



The Diocese of
Southwark

The South London Church Fund & Southwark Diocesan Board of Finance **Annual Report 2023**

Company registration number 236594

Registered charity number 249678



Christ Centred | Outward Focused

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

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Overview

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Introduction by the Bishop of Southwark

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

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

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

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

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

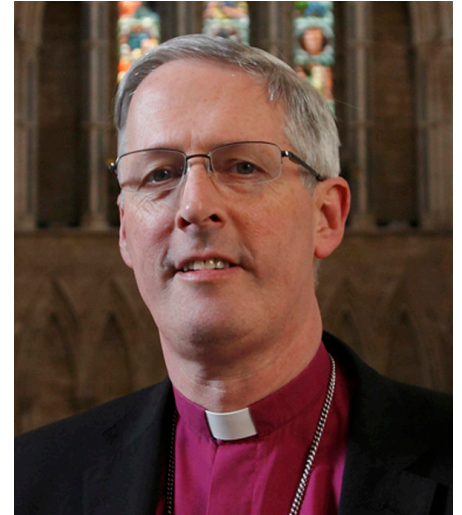
In my staff team, over the summer we said farewell to Ruth Martin as she stepped down from the role of Diocesan Secretary, which she filled with so much commitment and energy for more than eight years –

and in September I was very pleased to welcome Nicola Thomas as her successor. I look forward to continuing to work with Nicola over the coming months and years. I am also pleased that Ruth accepted my request to remain on with some specific responsibilities for two more years, providing further resilience for the Diocese and a smooth transition for Nicola.

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

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

The Church nationally saw the commendation of the Prayers of Love and Faith, following the prayerful deliberations of General Synod. I welcome these prayers – and recognise that not all do. In my Presidential Address to Diocesan Synod in November I said, "The leadership of this Diocese will be utterly unshakeable in protecting the spectrum of conviction on this matter and will continue to hold in high esteem and respect the sincerity of those who do not wish to use the



Bishop Christopher

prayers as we will for those who do. I simply ask once again that we continue to speak well of each other as befits our calling as fellow members of the Body of Christ. No one will be asked or required to use the Prayers of Love and Faith unless they choose to do so from their hearts. Those who do use them will use them with my blessing."

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

Christopher Southwark

Chair of the Diocesan Board of Finance

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

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

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

This year the Diocese has refreshed its Vision and reset its priorities for 2024–35. This is an exciting time as we continue seeking to grow and deepen

our discipleship. Parishes are the top priority in our Vision and we remain committed to maintaining the maximum possible number of stipendiary clergy (including curates) to serve our team.

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

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

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

My role has been wonderfully supported by the Diocesan staff and



Sir David Beamish

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

A handwritten signature in black ink that reads "David Beamish". The script is fluid and cursive.

The Diocesan Secretary

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

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

No vision can be delivered without resources, and we are fortunate to be able to bid for resources in a number of key areas from the National Church. 2023 saw the first of what I hope will be many Net Zero Carbon¹ grants from the National Church, providing a capacity building grant for a temporary member of staff to develop our net zero plan and build our bid for a longer-term Net Zero Carbon Programme Manager who joined the team early in 2024.

We also received the excellent news in December 2023 that our bid for Racial Justice Funding to continue the

implementation of the Anti-Racism Charter was successful, and that we have been awarded just over £0.5m over 3 years to build on our strong foundations in this area. I look forward to seeing the development of this work in 2024 and beyond.

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

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

We are indebted to volunteers in our parishes who take on many essential roles, including that of Parish



Nicola Thomas

Safeguarding Officer. Following the backlog resulting from the Covid-19 pandemic, I am very pleased that the hard work of the Safeguarding team and those volunteers has resulted in a 19% increase in those undertaking safeguarding training, and a 45% reduction in those with outstanding training requirements.

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

A handwritten signature in black ink, appearing to read 'Nicola Thomas'.

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

Our Vision: a fruitful future

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

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

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

The Diocese of Southwark serves...



2.9 million people

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

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

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





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

Legal objects

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

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

This combined report satisfies the legal requirements for:

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

Legal objects

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

Its function is to serve as the corporate body of the Church of England in the Diocese, responsible for the financial stewardship of the Diocese through performing, working and transacting business in connection with the Church and Diocese. It is the Diocese's Board of Finance for the purpose of the Diocesan Boards of Finance Measure 1925 and other

legislation. Through its Parsonages Committee, it may act as the Parsonages Board for the Diocese within the meaning of the Repair of Benefice Buildings Measure 1972.

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

The SDBF has the following responsibilities:

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

The SDBF is empowered to act as a committee of the Diocesan Synod, responsible for providing the secretariat and other corporate services of

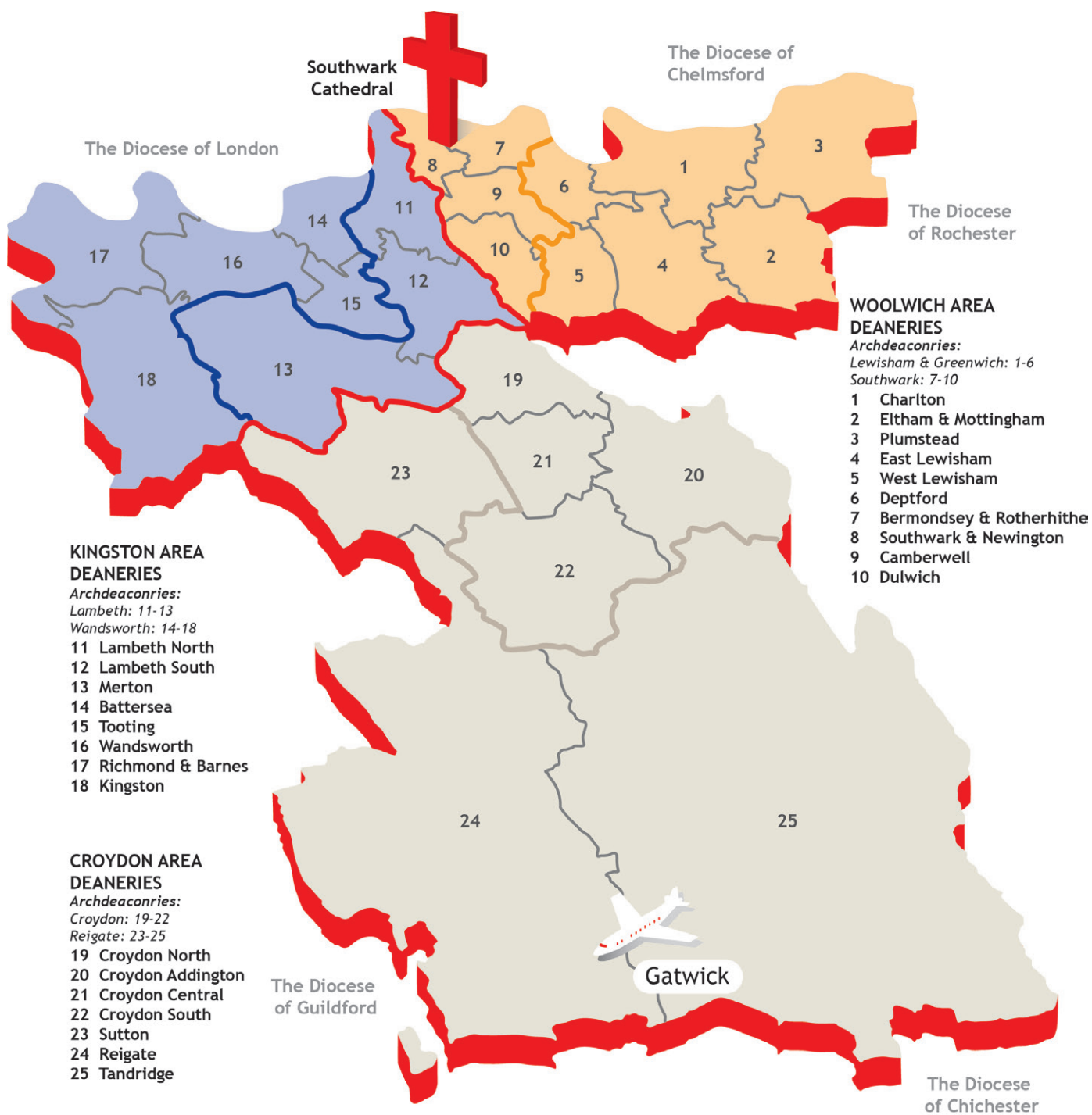
the Diocese and also for raising and disbursing money and employing staff.

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

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

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

Map of the Diocese of Southwark



Strategic report

The background is a solid dark green. It features several large, overlapping, organic shapes in a lighter shade of green. One shape in the upper left resembles a flame or a leaf. Another shape in the lower left contains a white cross symbol, which is partially obscured by the darker green background.

