



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



**Cover image: The 2021 Black
History Month service at
Southwark Cathedral in October.**

© Eve Milner

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Overview

The background is a solid red color. On the left side, there is a large, stylized flame-like shape in a slightly darker shade of red. At the bottom center, there is a large, bold red cross.

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



Bishop Christopher

whose care she has been charged. Our prayers go with her.

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.

A handwritten signature in blue ink that reads "Alan Saunders".

The Diocesan Secretary

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



Ruth Martin

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.

Ruth Martin

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.

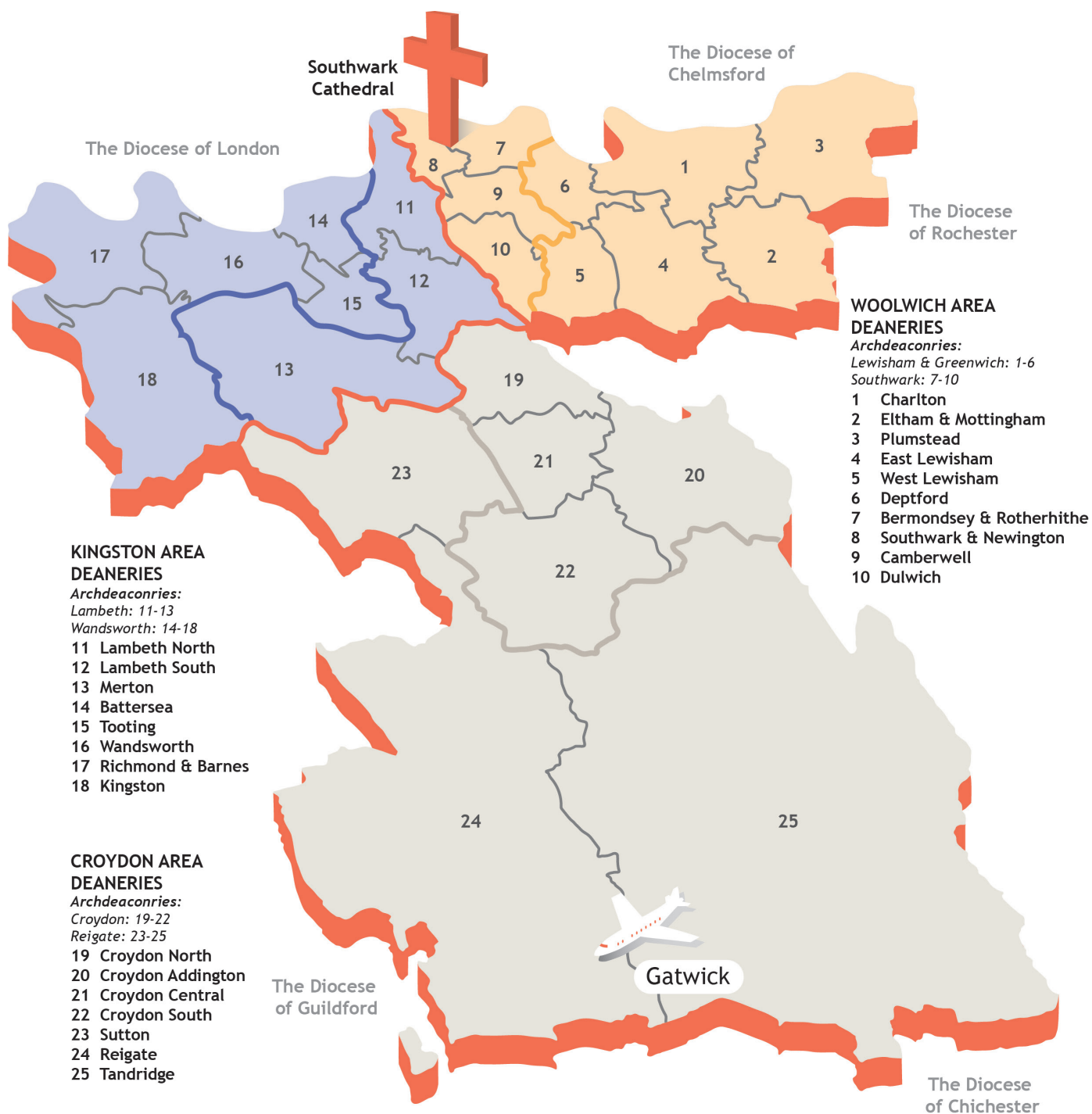
The standing committee of the Diocesan Synod is the Diocesan Council of

