipt of a stipend and/or housing provided by the SDBF during the year.

	Stipend	Housing
The Right Revd Christopher Chessun	No	No
The Right Revd Dr Richard Cheetham	No	Yes
The Right Revd Jonathan Clark	No	Yes
The Right Revd Dr Karowei Dorgu	No	Yes
The Venerable Moira Astin	Yes	Yes
The Venerable Alastair Cutting	Yes	Yes
The Venerable Simon Gates	Yes	Yes
The Venerable John Kiddle	Yes	Yes
The Venerable Dr Rosemarie Mallett	Yes	Yes
The Venerable Christopher Skilton	Yes	Yes
The Venerable Dr Jane Steen	Yes	Yes
The Revd Canon Peter Farley-Moore	Yes	Yes
The Revd Jonathan Macy	Yes	Yes
The Revd Gregory Prior	Yes	Yes
The Revd Alison Way	Yes	Yes
The Revd Canon Leslie Wells	Yes	Yes

Notes to the financial statements

13. Staff costs (continued)

The SDBF is responsible for funding, via the Church Commissioners, the stipends of licensed stipendiary clergy in the Diocese, other than Bishops and Cathedral staff. The SDBF is also responsible for the provision of housing for stipendiary clergy in the Diocese excluding the Diocesan Bishop and Cathedral staff.

The SDBF paid an average of 299 (2019: 292) stipendiary clergy as office-holders holding parochial or Diocesan appointments in the Diocese, and the costs were as follows:

	2020 £'000	2019 £'000
Stipends	8,995	8,899
National Insurance contributions	707	713
Apprenticeship levy	40	39
Pension costs — current year	3,128	3,141
Total	**12,870**	**12,792**

The stipends of the Diocesan Bishop and Area Bishops are paid and funded by the Church Commissioners and are in the range £37,670-£46,180 (2019 range: £36,930-£45,270). The annual rate of stipend, funded by the SDBF, paid to Archdeacons in 2020 was in the range £36,635-£38,050 (2019 range: £36,272-£37,673) and other clergy who were Trustees were paid in the range £25,630-£27,342 (2019 range: £25,376-£27,071). The Archbishops' Council has estimated the value to the occupant, gross of income tax and National Insurance, of Church-provided housing in the Diocese in 2020 at £25,993 (2019: £26,940).

14. Analysis of transfers between funds

2020	Unrestricted funds			
	General	Designated	Restricted funds	Endowment funds
	£'000	£'000	£'000	£'000
From General Fund to Diocesan Stipendiary Fund for reduction in CEFPS pension scheme deficit	(969)	-	-	969
From Strategic Development Fund to General Fund for project costs	246	-	(246)	-
From Parsonage Capital Fund to Diocesan Pastoral Account for the sale of benefice houses	-	409	-	(409)
From Diocesan Pastoral Account to Parsonage Capital Fund for benefice house additions	-	(147)	-	147
From Diocesan Pastoral Account to Diocesan Stipendiary Fund for property additions	-	(2,041)	-	2,041
From Board Property Fund to General Fund for sale of property	511	(511)	-	-
From Southwark Vision Development Fund to General Fund for project costs	109	(109)	-	-
Total	**(103)**	**(2,399)**	**(246)**	**2,748**

2019	Unrestricted funds			
	General	Designated	Restricted funds	Endowment funds
	£'000	£'000	£'000	£'000
From General Fund to Diocesan Stipendiary Fund for reduction in CEFPS pension scheme deficit	(4,164)	-	-	4,164
From Strategic Development Fund to General Fund for project costs	200	-	(200)	-
From Parsonage Capital Fund to Diocesan Pastoral Account for the sale of benefice houses	-	1,980	-	(1,980)
From Diocesan Pastoral Account to Parsonage Capital Fund for benefice house additions	-	(2,144)	-	2,144
From Diocesan Pastoral Account to General Fund for exceptional property costs	42	(42)	-	-
From Board Property Fund to General Fund for sale of property	1,863	(1,863)	-	-
From Southwark Vision Development Fund to General Fund for project costs	254	(254)	-	-
From Multi-Academy Trust Fund to General Fund for closure of fund	840	(840)	-	-
Total	**(965)**	**(3,163)**	**(200)**	**4,328**