Strategic report

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

The purposes are:

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



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

Southwark Vision 2017–25 and strategic objectives

Southwark Vision

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

This refreshed Vision has six core priorities:

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

Southwark Vision 2017–25 was focused around growth, mission action planning, developing worshipping communities and Fresh Expressions of Church, growing lay and ordained vocations, developing the diversity of our leadership and representation to reflect the rich diversity of our

Diocese, and maintaining a strong and sustainable financial base to resource mission and ministry in South London and East Surrey. These objectives and outcomes have been carried through into Southwark Vision 2024–35, updated and refreshed for the next stage of our journey. This next evolution of our vision comes as we continue to walk together, discerning God's wisdom and guidance in our shared pilgrimage of faith. Keeping Christ as our centre and the focus of unity, we will continue to turn outwards – seeking to support, encourage, resource and learn from one another as we serve our parishes and God's world.

Objective One

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

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

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

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

- the Worshipping Community in Southwark churches was 49,700, a decline of 1% on the 2021 figure (Church of England comparison: an increase of 2%)

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

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

Objective Two

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

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

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

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



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

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

Objective Three

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

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

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

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

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

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

Objective Four

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

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

We continue our expansion of lay ministry, with an increasing number of people licensed and commissioned to some of our new lay ministries, as well

as to our more established ministries of Reader and Southwark Pastoral Auxiliary (SPAs).

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

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

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

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

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

Objective Five

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

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

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

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

Annual objectives for 2023

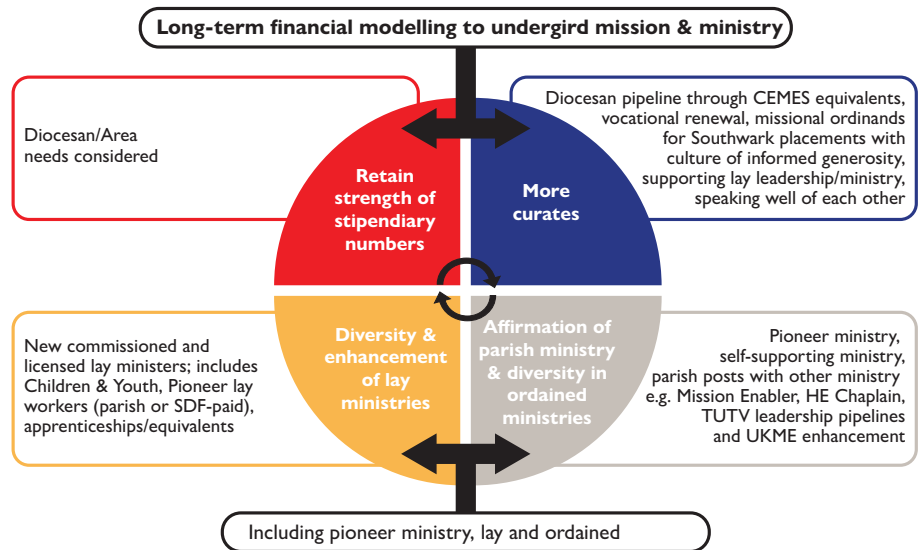
The Annual Objectives were approved by the Diocesan Synod in November 2023 and continued the themes of *Connectedness & Communication and Rebuilding Finances: Parishes and the Diocese*, set in 2022. Together they formed a broad remit of major synodical priorities to which they were drawn:

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

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

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

Strategic ministry deployment and vision



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

Our commitment on the development and embedding of our Anti-Racism Charter continued. Establishing Hub and Resourcing Churches, to encourage and support parishes with mission and Fresh Expressions, also continued and is showing promise. Supporting mission and ministry through the work of our Justice, Peace and Integrity of Creation (JPIC) team also continued in 2023, as Diocesan Synod approved a diocesan

roadmap to Net Zero Carbon and staff began to develop the plan for reducing carbon emissions, in line with our Diocesan Environment Policy. Diocesan Synod also made a commitment to achieving our Eco Diocese Silver award by 2027–28. Following the achievement of Bronze status in 2023, work on this has begun in earnest.

Annual objectives *(continued)*

Progress made towards achieving 2023 objectives

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

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

Reflections from 2023



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

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

Thousands came together over the Coronation Weekend (6–7 May 2023) to celebrate the coronation of His Majesty King Charles III and Queen Camilla following the death of Her

Late Majesty Queen Elizabeth II on 8 September 2022. A special Choral Evensong took place at Southwark Cathedral to mark the historic event and parishes across our Diocese held special services, street parties and parades.

On Thursday 22 June, Southwark Cathedral hosted the national Windrush 75 Service of Thanksgiving on the theme of 'Remembering the struggle, celebrating the contribution and flourishing for the future'. The service marked the 75th anniversary of the docking of the MV Empire Windrush into Tilbury Docks, which brought more

than 500 Caribbean men and women who responded to an invitation to come to a country in recovery from World War II. Organised by the ecumenical Windrush Planning Committee and the Racial Justice Advocacy Forum, the event celebrated the significant role of the Windrush Generation in shaping the cultural landscape of Britain, while seeking to recognise the costs borne by so many in that generation. A special walk of witness preceded the service and included participation from a number of diocesan schools. Many parishes also held events in their local communities.

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

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

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

Ministry and discipleship

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

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

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

Family Minister were also commissioned at the combined service.

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

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

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

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

Reflections from 2023 *(continued)*

Vocations and clergy formation

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

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

As part of the Diocese's commitment to its Anti-Racism Charter, broadening the diversity of our clergy continues to be a priority – with a growing number of UKME/GMH curates already in post. Of the 15 candidates recommended for training through the Shared Discernment Process (SDP) or Candidates Panel in 2023, six were UKME/GMH (40%), compared with five

out of 15 (33%) in 2022. This movement is supported by a commitment to the diversity of our Vocations Advisers and ADOs. Currently, among the Vocations Advisers, 50% are women and 30.5% UKME/GMH. Amongst the ADOs, 47% are women and 33% UKME/GMH. Given the numbers of candidates coming through the discernment process, we do need to increase our numbers of Vocations Advisers (VAs). However, despite various recruitment initiatives, there has been a significant challenge in attracting applications to the VA team from UKME/GMH VA candidates. All ADOs spend time as a VA before becoming ADOs, and so this has had an impact on recruitment to the ADO team.

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

The appointment of The Revd Canon Roxanne Eversley as Dean of Cultural Diversity and Canon Librarian was announced. This new role will be

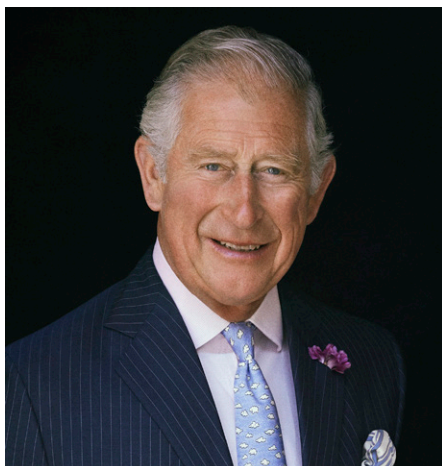
partly focused on consolidating the work already done in ensuring diversity amongst vocations candidates and the wider vocations team. Roxanne's mentoring role will also support our ordinands and curates. She took up her role in February 2024.

Mission and evangelism

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

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

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



© Eleanor Bentall



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

Pioneering and fresh expressions

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

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

reaching people in their communities and continuing to use what they have learnt in their appointments.

We have started a second Greenhouse Learning Community in Tandridge Deanery and are now supporting over 20 churches to develop new Fresh Expressions of Church through our Greenhouses. Three additional Lay Pioneers have been licensed following their training at St Augustine’s college which included extensive pioneering practice and development of new worshipping communities alongside their study. We have provided regular online training for leaders of Fresh Expressions throughout the year and have actively supported leaders through accompaniment, advice and mentoring. We have over 100 Fresh Expressions of Church across our Diocese and are encouraged by the continued growth of new examples. Grant’s funding has

allowed many of these to start, restart or develop – including thriving examples amongst the Farsi-speaking community, an expanding number of Bubble churches and a wide variety of outdoor churches and Fresh Expressions engaging with families and young people.

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

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

Reflections from 2023 *(continued)*

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

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

With the tragic events of serious youth violence in our Diocese we continue the work of awareness, prevention and advocacy. Building on the success of last year's 'Through their eyes' project, Southwark Diocese in partnership with SDBE, Southwark Cathedral and The Worshipful Company of Glaziers focused in 2023 on the theme of serious youth violence. Students from two schools in our Diocese undertook a day's workshop by Operation

Forgiveness about knife crime and forgiveness. The students created powerful artwork that contributed to a stained-glass piece that is now on display in Southwark Cathedral. The Serious Youth Violence Development Officer delivered workshops and presentations in several schools and parishes. Further work on serious youth violence continues through partnership with the Synergy Network and participation in the working group for the Violence Reduction Unit Multi Faith Alliance at City Hall.

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

In relation to caring for creation (the fifth mark of mission) we have seen more churches supported to become eco churches and training has been

delivered in Carbon Literacy. Our Diocesan Environmental Officer continues to support parishes in their work and funding has been secured from the national Environment team to support our journey to becoming a Net Zero Carbon diocese. There remains a further commitment to review annually the progress being made. We are delighted also that one of our churches achieved their Eco Church Gold award in 2023.

Property

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

© Christian Aid.