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



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



From left: the Venerable John Kiddle, Diocesan Secretary Ruth Martin, Bishop Christopher and Andrea Campanale sign a Bishop's Mission Order for Sacred Space.

objective. The Diocese continued to financially support its Strategic Development projects throughout the year.

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



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.

(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).

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

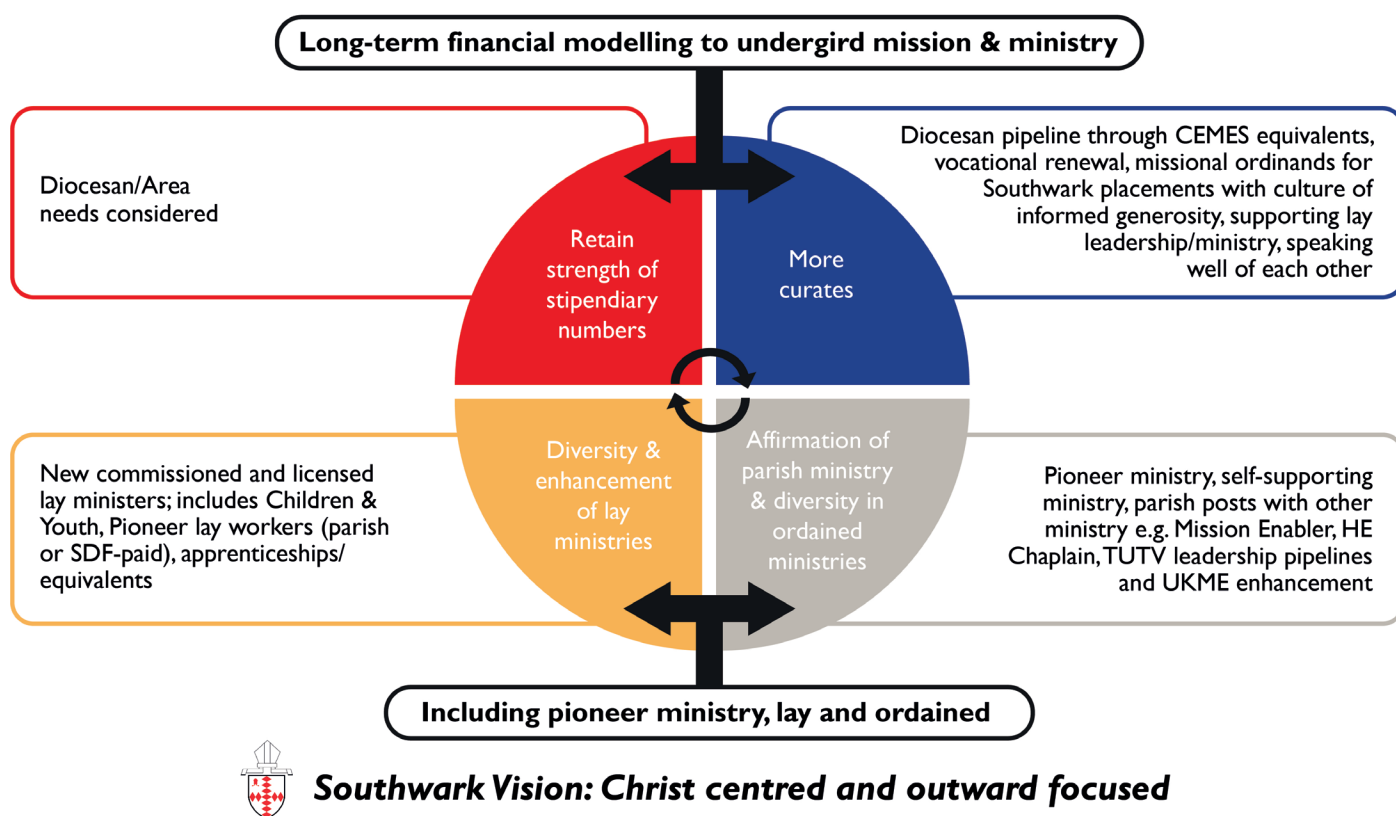
and expand pioneer ministry, and so underpin mission and ministry in the Diocese by deploying ministers, both lay and ordained, stipendiary and self-supporting, where they are best placed to ensure mission and growth. It reaffirms the Diocesan commitment to parish structures and to maintaining the maximum 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 <i>Turning up the Volume</i> 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 policies 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 <i>Turning up the Volume</i> 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