Notes to the financial statements

15. Tangible fixed assets

	Freehold & leasehold properties	Leasehold improvements	Furniture & equipment	Total
	£'000	£'000	£'000	£'000
Cost or valuation:				
At 1 January 2020	268,969	355	453	269,777
Additions	1,778	-	67	1,845
Disposals	(2,229)	-	-	(2,229)
Revaluation/impairment	394	-	-	394
At 31 December 2020	**268,912**	**355**	**520**	**269,787**
Depreciation:				
At 1 January 2019	-	115	283	398
Charge for the year	-	30	79	109
At 31 December 2020	**-**	**145**	**362**	**507**
Net book value at 31 December 2020	**268,912**	**210**	**158**	**269,280**
Net book value at 31 December 2019	**268,969**	**239**	**171**	**269,379**

Freehold and leasehold properties in the balance sheet are all vested in the SDBF, except for benefice houses which are vested in the incumbent. All properties in the current year and prior years are stated at fair value, except for benefice houses which are stated at deemed cost. The carrying value of benefice houses held at deemed cost at the balance sheet date is £143,186,000 (2019: £143,609,000).

All properties other than benefice houses were revalued to fair value at 31 December 2015 and are subject to revaluation on a five-year cycle. Properties with a fair value of £19,017,000 at 31 December 2020 (2019: £20,407,000) were revalued. The revaluation was carried out by Rapleys LLP in accordance with Royal Institute of Chartered Surveyors' professional standards and valuation practice statements and resulted in an increase in the value of these properties, excluding impairments, of £226,000 (2019: £590,000). An impairment review was carried out on certain parsonage and Diocesan Stipendiary Fund (DSF) houses resulting in a write down in value of £616,000 (2019: £950,000) against parsonages and £784,000 (2019: £nil) against DSF houses.

To maintain consistency with the SDBF's accounting policy of measuring properties other than benefice houses at fair value, the results of this valuation have been extrapolated across those assets not revalued at the balance sheet date. This has resulted in an additional revaluation gain in the year of £1,583,000 (2019: £2,047,000).

15. Tangible fixed assets (continued)

The carrying value of leasehold properties included within freehold and leasehold properties amounts to £1,809,000 (2019: £1,613,000).

The carrying value of assets under construction included within freehold and leasehold properties amounts to £44,000 (2019: £1,240,000).

Certain properties have been purchased with the help of value-linked loans from the Church Commissioners. The properties are revalued to fair value annually. On disposal the agreed share of the net sale proceeds will be remitted to the Church Commissioners and the related loan liability extinguished. During the year, one property (2019: one) with a carrying value of £400,000 (2019: £250,000) was disposed of. The value of these properties included within freehold and leasehold properties amounts to £2,490,000 (2019: £2,905,000). The revaluation loss on these properties amounts to £15,000 (2019: £nil) and has been netted off against the matching movement in the linked liability.

16. Fixed assets investments

	At 1 January 2020	Additions	Disposals	Transfers	Change in market value	At 31 December 2020
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds:						
Unit trusts and similar funds	3,481	391	(840)	-	(553)	2,479
Restricted funds:						
Unit trusts and similar funds	2,805	-	-	-	(495)	2,310
Endowment funds:						
Unit trusts and similar funds	22,883	3,867	(3,625)	-	(3,593)	19,532
Total	**29,169**	**4,258**	**(4,465)**	**-**	**(4,641)**	**24,321**

Notes to the financial statements

17. Debtors

	2020 £'000	2019 £'000
Due within one year:		
Concessionary loans to parishes	102	113
Loans to others	6	25
Other debtors and prepayments	1,242	573
	1,350	**711**
Due after more than one year:		
Concessionary loans to parishes	546	453
Other debtors	1	6
	547	**459**
Total debtors	**1,897**	**1,170**

18. Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Bank loan repayment instalments due in one year	1,300	300
Church Commissioners' non value-linked loan	2,311	-
Other taxes and social security	73	73
Other creditors and accruals	511	878
Church of England Funded Pension Scheme	1,000	1,000
Total creditors: amounts falling due within one year	**5,195**	**2,251**

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

	2020	2019
	£'000	£'000
Loans repayable in instalments due after more than one year:		
Commercial loans	591	1,889
CBF loan	1,000	1,000
Church Commissioners' value-linked loans	2,490	2,905
	4,081	**5,794**
Pension scheme liabilities:		
Church of England Funded Pension Scheme	185	1,154
	185	**1,154**
Total creditors: amounts falling due after more than one year	**4,266**	**6,948**

	2020	2019
	£'000	£'000
The maturity of the above loans may be analysed as follows:		
Between two and five years	1,591	2,889
In five years and more	2,490	2,905
	4,081	**5,794**

The commercial loan comprises a five-year loan repayable in monthly instalments with HSBC UK Bank plc. The loan is secured against Board freehold property with a carrying value of £9.9m. Interest is charged at 1.5% above base rate.

The CBF loan is a 10-year loan repayable at the end of the term under the Diocesan Loan Scheme. Interest is charged at 0.55% per annum above the CBF Church of England Deposit Fund Rate.

Value-linked loans from the Church Commissioners are repayable on the sale of the property to which they relate. Interest is charged at 4% per annum. On disposal the agreed share of the net sale proceeds will be remitted to the Church Commissioners and the related loan liability extinguished.

Notes to the financial statements

20. Summary of fund movements

2020	Balances at 1 January 2020	Income	Expenditure	Transfers	Gains and losses	Balances at 31 December 2020
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds:						
General	6,813	21,799	(22,820)	(103)	(553)	5,136
	6,813	**21,799**	**(22,820)**	**(103)**	**(553)**	**5,136**
Designated funds:						
Diocesan Pastoral Account	2,773	1,341	-	(1,779)	-	2,335
Board Property Fund	42,572	-	-	(511)	445	42,506
Southwark Vision Development Fund	439	38	-	(109)	-	368
	45,784	**1,379**	**-**	**(2,399)**	**445**	**45,209**
Restricted funds:						
Strategic Development Fund	-	529	(283)	(246)	-	-
Ordinand Training Fund	130	621	(725)	-	-	26
Gilmore Fund	378	15	(9)	-	(61)	323
Dartmouth House Fund	2,990	82	(44)	-	(434)	2,594
	3,498	**1,247**	**(1,061)**	**(246)**	**(495)**	**2,943**
Endowment funds:						
Ministry Fund	4,241	(10)	-	-	(591)	3,640
Diocesan Stipendiary Fund	90,933	863	(23)	4,874	(2,422)	94,225
Parsonage Capital Fund	140,723	-	-	(2,126)	(616)	137,981
	235,897	**853**	**(23)**	**2,748**	**(3,629)**	**235,846**
Total funds	**291,992**	**25,278**	**(23,904)**	**-**	**(4,232)**	**289,134**

20. Summary of fund movements (continued)

2019	Balances at 1 January 2019	Income	Expenditure	Transfers	Gains and losses	Balances at 31 December 2019
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds:						
General	5,457	22,167	(20,151)	(965)	305	6,813
	5,457	**22,167**	**(20,151)**	**(965)**	**305**	**6,813**
Designated funds:						
Diocesan Pastoral Account	1,606	1,373	-	(206)	-	2,773
Board Property Fund	43,663	-	-	(1,863)	772	42,572
Multi-Academy Trust Fund	800	-	40	(840)	-	-
Southwark Vision Development Fund	617	76	-	(254)	-	439
	46,686	**1,449**	**40**	**(3,163)**	**772**	**45,784**
Restricted funds:						
Strategic Development Fund	-	257	(57)	(200)	-	-
Ordinand Training Fund	50	583	(503)	-	-	130
Gilmore Fund	323	17	(11)	-	49	378
Dartmouth House Fund	2,557	128	(13)	-	318	2,990
	2,930	**985**	**(584)**	**(200)**	**367**	**3,498**
Endowment funds:						
Ministry Fund	3,787	-	-	-	454	4,241
Diocesan Stipendiary Fund	85,073	-	(16)	4,164	1,712	90,933
Parsonage Capital Fund	139,644	-	-	164	915	140,723
	228,504	**-**	**(16)**	**4,328**	**3,081**	**235,897**
Total funds	**283,577**	**24,601**	**(20,711)**	**-**	**4,525**	**291,991**