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

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

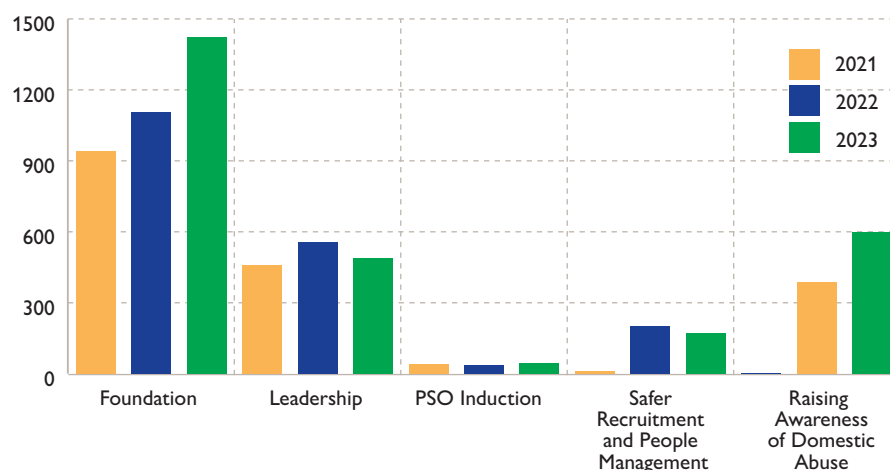
Safeguarding

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

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

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

Safeguarding courses attendance 2021–2023



courses and in mobilising parishes to deliver their own Safeguarding Basic and Foundation courses.

During 2023:

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

- There were 2,770 Disclosure and Barring Service (DBS) checks – a 20% increase in comparison with 2022 (2,305).

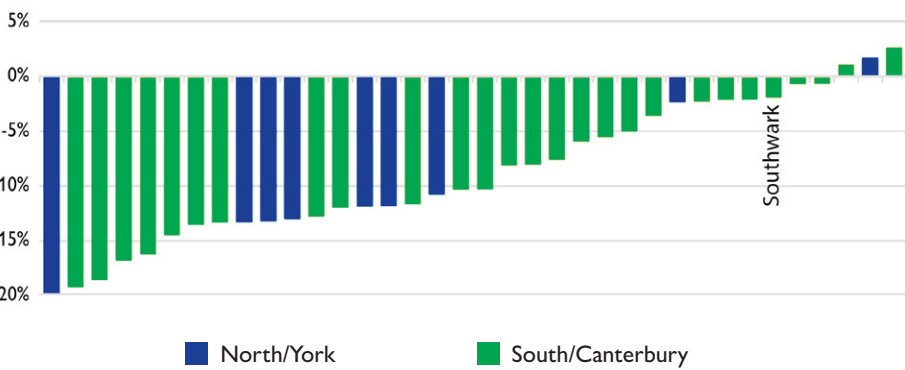
Giving and funding

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

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

Reflections from 2023 *(continued)*

2023 parish share receipts by diocese



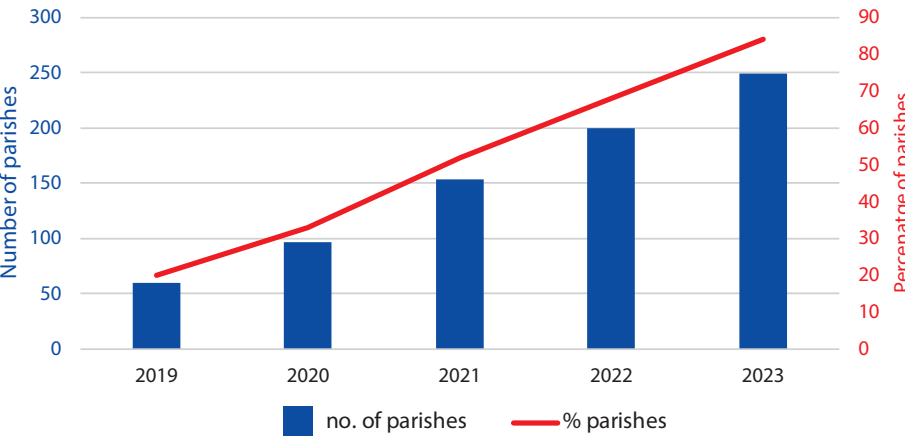
Percentage change in cash received in 2023 compared to 2019. Southwark, with a drop of less than 5%, is sixth out of 36 dioceses reported. Data from Church of England.

Digital Giving

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

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

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



The Parish Giving Scheme

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

Personnel

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

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

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

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

Church buildings and DAC

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

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

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

1. £73,000 will be put towards creating a new full-time role that will offer parishes advice on making repairs and improvements to church buildings – including fundraising support. This Church Buildings Fundraising Support Officer (a role that will be funded until the end of 2025, with 40% of the costs covered by diocesan funding) will also offer guidance on the sustainability of church buildings.
2. Throughout 2024 and 2025, parishes will be able to apply to the Diocese for grants towards the costs of minor repairs and improvements for church buildings. Funds awarded will typically be between £5,000 and £10,000 per parish and will be drawn from a total of £144,000 to be awarded over the two years.

Communications

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

The Team offered communications support for parishes for key diocesan and national events – including the Coronation of King Charles III, the consecration of the Bishop of Kingston, the Rt Revd Dr Martin Gainsborough,

the Season of Lay Ministries, the Bishop's Lent Call, Windrush commemorations, Black History Month and opportunities to give thanks for the life and ministry of Bishop Karowei.

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

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

Future plans

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

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

In 2023 we took full advantage of a £15,000 capacity-building 'starter grant' from the National Environment Team and recruited a temporary Net Zero Carbon Project Manager to develop our Net Zero Carbon action plan and, crucially, to develop a strong bid for longer term funding. This was successful and in 2024 we will use this

funding to recruit a dedicated Net Zero Carbon Programme Manager, to help us develop the next stages of our plans to achieve Net Zero Carbon by our Diocesan target of 2035, following the processes set out in the national Church of England Routemap to Net Zero Carbon. This will include engaging with the national Environment Team and bidding for further capacity building and implementation funding as it becomes available.

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

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

As well as these specific funding applications, in 2024 we will be making a substantial application for a funding partnership with the national Church to provide additional resources to

implement Southwark Vision. The proposed funding partnership is called the Diocesan Investment Programme, and the Diocese will be applying for the maximum nine-year funding, which we expect will cover most of the Southwark Vision timespan.

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

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

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

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

As well as applying for external funding, we will also be working to grow our



EcoFair at St Luke, Kew.

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

Diocesan staff continue to work hard to support our parishes. This includes provision of statutory services such as safeguarding, HR, and the Diocesan Advisory Committee for the Care of Churches – as well as advice and resources for all aspects of parish mission and ministry. In 2024 we will appoint a new Information and Data Manager for Safeguarding to fill the vacancy left by Uzma Osinibi, which will enable us to conduct a parish safeguarding audit. We will also recruit an additional Assistant Diocesan Safeguarding Advisor, so that we can

continue to provide parishes with timely advice on safeguarding issues. The National Safeguarding Team recommends a focus on two of the five Safeguarding Standards every year and in 2024 our focus will be *Standard Four: Victims and Survivors* and *Standard Five: Learning, Supervision and Support*. Going forward, we hope in 2025 to focus on *Standard One: Culture, Leadership and Capacity* and *Standard Three: Recognising, Assessing and Managing Risk*. In 2026 we will focus on *Standard Four: Victims and Survivors* and *Standard Two: Prevention*.

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

Financial review

Financial performance

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

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

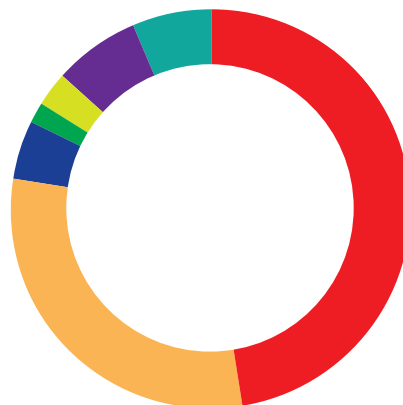
The decrease in the value of Board and Diocesan Stipendiary property was £13.6m (2022: £2.1m increase), again a reflection of the depressed state of the housing market. The net gain on investments was £0.3m (2022: £2.6m loss), as the market regained some of the value lost earlier in the year.

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



2023 FY Income vs (Budget)

Parish share:	£16.0m	(£15.9m)
Funding from outside Diocese:	£3.9m	(£3.4m)
Gain on asset disposal:	£0.4m	(£3.0m)
Funding from Diocesan assets:	£3.1m	(£2.9m)
Parochial fees:	£0.4m	(£0.4m)
Total	£23.8m	(£25.6m)



2023 Expenditure vs (Budget)

Ministry stipends:	£12.8m	(£12.6m)
Ministry housing, training & support:	£8.0m	(£7.3m)
Area Mission & JPIC:	£1.3m	(£1.3m)
Board of Education:	£0.4m	(£0.4m)
Strategic Development & Fresh Expressions:	£0.8m	(£0.8m)
Governance and administration:	£1.8m	(£1.7m)
National Church:	£1.7m	(£1.7m)
Total	£26.8m	(£25.8m)

between parishes and the Diocese, and the strength of our pledge system based on informed generosity.