Bishop's Certificate graduation ceremony in September 2021. © Eve Milner

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.

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).

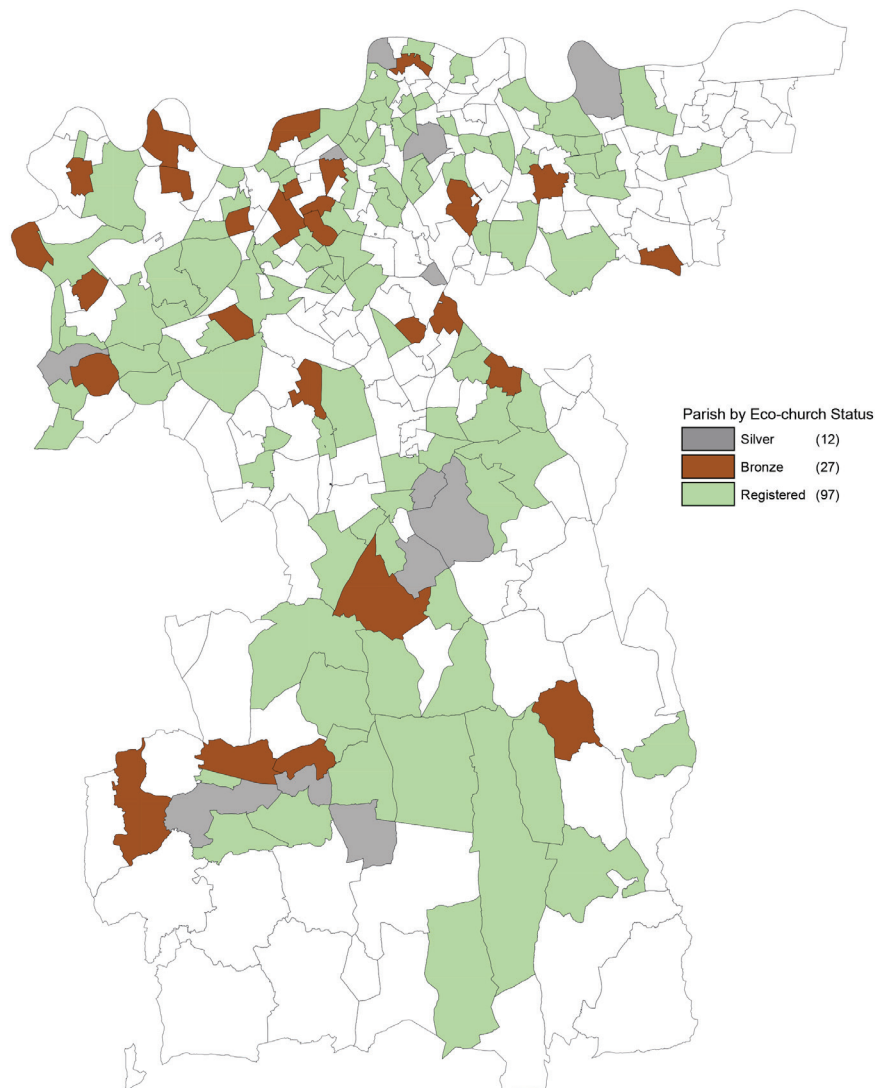
Other Mission and Evangelism Team activities in 2021 included:

- 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

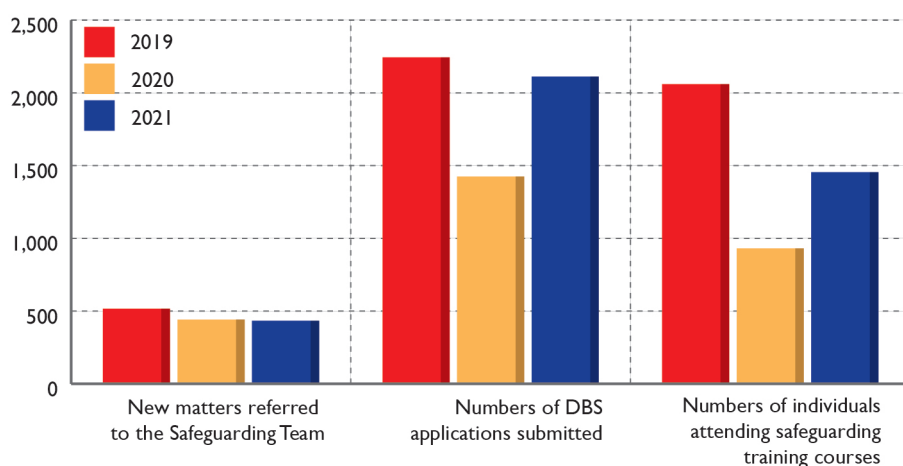


Eco Church status as per A Rocha data (27 January 2022) and Southwark Diocese (31 January 2022). Parish boundaries accurate according to Church of England records as at November 2020.

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.

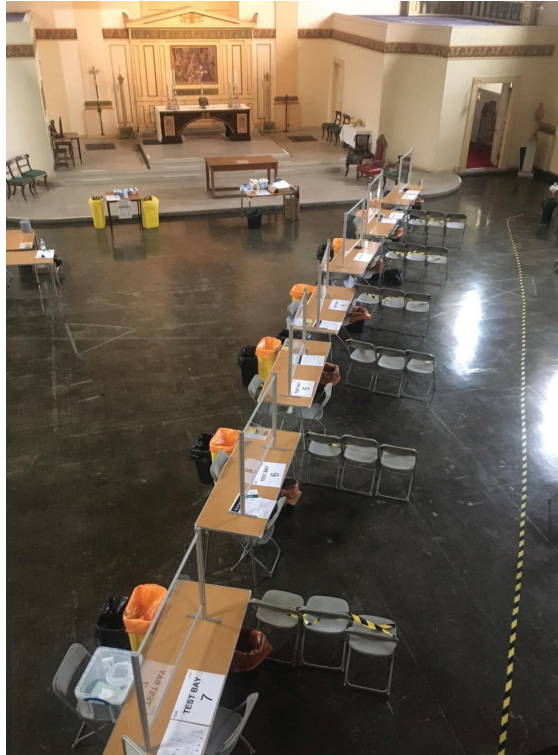
Staff also assisted parishes in applying for grant funding, including from Marshall's Charity (where 13 churches obtained a total of £150,000); Surrey Churches Preservation Trust (£6,000 between four churches); the Mayor of London's Community Energy Fund (£53,500 between three churches); and £149,000 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



St John, Waterloo becomes a COVID testing site (left); Bishop Karowei gets his vaccination (above).

public health and their legal obligations surrounding the pandemic, has also continued.

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 and 12 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



Chris Elliott with Welcare's CEO Anna Khan in November 2021.

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.