Notes to the financial statements

21. Summary of assets by fund

2020	Fixed assets tangible	Investments	Current assets	Creditors	Net assets
	£'000	£'000	£'000	£'000	£'000
Unrestricted funds:					
General	2,857	2,479	8,076	(8,276)	5,136
	2,857	**2,479**	**8,076**	**(8,276)**	**5,136**
Designated funds:					
Diocesan Pastoral Account	-	-	2,335	-	2,335
Board Property Fund	46,675	-	(4,169)	-	42,506
Southwark Vision Development Fund	-	-	368	-	368
	46,675	**-**	**(1,466)**	**-**	**45,209**
Restricted funds:					
Strategic Development Fund	-	-	-	-	-
Ordinand Training Fund	-	-	26	-	26
Gilmore Fund	-	301	22	-	323
Dartmouth House Fund	-	2,008	586	-	2,594
	-	**2,309**	**634**	**-**	**2,943**
Endowment funds:					
Ministry Fund	-	2,850	790	-	3,640
Diocesan Stipendiary Fund	76,562	16,683	2,165	(1,185)	94,225
Parsonage Capital Fund	143,186	-	(5,205)	-	137,981
	219,748	**19,533**	**(2,250)**	**(1,185)**	**235,846**
Total funds	**269,280**	**24,321**	**4,994**	**(9,461)**	**289,134**

21. Summary of assets by fund (continued)

2019	Fixed assets tangible	Investments	Current assets	Creditors	Net assets
	£'000	£'000	£'000	£'000	£'000
Unrestricted funds:					
General	3,315	3,481	7,061	(7,044)	6,813
	3,315	**3,481**	**7,061**	**(7,044)**	**6,813**
Designated funds:					
Diocesan Pastoral Account	-	-	2,774	-	2,774
Board Property Fund	45,997	-	(3,426)	-	42,571
Multi Academy Trust Fund	-	-	-	-	-
Southwark Vision Development Fund	-	-	439	-	439
	45,997	**-**	**(213)**	**-**	**45,784**
Restricted funds:					
Strategic Development Fund	-	-	-	-	-
Ordinand Training Fund	-	-	130	-	130
Gilmore Fund	-	363	15	-	378
Dartmouth House Fund	-	2,442	548	-	2,990
	-	**2,805**	**693**	**-**	**3,498**
Endowment funds:					
Ministry Fund	-	3,451	790	-	4,241
Diocesan Stipendiary Fund	76,458	19,432	(2,803)	(2,154)	90,933
Parsonage Capital Fund	143,609	-	(2,886)	-	140,723
	220,067	**22,883**	**(4,899)**	**(2,154)**	**235,897**
Total funds	**269,379**	**29,169**	**2,642**	**(9,198)**	**291,992**