Contributions from the Archbishops' Council were £1.9m (2022: £1.7m) with the increase attributable to a higher level of Strategic Development grant. Other donations remained stable at £2.0m (2022: £2.0m). Income from charitable activities was £2.1m (2022: £2.5m) as more of our housing was used

for mission and ministry in the year, resulting in a reduction in rental income compared to 2022.

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

in the pension scheme liability as we had in 2022.

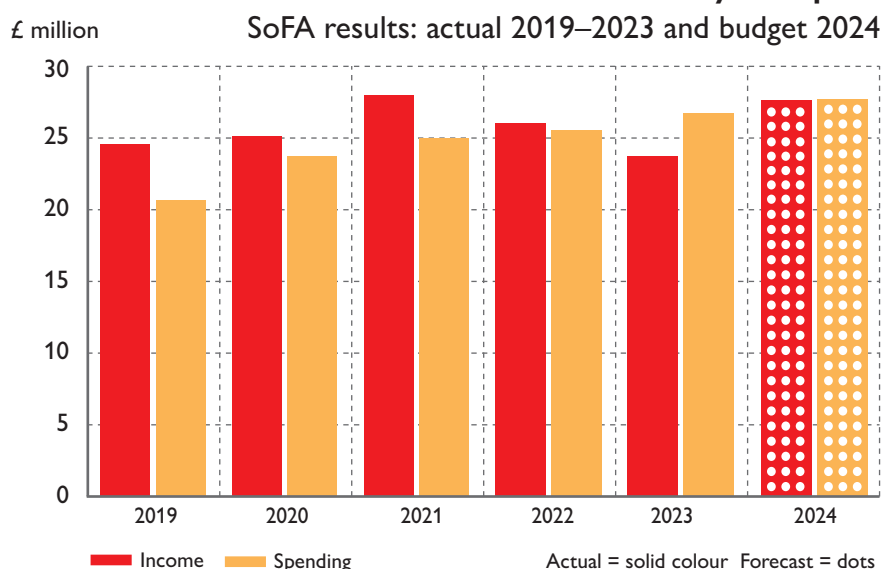
The amount spent on administration as a proportion of the total gross expenditure of the SDBF amounted to 10% (2022: 9.5%). This expenditure continues to be monitored rigorously. It is comparable to other dioceses and other charities of a similar size and complexity.

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

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

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

Financial history and plan



Significant property transactions

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

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

Our policy continues to be:

- to accommodate the changing geographical deployment of clergy within the Diocese
- to release the development and refurbishment potential in some

properties to enable more effective use of funds for the ministry of the church and to house curates

- to replace unsuitable properties to ensure that each parish/benefice has a benefice house.

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

Financial review *(continued)*

Balance sheet position

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

The Trustees consider that the balance sheet, together with Note 20 (pages 80–81), show broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. The net assets as at the balance sheet date totalled £289.9m (2022: £306.1m). Included in this total are properties, mostly in use for ministry, whose value amounted to £265.7m (2022: £275.6m).

Reserves policy

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

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

expected that those property sales scheduled for 2023 will be made in 2024 and restore the reserves and cash position to three months unrestricted expenditure in 2024.

Reserves invested in fixed assets

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

Designated funds

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

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

Restricted and endowment funds

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

Grant-making policy

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

Investment policy

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

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

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

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

The investment objectives are:

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

the inflation-adjusted value of the capital

- for Board of Finance investments, the aim is to maximise capital and income in the longer term.

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

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

Principal risks and uncertainties

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

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

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

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

1. Communications

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

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

Mitigants include:

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

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

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

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

2. Data and data protection

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

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

Mitigants include:

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

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

Mitigants include:

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

3. Diocesan growth

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

Mitigants include:

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

4. Financial risks

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

Mitigants include:

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

5. Governance

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

Mitigants include:

- ensuring that the scheme of delegation on decision-making is strictly adhered to and that matters are dealt with at the correct level of governance – with all terms of reference of the constituent bodies being rigorously followed

- following the agreed Terms of Reference for each of the constituent bodies, sub-committees, working groups and any advisory groups
- ensuring transparent reporting by the Management Team through the Chair of the DBF, Policy & Finance Committee and the Diocesan Council of Trustees (DCT)
- maintaining strong links between Diocesan Synod and DCT and between the Southwark Diocesan Board of Education and Diocesan Synod.

6. IT

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

Mitigants include:

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

Principal risks and uncertainties *(continued)*

7. Living in Love & Faith

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

Mitigants include:

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

8. Safeguarding

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

Mitigants include:

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

Core Groups for safeguarding case management meet as required and are chaired by an Archdeacon, a senior lay member of the DCT or the Diocesan Safeguarding Advisory Panel Chair. Parishes are required to use the online systems for Disclosure and Barring Service checks as part of the safe recruitment of those working with children, young people and adults who may be at risk of harm. We work to ensure the rigorous recording of data and produce statistics to allow full and ongoing reviews of Diocesan safeguarding processes, as well as input into continuing implementation of IICSA and national Church initiatives. All safeguarding work is supported by

proactive and sensitive communications, provided by our in-house team. Formal reporting of safeguarding activity and the key risk areas is provided for annual scrutiny by the Diocesan Audit and Risk Committee and the whole Trustee body at the DCT as a further mitigant.

Governance

The background is a solid dark blue. On the left side, there are several overlapping, semi-transparent blue shapes. These include a large, stylized plus sign or cross shape at the bottom, and several curved, flame-like or leaf-like shapes above it. The word "Governance" is written in a white, sans-serif font, centered horizontally and partially overlaid by these blue shapes.

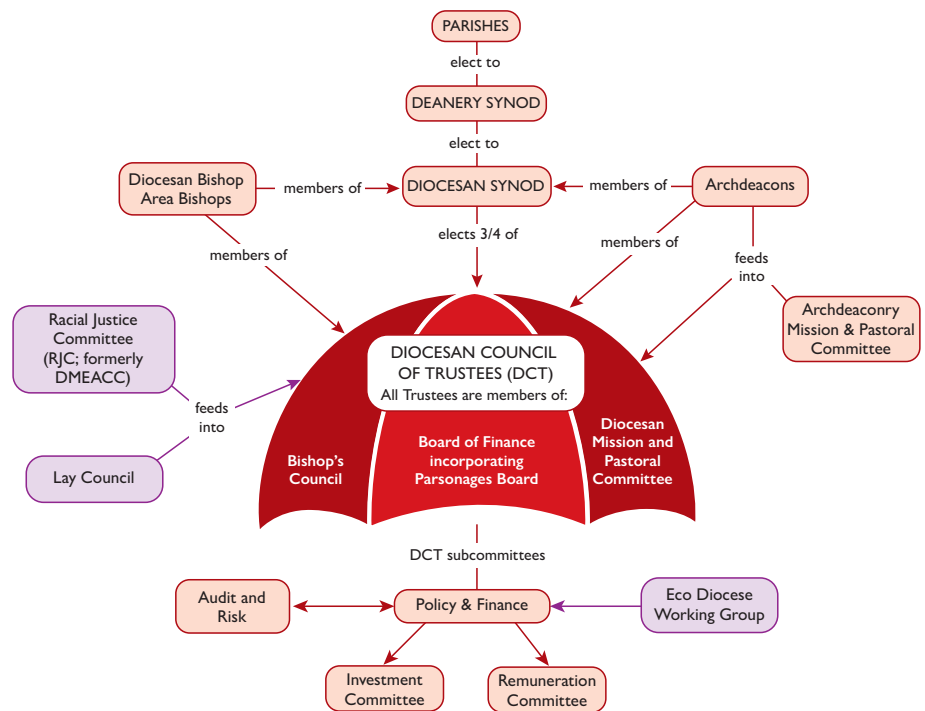
Structure and governance

Summary information about the structure of the Church of England

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

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

Within each diocese, overall leadership lies with the Diocesan Bishop. The Diocese of Southwark is itself divided into 25 deaneries, each with its own Deanery Synod, and within each parish there is a Parochial Church Council (PCC). The PCC shares responsibility with the parish priest for the mission of the Church in that place, in a similar way to that in which the Bishop shares responsibilities



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

with the Diocesan Synod. Whilst each diocese is a separate legal entity, with a clear responsibility for a specific geographical area, being part of the Church of England requires and enables each diocese to seek support from and work in partnership with other dioceses and national bodies.

Organisational structure

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

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

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

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

Decision-making structure

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

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

- initiating proposals for action by the Synod and advising it on matters of policy
- delegating, where appropriate, deliberation of policy and review of decisions to its Policy and Finance Committee and Audit and Risk Committee and the Investment Sub-Committee
- transacting the business of the Synod when it is not in session, subject to the directions of the

Synod and in accordance with Synod Standing Orders

- acting as the Trustees of the Board establishing ad hoc review groups, their terms of reference and membership carrying out such other functions as the Synod delegates to it
- appointing members to committees and representatives to external bodies, subject to the direction of the Synod

The Trustees are assisted in their work by two committees:

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

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

Structure and governance

(continued)

The Audit and Risk Committee

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

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

Trustee recruitment, selection and induction

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

Remuneration of key management personnel

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

Delegation of day-to-day delivery

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

Funds held as Diocesan Authority

The Board acts as Diocesan Authority or Custodian Trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956, as amended, and the Incumbents and Churchwardens (Trusts) Measure 1964 where the Managing Trustees are PCCs and others. These assets are not

aggregated in the financial statements as the SDBF does not control them, and they are segregated from the SDBF's own assets by means of a separate bank account, separately identified investment holdings and a separate accounting system. Further details of financial trust assets, whose market value amounted to £17m at 31 December 2023 (2022: £15.9m), are available from the SDBF on request, and are summarised in Note 29 (see page 88). Where properties are held as Diocesan Authority, the deeds are identified as such and held in safe custody by the SDBF's solicitor, Winckworth Sherwood LLP.