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

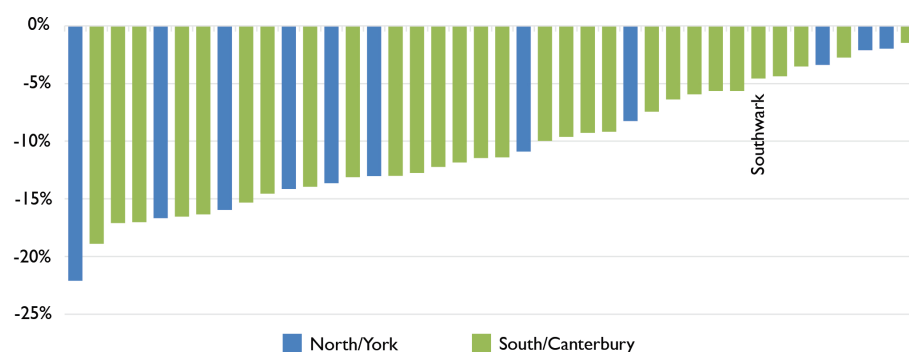
As we begin the new Triennium, the effects of the pandemic continue to make themselves felt. Although the incredible generosity of our parishes has enabled us partially to rebuild the PSF, we have still not returned to 2019 levels of giving. At the same time, the ongoing demands on our ordained and lay 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

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.

as the Parish Giving Scheme. 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).

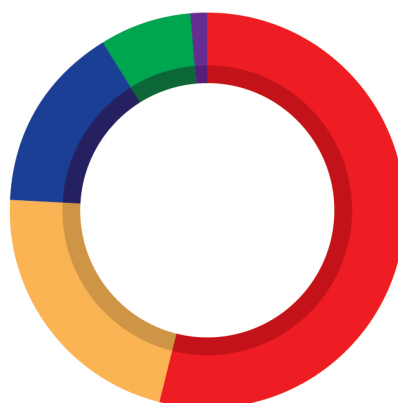
The donations made by parishes through the PSF are our principal source of income. Income from the PSF in 2021 was £15.7m (2020: £16m). The collection rate for 2021 was 99.4%, an exceptional result for the year, up from 96.7% in 2020. The collection rate is testament to the partnership working between 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.

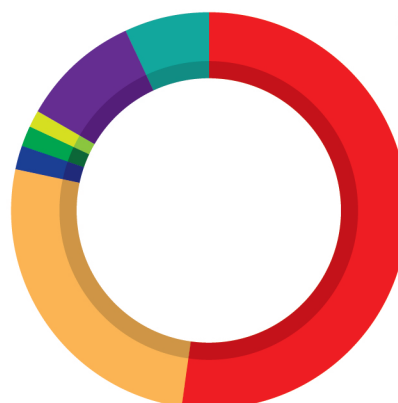
Income from charitable activities increased to £2.3m (2020: £2m) as statutory fees rose and some income was received from the Diocesan

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

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

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.