Notes to the financial statements

22. Description of funds

General Fund	The fund represents the unrestricted undesignated fund available for any of the SDBF's purposes.
Diocesan Pastoral Account	This is a designated fund for the purposes defined in the Mission and Pastoral Measure 2011. It represents capital receipts released following the sale of benefice houses (parsonages) and redundant churches. To the extent that any remaining funds are not required, or are not likely to be required, for these purposes then the funds may be applied to any general purpose of the SDBF.
Board Property Fund	This fund is a designated fund. It represents the fair value of properties held by the SDBF at the year end.
Southwark Vision Development Fund	This is a designated fund to support Southwark Vision 2017-25 across the Diocese.
Strategic Development Fund	This is a restricted fund. It represents grants received from the Church Commissioners and Archbishops' Council for specific projects to fund mission and growth across the Diocese.
Ordinand Training Fund	This is a restricted fund. It represents the block grant received from the Archbishops' Council to fund Ordinand training.
Gilmore Fund	The Isabella Gilmore Fund is a restricted fund for the purpose of the education and development of licensed, commissioned or ordained women.
Dartmouth House Fund	This is a restricted fund for the purpose of facilitating clergy and lay training, retreats or conferences to assist and promote the work of the Church of England in the Diocese of Southwark and to use the monies to acquire any buildings which may be necessary to forward such purposes, subject always to the consent in writing of the Bishop of Southwark.
Ministry Fund	This is a permanent endowment fund held under the Endowments and Glebe Measure 1976 from which the income arising and/or benefit of use of the asset has been passed to the SDBF for the purpose of supporting clergy stipends within the Diocese. Investment income from the fund is credited to the General Fund where it is used only to fund clergy stipend payments.
Diocesan Stipendiary Fund	This is a permanent endowment fund. It represents the glebe assets of benefices from which the income arising and/or benefit of use has been passed to the SDBF under the provisions of the Mission and Pastoral Measure 2011. Investment income from the fund is credited to the General Fund where it is used only to fund clergy stipend payments.
Parsonage Capital Fund	This is an expendable endowment fund. It represents the capital assets relating to benefice houses (parsonages) but which under the Repairs of Benefice Buildings Measure 1972 are maintained by the Diocese. Under the Mission and Pastoral Measure 2011, capital receipts released following the sale of benefice houses are held in the Diocesan Pastoral Account, a designated fund. To the extent that the funds are not required for future building or improvement works to benefice houses the funds may be applied to any general purpose of the SDBF.

23. Capital commitments

At 31 December 2020, the SDBF had capital expenditure commitments authorised but not contracted for of £nil (2019: £nil), and contracted for but not yet due of £63,000 (2019: £234,000).

24. Operating leases

Total commitments under non-cancellable operating leases are as follows:

	2020 £'000	2019 £'000
Minimum lease payments payable:		
Within one year of the balance sheet date	264	257
In the second to fifth years inclusive of the balance sheet date	107	33
More than five years from the balance sheet date	1	-
Total	**372**	**290**

Total lease rental payments expensed in the year are £474,000 (2019: £471,000).

	2020 £'000	2019 £'000
Minimum lease payments receivable:		
Within one year of the balance sheet date	438	536
In the second to fifth years inclusive of the balance sheet date	280	267
More than five years from the balance sheet date	724	789
Total	**1,442**	**1,592**

25. Post balance sheet events and contingent liabilities

There were no contingent liabilities at the balance sheet date.

Notes to the financial statements

26. Pensions

The SDBF participates in two pension schemes administered by the Church of England Pensions Board: the **Church of England Funded Pensions Scheme (CEFPS)** for stipendiary clergy and the **Church Workers' Pension Fund (CWPF)** for lay staff.

Church of England Funded Pensions Scheme

The SDBF participates in the CEFPS 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 each specific Responsible Body, and that contributions are accounted for as if the scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2020: £2,168,000, 2019: £2,184,000), plus the figures highlighted in the table opposite as being recognised in the SoFA, giving a total charge of £3,128,000 for 2020 (2019: £3,141,000).

A valuation of the scheme is carried out once every three years. The most recent scheme valuation completed was carried out at 31 December 2018. The 2018 valuation revealed a deficit of £50m, based on assets of £1,818m and a funding target of £1,868m, assessed using the following assumptions:

- an average discount rate of 3.2%
- RPI inflation of 3.4% per annum (and pension increases consistent with this)
- an increase in pensionable stipends of 3.4% per annum
- mortality in accordance with 95% of the S3NA_VL tables, with allowance for improvement in mortality rates in line with the CMI 2018 extended model, with a long-term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial additional mortality improvement of 0.5% per annum.