Section 172 statement

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

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

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

- The Directors are fully aware of their responsibilities to promote the success of the Company in accordance with Section 172 of the Companies Act 2006
- The Board regularly reviews how we engage with the parishes and Deaneries across the Diocese which comprise the electing body of Synod. In effect, the Directors through the DBF are the standing committee of Synod, and the Chairs of both the House of Laity and the House of Clergy are on the Board, as are representatives of both parish clergy and lay people in parishes
- The stakeholder voice is brought into the boardroom throughout the annual cycle through information provided by management and also by direct engagement with stakeholders themselves. In our Strategic Report (pages 13–36), we set out some of our other principal stakeholders, how and why we engage, and detail engagement outcomes. The relevance of each stakeholder group may increase or decrease depending on the matter or issue in question, so the Board seeks to consider the needs and priorities

of each stakeholder group during its discussions and as part of its decision-making

- The SDBF has good relationships with its suppliers, parishes and others. Committees of the DBF include members who hold roles in parishes; and engagement with parishes, including with volunteer lay officers and clergy, includes annual meetings across the Diocese, organised on an Archdeaconry and Deanery basis
- The Diocesan Secretary is effectively the Chief Executive Officer and is held accountable to the Board through regular meetings at least monthly with the Chair and Vice Chair, and through the Policy and Finance Committee where a range of employees attend, and through the Board meetings, any of which can be attended by employees from the Senior Management Team
- Directors of the Board include the six Archdeacons and four Bishops and they have regular and open contact with employees at all levels of the organisation. All heads of departments have team meetings and individual meetings with staff and there are also all-staff meetings.
- The Senior Management Team has been designated as “senior management” for the purposes of the 2018 Code but not for the purposes of section 414C(8) of the Companies Act 2006. It comprises the senior functional management roles and together is made up of those with responsibility for interacting with the charitable company’s principal stakeholders. The Board has had in place, since 2015, measures to ensure that stakeholder interests are always taken into account. Where

external legal advice is required, the Directors can consult with the Diocesan Registrar or ask senior staff such as the Diocesan Secretary or Deputy Diocesan Secretary to do so on their behalf.

Related parties

Related parties include:

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



Southwark Cathedral.

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

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

Trustees' responsibilities



Members of Diocesan Synod take a vote.

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

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

- select suitable accounting policies and apply them consistently

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

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

prevention and detection of fraud and other irregularities.

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

Statement of disclosure to the auditor

So far as each Trustee is aware:

- a) there is no relevant audit information of which the charitable company's auditor is unaware, and
- b) each Trustee has taken all the steps that they ought to have taken as a Trustee in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

Appointment of auditor

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

Administrative details

Trustees

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

President

The Right Revd Christopher Chessun,
The Bishop of Southwark

Ex-officio

The Right Revd Dr Rosemarie Mallett,
The Bishop of Croydon

The Right Revd Dr Martin Gainsborough,
Bishop of Kingston

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

The Venerable Greg Prior,
The Archdeacon of Croydon

The Venerable Simon Gates,
The Archdeacon of Lambeth

The Venerable Alastair Cutting,
The Archdeacon of Lewisham & Greenwich

The Venerable Moira Astin,
The Archdeacon of Reigate

The Venerable Jonathan Sedgwick,
The Archdeacon of Southwark

The Venerable John Kiddle,
The Archdeacon of Wandsworth

Chair of the House of Clergy of Diocesan Synod

The Revd Lotwina Farodoye

Chair of the House of Laity of Diocesan Synod

Mr Adrian Greenwood, (Lay Canon)

Appointed by the Bishop of Southwark

Sir David Beamish
Chair of the Board of Finance

Mrs Sarah Docx
Vice Chair of the Board of Finance

Elected by Synod (House of Clergy)

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

Elected by Synod (House of Laity)

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

Lay persons elected as specialists

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

Senior staff

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

Mrs Nicola Thomas
(from 1 September 2023)
Diocesan Secretary

Mrs Jacqueline Pontin
Deputy Diocesan Secretary

Mr Mark Rhodes
Director of Finance and Financial Assets

Mr Colin Bushell
(to 11 June 2023)
Diocesan Surveyor

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

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

Mr David Loft
Director of Human Resources

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

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

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

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

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

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

Ms Pamela Chisholm
Diocesan Safeguarding Advisor

Mrs Gabby Parikh
Director of Giving and Parish Funding

Registered office

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

Advisers

Bankers

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

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

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

Independent Auditor

Buzzacott LLP
130 Wood Street, London EC2V 6DL

Solicitors

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

Investment Fund Managers

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

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

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

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

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

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

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

Insurers

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

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

By order of the Trustees



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



Nicola Thomas
Secretary
21 May 2024

Financial statements

A large, faint, stylized graphic of a balance scale is visible in the background. The scale is tilted, with the right pan being higher. A large plus sign (+) is positioned in the center of the scale's base.

Independent auditor's report

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

Opinion

We have audited the financial statements of South London Church Fund & Southwark Diocesan Board of Finance (the "charitable company") for the year ended 31 December 2023, which comprise the statement of financial activities, the income and expenditure account, the balance sheet, the statement of cash flows, and the notes to the financial statements including the principal accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2023 and of the charitable company's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law.

Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

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

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report 2023, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements

does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Independent auditor's report

(continued)

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

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

In preparing the financial statements, the Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters

related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

- the engagement partner ensured that the engagement team

collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;

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

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

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

non-compliance with laws and regulations.

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

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

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

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

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

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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



Peter Mackereth
Senior Statutory Auditor

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

3 June 2024

Statement of Financial Activities

for the year ended 31 December 2023

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

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

Income and expenditure account for the year ended 31 December 2023

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

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

Balance sheet as at 31 December 2023

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

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



Sir David Beamish
Chair of the Board of Finance

Statement of cash flows for the year ended 31 December 2023

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

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

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

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

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

Notes to the financial statements

1. Accounting policies

a. **General information**

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

b. **Accounting convention and basis of preparation**

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

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

c. **Going concern**

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

d. **Income**

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

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

Parish contributions (or parish share) are recognised by the charitable company on receipt. Amounts

not received are not recognised as debtors as the pledges represent a commitment that is not legally enforceable.

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

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

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

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

Notes to the financial statements

1. Accounting policies (continued)

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

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

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

e. **Expenditure**

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

- i) **Charitable expenditure** comprises expenditure on contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the Diocese, and expenditure relating to the running of the Diocesan Retreat House.
- ii) **Grants payable** included within charitable expenditure are treated as expenditure in the year in which the grant is awarded. Where the grant is conditional on the recipient meeting performance, or other discretionary requirements to the satisfaction of the SDBF, it is recognised as expenditure when these have been met. Grants made subject to such conditions that have not been met at the year-end are noted as a commitment but not accrued as expenditure.
- iii) **Support costs** comprise central management, administration and governance costs. All support costs are included within charitable activities. Costs are charged directly to the activity to which they relate, but where this is not possible, they are apportioned on the basis of staff time cost.

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

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

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

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

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

1. Accounting policies (continued)

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

Non-benefice freehold and leasehold properties

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

Properties subject to value-linked loans

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

Depreciation on buildings

Depreciation is not charged on buildings as the Trustees consider that any provision (annual or cumulative) would not be material owing to the very long expected remaining useful economic life in each case, and that their expected residual value is not materially less than their carrying value. The SDBF has a policy of regular structural inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefice Buildings Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives

and disposal proceeds are usually not less than their carrying value.

Leasehold improvements

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

Capitalisation

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

g. Other tangible fixed assets

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

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

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

h. Operating lease commitments

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

i. Financial instruments: assets and liabilities

Fixed asset investments

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

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

Notes to the financial statements

1. Accounting policies (continued)

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

Concessionary loans

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

Debtors

Debtors are recognised at the settlement amount due.

Cash and cash equivalents

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

Creditors and provisions

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

Value-linked loans

The SDBF value-linked loans for which the settlement proceeds are based on the value of the related

properties. As this constitutes a non-basic financial instrument under FRS 102, these loans are recognised at Fair Value and are revalued at each reporting date to match the value of the related property.