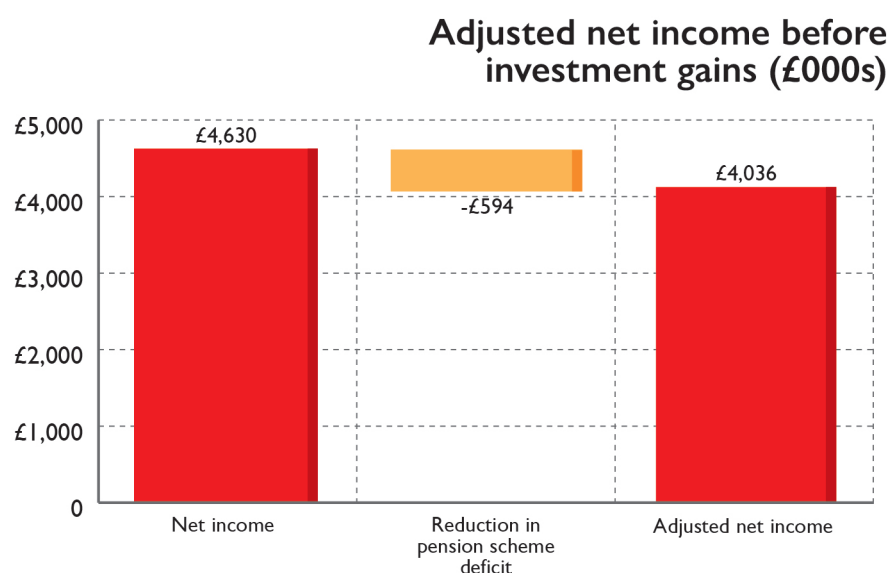
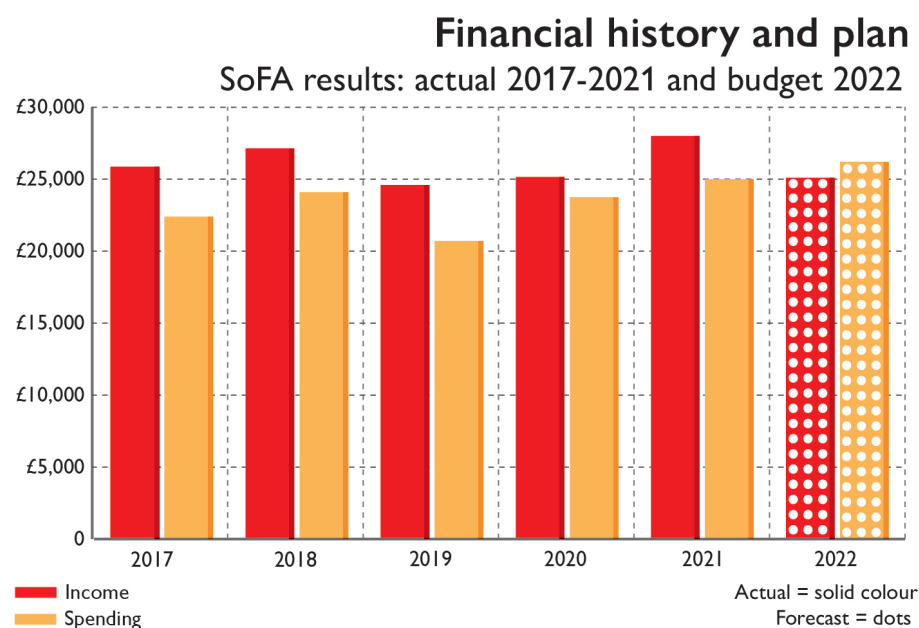
There was no impairment to the value of parsonages in the year. Properties are held for the long term and our experience has been that sale prices exceed the carrying value of the asset.

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.

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

	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

£306.4m (2020: £289.1m). Included in this total are properties, mostly in use for ministry, whose value amounted to £276.2m (£269.3m).

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

	Funds at 31 December 2021 £'000	Proportion of portfolio %	Income yield in year %	Total return in year %
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		

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.

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

The background is a solid dark blue. In the lower-left quadrant, there is a large, light blue plus sign (+) centered within a circular shape. To the left of the word 'Governance', there are several abstract, overlapping shapes in shades of blue, resembling stylized flames or organic forms.