Following the 31 December 2018 valuation, a recovery plan was put in place until 31 December 2022 and the deficit repair contributions payable (as a percentage of pensionable stipends) are as set out in the table below.

	January 2018 to December 2020	January 2021 to December 2022
Percentage of pensionable stipends: Deficit repair contributions	11.9%	7.1%

As at 31 December 2018, the deficit recovery contributions under the recovery plan in force at the time were 11.9% of pensionable stipends until December 2025. As at 31 December 2019 and 31 December 2020, the deficit recovery contributions under the recovery plan in force were as set out in the table above.

26. Pensions (continued)

Church of England Funded Pensions Scheme (continued)

For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the scheme's rules.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out in the table below.

	2020 £'000	2019 £'000
Balance sheet liability as at 1 January	2,154	6,318
Contributions paid	(960)	(957)
Interest cost (recognised in the SoFA)	18	123
Remaining change to the balance sheet liability* (recognised in the SoFA)	(27)	(3,330)
Balance sheet liability as at 31 December	**1,185**	**2,154**

*Comprises change in agreed deficit recovery plan and change in discount rate and assumptions between year-ends.

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions set by reference to the duration of the deficit recovery payments:

	December 2020	December 2019	December 2018
Discount rate	0.2%	1.1% pa	2.1% pa
Price inflation	3.1%	2.8% pa	3.1% pa
Increase to total pensionable payroll	1.6%	1.3% pa	1.6% pa

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

Church Workers' Pension Fund

The SDBF participates in the Defined Benefits Scheme (DBS) section of the Church Workers' Pension Fund (CWPF) for lay staff. The scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

The CWPF has a section known as the DBS, a deferred annuity section known as Pension Builder Classic and a cash balance section known as Pension Builder 2014. The SDBF closed the DBS section to new entrants from July 2013, and will close the section to existing members on 31 December 2022.

Notes to the financial statements

26. Pensions (continued)

Church Workers' Pension Fund (continued)

Defined Benefits Scheme

The DBS section of the CWPF provides benefits for lay staff 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 DBS were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year: £151,000 for 2020 (2019: £238,000).

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 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.

A valuation as at 31 December 2019 was underway as at 31 December 2020. The contributions agreed at that valuation will be reflected in the figures disclosed in the 2021 accounts.

Following the valuation, the Employer has entered into an agreement with the CWPF to pay a contribution rate of 39.2% of pensionable salary and expenses of £12,000 per year.

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

Pension Builder Scheme

The SDBF participates in the Pension Builder Scheme section of CWPF for lay staff. The scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

26. Pensions (continued)

Church Workers' Pension Fund (continued)

Pension Builder Scheme (continued)

The CWPF 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 Pension Builder Scheme of the CWPF is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefit schemes.

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

Pension Builder 2014 is a cash balance scheme that provides a lump sum that members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. This account may have bonuses added by the Pensions 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 is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and contributions are accounted for as if the scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable (2020: £251,000, 2019: £239,000).

A valuation of the scheme is carried out once every three years, the most recent having been carried out as at 31 December 2016. A valuation as at 31 December 2019 was under way as at 31 December 2020.

For the Pension Builder Classic section, the valuation revealed a deficit of £14.2m on the ongoing assumptions used. At the most recent review, the Pensions 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.

For the Pension Builder 2014 section, the valuation revealed a surplus of £1.8m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

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

27. Related party transactions

The SDBF has related party relationships with connected organisations as detailed on page 22 of this annual report. Grants made in the current and previous year to these related parties are disclosed in Note 12 (see pages 62-63) to these accounts.