Financial instruments

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

j. Funds

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

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

2. Critical accounting estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the SDBF's accounting policies and the reported assets, liabilities, income and expenditure and the disclosures made in the financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

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

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

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

Notes to the financial statements

3. Donations

Parish contributions

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

	2023	2022
	£'000	£'000
Unrestricted General Fund:		
Current year receipts from parishes	15,966	15,886
Previous year receipts from parishes	78	61
Total income	16,044	15,947

Church Commissioners and Archbishops' Council

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

2022	Unrestricted General Fund	Restricted funds	Total funds 2022
	£'000	£'000	£'000
Strategic Development grant	–	618	618
Strategic Ministry and Capacity grant	–	418	418
Ordinand grant	–	414	414
Area Bishops grant	293	–	293
Total	293	1,450	1,743

3. Donations (continued)

Other donations

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

2022	Unrestricted funds			Total funds 2022
	General	Designated	Restricted funds	
	£'000	£'000	£'000	
Benefact grant	258	–	–	258
Trust for London grant	1,690	–	–	1,690
Legacy income	–	17	–	17
Other grants and donations	59	–	2	61
Total	2,007	17	2	2,026

Notes to the financial statements

4. Charitable activities

2023	Unrestricted funds		Restricted funds	Total funds 2023
	General	Designated		
	£'000	£'000	£'000	£'000
Statutory fees	354	–	–	354
Reimbursement of stipends	620	–	–	620
Other income	205	–	–	205
Rents receivable	792	–	–	792
Diocesan Retreat House	168	–	–	168
Total	2,139	–	–	2,139

2022	Unrestricted funds		Restricted funds	Total funds 2022
	General	Designated		
	£'000	£'000	£'000	£'000
Statutory fees	401	–	–	401
Reimbursement of stipends	639	–	–	639
Other income	254	74	5	333
Rents receivable	994	–	–	994
Diocesan Retreat House	96	–	–	96
Total	2,384	74	5	2,463

5. Investment income

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

2022	Unrestricted General Fund	Restricted funds	Total funds 2022
	£'000	£'000	£'000
Dividends receivable	760	137	897
Interest receivable	339	–	339
Total	1,099	137	1,236

6. Gains on disposal of properties

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

2022	Unrestricted funds			Total funds 2022 £'000
	General	Designated	Endowment funds	
	£'000	£'000	£'000	
Net surplus on disposal of parsonages	–	–	2,316	2,316
Net surplus on disposal of other properties	–	–	389	389
Total	–	–	2,705	2,705

Notes to the financial statements

7. Charitable activities

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

7. Charitable activities (continued)

2022	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2022
	General	Designated			
	£'000	£'000	£'000	£'000	£'000
Contributions to Archbishops' Council:					
Training for Ministry	912	–	–	–	912
National Church responsibilities	550	–	–	–	550
Retired clergy housing costs	280	–	–	–	280
	1,742	–	–	–	1,742
Resourcing mission and ministry:					
Parish ministry:					
Stipends, National Insurance and insurance	10,292	–	146	–	10,438
Pension contributions	2,904	–	45	–	2,949
Reduction in pension scheme deficit	(591)	–	–	–	(591)
Housing costs	4,183	–	–	–	4,183
Removal and resettlement grants	612	–	–	–	612
Other expenses	3,355	–	–	7	3,362
	20,755	–	191	7	20,953
Support for parish ministry	1,583	15	1,081	–	2,679
Diocesan Retreat House	309	–	–	–	309
	22,647	15	1,272	7	23,941
Total	24,389	15	1,272	7	25,683

Notes to the financial statements

8. Loss on disposal of properties

There was no loss on disposal of properties in 2023.

2022	Unrestricted funds			Total funds 2022 £'000
	General	Designated	Endowment funds	
	£'000	£'000	£'000	
Net deficit on disposal of properties	224	–	–	224
Total	224	–	–	224

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

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

2022	Activities undertaken directly	Grant funding of activities	Support costs	Total costs 2022
	£'000	£'000	£'000	£'000
Charitable activities:				
Contributions to Archbishops' Council	–	1,742	–	1,742
Resourcing parish ministry	19,450	1,044	2,611	23,105
Education and social responsibility	–	527	–	527
Diocesan Retreat House	309	–	–	309
Total	19,759	3,313	2,611	25,683

10. Analysis of support costs

2023	Unrestricted General Fund £'000	Endowment funds £'000	Total funds 2023 £'000
Central administration	2,615	–	2,615

Governance:

Auditor remuneration:

External audit	38	–	38
Other services	8	–	8
Registrar and Chancellor	79	–	79
Synodical costs	3	–	3
Total	2,743	–	2,743

2022	Unrestricted General Fund £'000	Endowment funds £'000	Total funds 2022 £'000
Central administration	2,445	7	2,452

Governance:

Auditor remuneration:

External audit	33	–	33
Other services	–	–	–
Registrar and Chancellor	112	–	112
Synodical costs	14	–	14
Total	2,604	7	2,611

Notes to the financial statements

11. Analysis of grants made

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

11. Analysis of grants made (continued)

2022	Individuals £'000	Institutions £'000	2022 total £'000
From unrestricted funds for National Church responsibilities:			
Contributions to Archbishops' Council	–	1,742	1,742
	–	1,742	1,742
From unrestricted funds:			
Southwark Diocesan Board of Education	–	355	355
Southwark Diocesan Welcare	–	172	172
Southwark Cathedral	–	28	28
Parishes for mission	–	185	185
Other institutions for mission	–	52	52
Individuals for mission	140	–	140
Parishes for incumbent status housing	–	13	13
Clergy for settling in/first appointment	218	–	218
Clergy for study/sabbatical	13	–	13
Ordinands in training	260	–	260
	631	805	1,436
From restricted funds for various purposes within resourcing parish ministry:			
Mission and growth (Strategic Development Fund)	–	120	120
Education and development of women clergy (Gilmore Fund)	15	–	15
	15	120	135
Total	646	2,667	3,313

Notes to the financial statements

12. Staff costs

	2023 £'000	2022 £'000
Employee costs during the year were as follows:		
Wages and salaries	2,876	2,595
National Insurance contributions	298	316
Pension costs	377	500
Termination payments	20	30
	3,571	3,441
The average number of persons employed during the year based on full-time equivalents:		
	2023 Number	2022 Number
Administration and financial management	18.5	17.0
Property	11.0	8.9
Vocations, ministry, safeguarding and Diocesan Retreat House	17.5	14.8
Mission and public policy	19.0	17.4
	66.0	58.1

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

	2023 Number	2022 Number
£60,001–£70,000	6	5
£70,001–£80,000	1	1
£80,001–£90,000	1	–
£90,001–£100,000	–	1
Total	8	7

Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the Trustees, for planning, directing and controlling the activities of the Diocese. During 2023 they were:

Diocesan Secretary and Company Secretary	Ms Ruth Martin (Lay Canon) (to 31 August 2023)
Diocesan Secretary and Company Secretary	Mrs Nicola Thomas (from 1 September 2023)
Deputy Diocesan Secretary	Mrs Jacqueline Pontin
Director of Finance and Financial Assets	Mr Mark Rhodes
Diocesan Surveyor	Mr Colin Bushell (key management personnel to 11 June 2023)
Director of Property Services	Andrew Bennett (from 12 June 2023)
Director of Human Resources	Mr David Loft

12. Staff costs (continued)

Director of Information Technology	Mr Mark Charlton (to 31 July 2023)
Director of Information Technology	Mr Devas Palokkaran (from 9 May 2023)
Director of Discipleship, Lay Ministry and Continuing Ministerial Education	The Revd Canon Wendy Robins
Director of Communications	Ms Sophia Jones (to 25 January 2023)
Director of Communications	The Revd Anna Drew (from 17 April 2023)
Director for Clergy Formation and Initial Ministerial Education	The Revd Canon Jeremy Clark-King
Diocesan Safeguarding Advisor	Ms Pamela Chisholm
Director of Giving and Parish Funding	Mrs Gabby Parikh

Remuneration, employer's National Insurance and pensions contributions in 2023 for these 15 employees and 11 key management posts (2022: 11 employees and posts) was £921,694 (2022: £921,115).

Trustees' emoluments

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out-of-pocket expenses totalling £38 (2022: £14) in respect of General and Diocesan Synod duties and other duties as Trustees. The following table gives details of the Trustees who were in receipt of a stipend and/or housing provided by the SDBF during the year.

	Stipend	Housing
The Right Revd Christopher Chessun	No	No
The Right Revd Dr Martin Gainsborough (from 2 February 2023)	No	Yes
The Right Revd Dr Rosemarie Mallett	No	Yes
The Right Revd Dr Karowei Dorgu (to 8 September 2023)	No	Yes
The Venerable Moira Astin	Yes	Yes
The Venerable Alastair Cutting	Yes	Yes
The Venerable Simon Gates	Yes	Yes
The Venerable John Kiddle	Yes	Yes
The Venerable Jonathan Sedgwick	Yes	Yes
The Venerable Greg Prior	Yes	Yes
The Revd Michael John	Yes	Yes
The Revd Jonathan Macy	Yes	Yes
The Revd Justine Middlemiss	Yes	Yes
The Revd Dr Eddie Scrase-Field	Yes	Yes
The Revd Fiona Weaver	Yes	Yes
The Revd Lotwina Farodoye	Yes	Yes

Notes to the financial statements

12. Staff costs (continued)

The SDBF is responsible for funding, via the Church Commissioners, the stipends of licensed stipendiary clergy in the Diocese, other than Bishops and Cathedral staff. The SDBF is also responsible for the provision of housing for stipendiary clergy in the Diocese excluding the Diocesan Bishop and Cathedral staff.