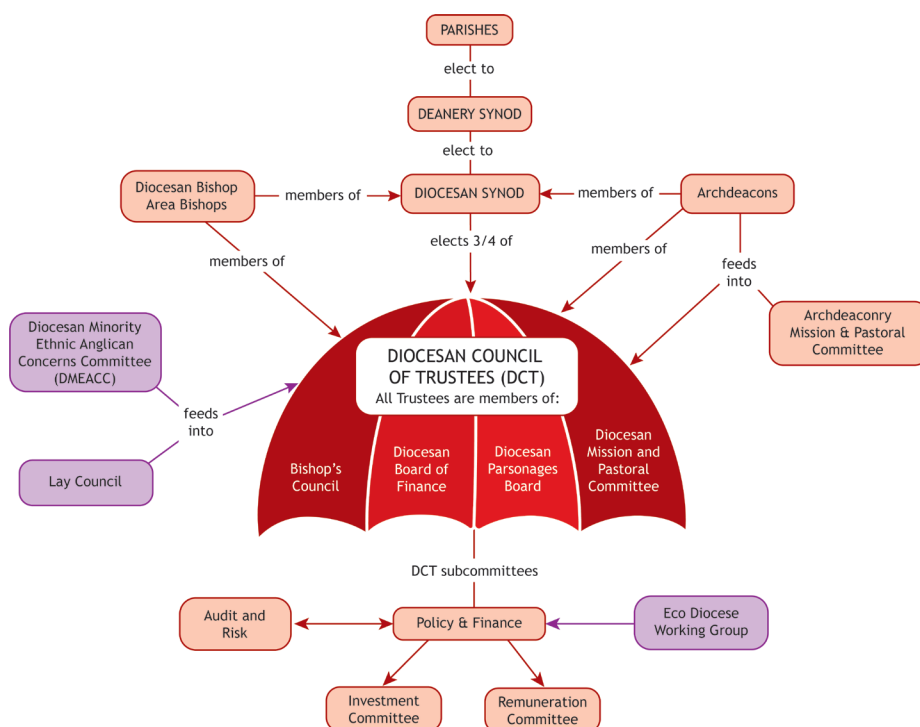
Structure and governance

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



Bishop Richard (far right) prepares to speak at Diocesan Synod. © Eve Milner

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.

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.

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

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

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

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

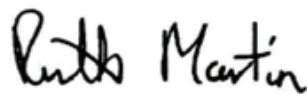
Mayfair Capital Investment Management Ltd
2 Cavendish Square, London W1G 0PU

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



Ruth Martin (Lay Canon)
Secretary
19 May 2022

Financial statements

The background features a large, stylized flame shape in a dark taupe color. Within the lower portion of the flame is a large, light taupe circle. Centered inside this circle is a dark taupe cross symbol.

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

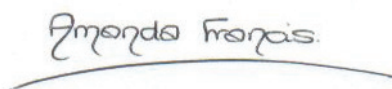
of Trustees and management and the inspection of regulatory and legal correspondence, if any.

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

		Unrestricted funds		Restricted funds	Endowment funds	Total funds 2021	Total funds 2020
		General	Designated				
	Note	£'000	£'000	£'000	£'000	£'000	£'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

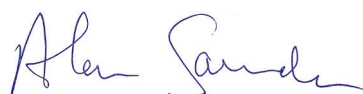
	2021	2020
	£'000	£'000
Total income	25,405	24,425
Total expenditure	(24,365)	(23,881)
Operating surplus for the year	1,040	544
Net gains/(losses) on investments	598	(1,048)
Net income/(expenditure) for the year	1,638	(504)
Other comprehensive income:		
Revaluation of fixed assets	3,908	445
Net assets 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			2021	2020
	Note	£'000	£'000	£'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
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

I. 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 I.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

I. 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

I. 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

I. 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 £'000	2020 £'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 £'000	Restricted funds £'000	Total funds 2021 £'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 £'000	Restricted funds £'000	Total funds 2020 £'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			Total funds 2021
	General	Designated	Restricted funds	
	£'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			Total funds 2020
	General	Designated	Restricted funds	
	£'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			Total funds 2021
	General	Designated	Endowment funds	
	£'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			Total funds 2020
	General	Designated	Endowment funds	
	£'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				Total funds 2020
	General	Designated	Restricted funds	Endowment funds	
	£'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 £'000	Restricted funds £'000	Endowment funds £'000	Total funds 2021 £'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 £'000	Restricted funds £'000	Endowment funds £'000	Total funds 2020 £'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

I 0. Analysis of support costs

2021	Unrestricted General Fund £'000	Endowment funds £'000	Total funds 2021 £'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 £'000	Endowment funds £'000	Total funds 2020 £'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 £'000	Institutions £'000	2021 total £'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 £'000	Institutions £'000	2020 total £'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			
	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)	-	-
From General Fund to Southwark Vision Development Fund for project costs	(500)	500	-	-
Total	577	299	-	(876)

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

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).

I4. 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.

I5. 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 £'000	2020 £'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 £'000	2020 £'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

I9. Summary of fund movements (continued)

2020	Balances at 1 January 2020 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and losses £'000	Balances at 31 December 2020 £'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

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