Notes to the financial statements

28. Prior year Statement of Financial Activities

2019	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2019
	General	Designated			
	£'000	£'000	£'000	£'000	£'000
Income and endowments from:					
Donations					
Parish contributions	16,413	-	-	-	16,413
Archbishops' Council	283	-	840	-	1,123
Other donations	1,555	76	-	-	1,631
Charitable activities	1,360	-	-	-	1,360
Other activities	148	-	-	-	148
Investments	2,213	-	145	-	2,358
Other	195	1,373	-	-	1,568
Total	**22,167**	**1,449**	**985**	**-**	**24,601**
Expenditure on:					
Raising funds	9	-	-	15	24
Charitable activities	20,142	(40)	584	1	20,687
Total	**20,151**	**(40)**	**584**	**16**	**20,711**
Net income/(expenditure) before investment gains	**2,016**	**1,489**	**401**	**(16)**	**3,890**
Net gains on investments	305	-	367	2,167	2,839
Impairment write downs	-	-	-	(950)	(950)
Net income	**2,321**	**1,489**	**768**	**1,201**	**5,779**
Transfers between funds	(965)	(3,163)	(200)	4,328	-
Other recognised gains:					
Gains on revaluation of fixed assets	-	772	-	1,864	2,636
Net movement in funds	**1,356**	**(902)**	**568**	**7,393**	**8,415**
Total funds brought forward	5,457	46,686	2,930	228,504	283,577
Total funds carried forward	**6,813**	**45,784**	**3,498**	**235,897**	**291,992**

29. Funds held as Diocesan Authority

The SDBF acts as Diocesan Authority or Custodian Trustee for many trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956, as amended, and the Incumbents and Churchwardens (Trusts) Measure 1964 where the managing trustees are PCCs and others. Assets held as Diocesan Authority are not controlled by the SDBF and are not included in these financial statements. They are summarised as follows:

	2020	2019
	£'000	£'000
CBF Church of England Investment Fund	10,397	9,511
M&G Equities Investment Fund for Charities	1,578	1,992
CBF Church of England Global Equity Income Fund	858	714
Other CBF Church of England funds	498	463
Other Common Investment and OEIC holdings	1,288	1,294
Direct holdings in UK equities	122	334
CBF Church of England Deposit Fund	1,806	2,225
Cash	14	-
Total assets held as Diocesan Authority	**16,561**	**16,533**

30. Subsidiary undertaking

The SDBF is the beneficial owner of a subsidiary undertaking, Southwark DBF Trading, a company limited by guarantee, which is registered in England and supplies property and administrative services to the SDBF. The company did not trade during the current or prior year and had no assets or liabilities at the Balance Sheet date (2019: £nil).

Appendix

Acronym	Meaning
AVA	Average Weekly Attendance
BAP	National Bishops' Advisory Panel
CBF	Central Board of Finance
CEFPS	Church of England Funded Pensions Scheme
CWPF	Church Workers' Pension Fund
CYP	Children and young people
DAC	Diocesan Advisory Committee
DBF	Diocesan Board of Finance
DBS	Disclosure and Barring Service
DCT	Diocesan Council of Trustees
DMPC	Diocesan Mission and Pastoral Committee
FRC	Financial Reporting Council
FRS	Financial Reporting Standard
fxC	Fresh Expression of Church
GDPR	General Data Protection Regulation
HR	Human resources
IICSA	Independent Inquiry into Child Sexual Abuse
ISAs (UK)	International Standards on Auditing (UK)
LL&LMAG	Lay Leadership & Lay Ministry Group
MAP	Mission Action Plan
MAT	Multi Academy Trust
PCC	Parochial Church Council
PFC	Policy and Finance Committee
PSF	Parish Support Fund
SDBE	Southwark Diocesan Board of Education
SDBF	South London Church Fund & Southwark Diocesan Board of Finance
SDF	Strategic Development Funding
SIR	Serious Incident Reporting
SMT	Senior Management Team
SoFA	Statement of Financial Activities
SORP	Statement of Recommended Practice for Charities
SPA	Southwark Pastoral Auxiliary
SVDF	Southwark Vision Development Fund
UKME	United Kingdom Minority Ethnic
uSa	Usual Sunday Attendance

Notes

Notes

Hearts on Fire
The Diocese of Southwark

Loving God
Walking with Jesus
Led by the Spirit

Luke 24:13-35



The Diocese of Southwark