The SDBF paid an average of 304 (2022: 307) stipendiary clergy as office-holders holding parochial or Diocesan appointments in the Diocese, and the costs were as follows:

	2023	2022
	£'000	£'000
Stipends	9,947	9,651
National Insurance contributions	776	746
Apprenticeship levy	43	41
Pension costs	2,324	2,949
Total	13,090	13,387

The stipends of the Diocesan Bishop and Area Bishops are paid and funded by the Church Commissioners and are in the range £40,250–£48,972 (2022 range: £39,935–£48,972). The annual rate of stipend, funded by the SDBF, paid to Archdeacons in 2023 was £38,467 (2022: £36,635) and other clergy who were Trustees were paid £29,283 (2022: £27,889).

13. Analysis of transfers between funds

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

2022	Unrestricted funds General	Designated	Restricted funds	Endowment funds	Total
	£'000	£'000	£'000	£'000	£'000
Unrestricted:					
General	3,530	–	–	–	3,530
Designated					
From the Diocesan Pastoral Account to the General Fund for work on benefice houses and net to the Diocesan Pastoral Fund from the purchase and sale of benefice houses	–	(671)	–	–	(671)
From the Board Property Fund to the General Fund from the sale of property	–	(2,655)	–	–	(2,655)
Restricted					
From the Strategic Development Fund to the General Fund for the cost of project work	–	–	(577)	–	(577)
To the Gilmore Fund from the General Fund following investment revaluation	–	–	8	–	8
To the Dartmouth Fund from the General Fund following investment revaluation	–	–	6	–	6
Endowments					
To the Ministry Fund from the General Fund following investment revaluation	–	–	–	20	20
To the Diocesan Stipendiary Fund from the General Fund following investment revaluation	–	–	–	14	14
To the Parsonage Capital Fund net from the purchase and sale of benefice houses	–	–	–	325	325
Total	3,530	(3,326)	(563)	359	–

Notes to the financial statements

14. Tangible fixed assets

	Freehold & leasehold properties	Leasehold improvements	Furniture & equipment	Total
	£'000	£'000	£'000	£'000
Cost or valuation:				
At 1 January 2023	275,401	355	527	276,283
Additions	4,619	–	43	4,662
Disposals	(929)	–	–	(929)
Revaluation	(13,584)	–	–	(13,584)
At 31 December 2023	265,507	355	570	266,432
Depreciation:				
At 1 January 2023	–	207	480	687
Charge for the year	–	30	24	54
At 31 December 2023	–	237	504	741
Net book value at 31 December 2023	265,507	118	66	265,691
Net book value at 31 December 2022	275,401	148	47	275,596

Freehold and leasehold properties in the balance sheet are all vested in the SDBF, except for benefice houses which are vested in the incumbent. All properties in the current year and prior years are stated at Fair Value, except for benefice houses which are stated at deemed cost. The carrying value of benefice houses held at deemed cost at the balance sheet date is £148,844,000 (2022: 143,253,000).

All properties other than benefice houses were revalued to Fair Value at 31 December 2015 and are subject to revaluation on a five-year cycle. Properties with a Fair Value of £22,976,000 at 31 December 2023 (2022: £27,650,000) were revalued. The revaluation was carried out by Rapleys LLP in accordance with Royal Institution of Chartered Surveyors' professional standards and valuation practice statements and resulted in a net decrease in the value of

these properties, excluding impairments, of £2,474,000 (2022: increase £572,000). An impairment review was carried out on certain parsonage houses. There was no write down in 2023 (2022: £nil).

To maintain consistency with the SDBF's accounting policy of measuring properties other than benefice houses at Fair Value, the results of this valuation have been extrapolated across those assets not revalued at the balance sheet date. This has resulted in a total revaluation loss in the year of £13,584,000 (2022: gain £2,133,000).

The carrying value of leasehold properties included within freehold and leasehold properties amounts to £2,029,000 (2022: £2,476,000). Details of any charges over the tangible fixed assets are shown at note 18.

14. Tangible fixed assets (continued)

Certain properties have been purchased with the help of value-linked loans from the Church Commissioners. The properties are revalued to Fair Value annually. On disposal the agreed share of the net sale proceeds will be remitted to the Church Commissioners and the related loan liability extinguished. The value of these properties

included within freehold and leasehold properties amounts to £2,610,000 (2022: £2,620,000). The revaluation loss on these properties amounts to £10,000 (2022: £nil gain) and has been netted off against the matching movement in the linked liability.

15. Fixed assets investments

	At 1 January 2023	Additions	Disposal proceeds	Realised and unrealised gains	At 31 December 2023
	£'000	£'000	£'000	£'000	£'000
Unrestricted funds:					
Unit trusts and similar funds	3,036	–	–	107	3,143
Restricted funds:					
Unit trusts and similar funds	2,924	–	–	20	2,944
Endowment funds:					
Unit trusts and similar funds	19,114	4,500	(4,535)	204	19,283
Total	25,074	4,500	(4,535)	331	25,370

Notes to the financial statements

16. Debtors

	2023 £'000	2022 £'000
Due within one year:		
Loans to parishes	44	220
Loans to others	10	8
Debtor from sale of investments	–	625
Other debtors and prepayments	509	825
	563	1,678
Due after more than one year:		
Loans to parishes	526	257
Other debtors	–	3
	526	260
Total debtors	1,089	1,938

17. Creditors: amounts falling due within one year

	2023 £'000	2022 £'000
Bank loan	1,000	–
Other taxes and social security	133	102
Other creditors and accruals	1,000	728
Total creditors: amounts falling due within one year	2,133	830

The bank loan is secured over part of the fixed asset investments.

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

	2023	2022
	£'000	£'000
Loans repayable in instalments due after more than one year:		
CBF/NatWest loan	1,000	1,000
Church Commissioners' value-linked loans	2,610	2,620
Total creditors: amounts falling due after more than one year	3,610	3,620

	2023	2022
	£'000	£'000
The maturity of the above loans may be analysed as follows:		
Between two and five years	–	1,000
In five years and more	3,610	2,620
	3,610	3,620

The CBF loan was repaid in full during the year with a replacement loan from NatWest. The term of the NatWest loan is five years and interest is charged at 1.55% above Base Rate. The loan is charged against the Trinity House property.

Value-linked loans from the Church Commissioners are repayable on the sale of the property to which they relate. Interest is charged at 4% per annum. On disposal the agreed share of the net sale proceeds will be remitted to the Church Commissioners and the related loan liability extinguished.

Notes to the financial statements

19. Summary of fund movements

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

19. Summary of fund movements (continued)

2022	Balances at 1 January 2022	Income	Expendi- ture	Transfers	Gains and losses	Balances at 31 December 2022
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds:						
General	5,843	21,730	(24,613)	3,530	(250)	6,240
	5,843	21,730	(24,613)	3,530	(250)	6,240
Designated funds:						
Diocesan Pastoral Account	3,806	74	–	(671)	–	3,209
Board Property Fund	44,743	–	–	(2,655)	1,087	43,175
Southwark Vision Development Fund	995	17	(15)	–	–	997
	49,544	91	(15)	(3,326)	1,087	47,381
Restricted funds:						
Strategic Development Fund	367	618	(408)	(577)	–	–
Gilmore Fund	370	20	(17)	8	(30)	351
Dartmouth House Fund	2,994	117	(74)	6	(157)	2,886
Strategic Ministry Fund	–	418	(418)	–	–	–
Ordinand Training Fund	69	414	(355)	–	–	128
Other restricted	519	7	–	–	(28)	498
	4,319	1,594	(1,272)	(563)	(215)	3,863
Endowment funds:						
Ministry Fund	4,008	–	–	20	(282)	3,746
Diocesan Stipendiary Fund	102,585	389	(7)	14	(850)	102,131
Parsonage Capital Fund	140,117	2,316	–	325	–	142,758
	246,710	2,705	(7)	359	(1,132)	248,635
Total funds	306,416	26,120	(25,907)	–	(510)	306,119

Notes to the financial statements

20. Summary of assets by fund

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

20. Summary of assets by fund (continued)

2022	Fixed as- sets tangible £'000	Investments £'000	Current assets £'000	Creditors £'000	Net assets £'000
Unrestricted funds:					
General	2,815	3,036	4,839	(4,450)	6,240
	2,815	3,036	4,839	(4,450)	6,240
Designated funds:					
Diocesan Pastoral Account	–	–	3,209	–	3,209
Board Property Fund	47,352	–	(4,177)	–	43,175
Southwark Vision Development Fund	–	–	997	–	997
	47,352	–	29	–	47,381
Restricted funds:					
Gilmore Fund	–	315	36	–	351
Dartmouth House Fund	–	2,156	730	–	2,886
Ordinand Training Fund	–	–	128	–	128
Other Restricted Fund	–	453	45	–	498
	–	2,924	939	–	3,863
Endowment funds:					
Ministry Fund	–	2,957	789	–	3,746
Diocesan Stipendiary Fund	80,176	16,157	5,798	–	102,131
Parsonage Capital Fund	145,253	–	(2,495)	–	142,758
	225,429	19,114	4,092	–	248,635
Total funds	275,596	25,074	9,899	(4,450)	306,119

Notes to the financial statements

21. Description of funds

General Fund	The fund represents the unrestricted, undesignated fund available for any of the SDBF's purposes.
Diocesan Pastoral Account	This is a designated fund for the purposes defined in the Mission and Pastoral Measure 2011. It represents capital receipts released following the sale of benefice houses (parsonages) and redundant churches. To the extent that any remaining funds are not required, or are not likely to be required, for these purposes then the funds may be applied to any general purpose of the SDBF.
Board Property Fund	This fund is a designated fund. It represents the Fair Value of properties held by the SDBF at the year end.
Southwark Vision Development Fund	This is a designated fund to support Southwark Vision 2017–25 across the Diocese with significant expenditure expected in the next two years.
Strategic Development Fund	This is a restricted fund. It represents grants received from the Church Commissioners and Archbishops' Council for specific projects to fund mission and growth across the Diocese.
Gilmore Fund	The Isabella Gilmore Fund is a restricted fund for the purpose of the education and development of licensed, commissioned or ordained women.
Dartmouth House Fund	This is a restricted fund for the purpose of facilitating clergy and lay training, retreats or conferences to assist and promote the work of the Church of England in the Diocese of Southwark and to use the monies to acquire any buildings which may be necessary to forward such purposes, subject always to the consent in writing of the Bishop of Southwark.
Ordinand Training Fund	This is a restricted fund. It represents the block grant received from the Archbishops' Council to fund Ordinand training.
Other Restricted Fund	This represents other restricted funds held by the Diocese. These include amounts gifted for use in the Croydon Episcopal Area and to assist the training of ordinands throughout the Diocese.
Ministry Fund	This is a permanent endowment fund held under the Endowments and Glebe Measure 1976 from which the income arising and/or benefit of use of the asset has been passed to the SDBF for the purpose of supporting clergy stipends within the Diocese. Investment income from the fund is credited to the General Fund where it is used only to fund clergy stipend payments.
Diocesan Stipendiary Fund	This is a permanent endowment fund. It represents the glebe assets of benefices from which the income arising and/or benefit of use has been passed to the SDBF under the provisions of the Mission and Pastoral Measure 2011. Investment income from the fund is credited to the General Fund where it is used only to fund clergy stipend payments.
Parsonage Capital Fund	This is an expendable endowment fund. It represents the capital assets relating to benefice houses (parsonages) but which under the Repairs of Benefice Buildings Measure 1972 are maintained by the Diocese. Under the Mission and Pastoral Measure 2011, capital receipts released following the sale of benefice houses are held in the Diocesan Pastoral Account, a designated fund. To the extent that the funds are not required for future building or improvement works to benefice houses, the funds may be applied to any general purpose of the SDBF.

22. Capital commitments

At 31 December 2023, the SDBF had no capital expenditure commitments authorised but not contracted for (2022: none), and commitments contracted for but not provided for of £144,000 (2022: £27,000).

23. Operating leases

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

	2023	2022
	£'000	£'000
Minimum lease payments payable:		
Within one year of the balance sheet date	403	389
In the second to fifth years inclusive of the balance sheet date	171	96
Total	574	485

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

	2023	2022
	£'000	£'000
Minimum lease payments receivable:		
Within one year of the balance sheet date	392	454
In the second to fifth years inclusive of the balance sheet date	324	358
More than five years from the balance sheet date	528	658
Total	1,244	1,470

24. Members' liability

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

Notes to the financial statements

25. Pensions

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

Church of England Funded Pensions Scheme

Southwark DBF participates in the Church of England Funded Pensions Scheme for stipendiary clergy, a defined benefit pension scheme. This scheme is administered by the Church of England Pensions Board, which holds the assets of the scheme separately from those of the Responsible Bodies.

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, which were £2,324,000 in 2023 (2022: £2,935,000), plus any figures arising from contributions in respect of the Scheme's deficit (see below). The 2021 valuation showed the Scheme to be fully funded and as such in 2023, following the valuation results being agreed, the deficit contributions paid were £0 (2022: £352,000).

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

- an average discount rate of 2.7% p.a.;
- RPI inflation of 3.6% p.a. (and pension increases consistent with this);

- CPIH inflation in line with RPI less 0.8% pre 2030 moving to RPI with no adjustment from 2030 onwards;
- increase in pensionable stipends in line with CPIH;
- mortality in accordance with 90% of the S3NA tables, with allowance for improvements in mortality rates from 2013 in line with the CMI2020 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7, an initial addition to mortality improvements of 0.5% pa and an allowance for 2020 data of 0% (i.e. w2020 = 0%).

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

The deficit recovery contributions under the recovery plan in force at each 31 December were as follows:

	% of pensionable stipends
31 December 2021	7.1% payable from January 2021 to December 2022
31 December 2022	Nil
31 December 2023	Nil

An interim reduction to deficit contributions to 3.2% of pensionable stipends was made with effect from April 2022, and remained in place until December 2022.

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

25. Pensions (continued)

Church of England Funded Pensions Scheme (continued)

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. However, as there are no agreed deficit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31 December 2022 and 31 December 2023 is nil. The movement in the balance sheet liability over 2022 and over 2023 is set out in the table below.

	2023 £'000	2022 £'000
Balance sheet liability as at 1 January	–	591
Deficit contribution paid	–	(352)
Remaining change to the balance sheet liability* (recognised in SoFA)	–	(239)
Balance sheet liability as at 31 December	–	–

*Comprises change in agreed deficit recovery plan, and change in discount rate and inflation assumptions between year-ends.

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

Notes to the financial statements

25. Pensions (continued)

Church Workers' Pension Fund

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

CWPF has two sections:

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

Pension Builder Scheme

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

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

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are the contributions payable (2023: £377,000, 2022: £500,000).

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent valuation was carried out as at 31 December 2019. The next valuation is due as at 31 December 2022. Calculations for this are currently under way.

For the Pension Builder Classic section, the 2019 valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review effective 1 January 2024, the Board chose to grant a discretionary bonus of 6.7% to both pensions not yet in payment and pensions in payment in respect of service prior to April 1997; and a bonus on pensions in payment in respect of post April 2006 service so that the pension increase was 5% (where usually it would be calculated based on inflation up to 2.5%). This followed improvements in the funding position over 2023. There is no requirement for deficit payments at the current time.

For the Pension Builder 2014 section, the 2019 valuation revealed a surplus of £5.5m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

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

26. Related party transactions

The SDBF has related party relationships with connected organisations as detailed on page 42 of this annual report. Except as disclosed in notes 11 and 12, there are no related party transactions requiring disclosure (2022: none).

27. Prior year Statement of Financial Activities

2022		Unrestricted funds		Restricted funds	Endowment funds	Total funds 2022
	Note	General £'000	Designated £'000	£'000	£'000	£'000
Income and endowments from:						
Donations	3					
Parish contributions		15,947	–	–	–	15,947
Archbishops' Council		293	–	1,450	–	1,743
Other donations		2,007	17	2	–	2,026
Charitable activities	4	2,384	74	5	–	2,463
Investments	5	1,099	–	137	–	1,236
Net surplus on disposal of properties	6	–	–	–	2,705	2,705
Total		21,730	91	1,594	2,705	26,120
Expenditure on:						
Charitable activities	7	24,389	15	1,272	7	25,683
Net deficit on disposal of properties	8	224	–	–	–	224
Total		24,613	15	1,272	7	25,907
Net (expenditure)/income before investment losses		(2,883)	76	322	2,698	213
Net unrealised losses on investments	15	(250)	–	(215)	(2,178)	(2,643)
Net (expenditure)/income		(3,133)	76	107	520	(2,430)
Transfers between funds	13	3,530	(3,326)	(563)	359	–
Other recognised gains:						
Revaluation of property	14	–	1,087	–	1,046	2,133
Net movement in funds		397	(2,163)	(456)	1,925	(297)
Total funds brought forward		5,843	49,544	4,319	246,710	306,416
Total funds carried forward	20	6,240	47,381	3,863	248,635	306,119

Notes to the financial statements

28. Funds held as Diocesan Authority

The SDBF acts as Diocesan Authority or Custodian Trustee for many trust funds by virtue of the Parochial Church Councils (Powers) Measure 1956, as amended, and the Incumbents and Churchwardens (Trusts) Measure 1964

where the managing trustees are PCCs and others. Assets held as Diocesan Authority are not controlled by the SDBF and are not included in these financial statements. They are summarised as follows:

	2023	2022
	£'000	£'000
CBF Church of England Investment Fund	11,089	9,529
M&G Equities Investment Fund for Charities	1,472	1,680
CBF Church of England Global Equity Income Fund	725	898
Other CBF Church of England funds	744	848
Other Common Investment and OEIC holdings	611	980
Direct holdings in UK equities	215	286
CBF Church of England Deposit Fund	2,142	1,694
Cash	7	10
Total assets held as Diocesan Authority	17,005	15,925

29. Subsidiary undertaking

The SDBF is the beneficial owner of a subsidiary undertaking, Southwark DBF Trading, a company limited by guarantee, which is registered in England and supplies property and administrative services to the SDBF. The

company did not trade during the current or prior year and had no assets or liabilities at the Balance Sheet date (2022: £nil).

Glossary of terms

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

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

[illegible]



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