



The Diocese of  
**Southwark**

# The South London Church Fund & Southwark Diocesan Board of Finance **Annual Report 2022**

Company registration number 236594

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# Contents

## Overview

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Introduction by the Bishop of Southwark	5
Chair of the Diocesan Board of Finance	6
The Diocesan Secretary	7
Our Vision: a fruitful future	8
Legal objects	10

## Strategic report

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Strategic report	13
Southwark Vision 2017–25 and Strategic Objectives	14
Annual Objectives for 2022	17
Progress made towards achieving 2022 objectives	18
Other activities and achievements in the year	21
Future plans	26
Financial review	30
Principal risks and uncertainties	34

## Governance

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Structure and governance	38
Related parties	42
Trustees' responsibilities	43
Administrative details	44

## Financial statements

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Independent auditor's report	47
Statement of Financial Activities	50
Income and expenditure account	51
Balance sheet	52
Statement of cash flows	53
Notes to the statement of cash flows	54
Notes to the financial statements	55
Glossary of terms	89

# Introduction by the Bishop of Southwark

2022 will be a year that all of us will remember. It was the year when we emerged from pandemic restrictions in April; the year of the Platinum Jubilee of our late beloved Queen, followed by her death in early September and the accession of King Charles III to the throne. The front cover shows 'The Queue' which lined the South Bank past our Cathedral towards the Lying in State at Westminster Hall. Census statistics show a decrease in numbers identifying as Christians; yet I was privileged to join the teams of chaplain volunteers who engaged with the vast numbers of members of the public who wished to make their pilgrimage and pay their respects to Her Late Majesty who kept the Christian faith at the heart of her life of service to nation and Commonwealth. As I write, preparations are underway for the King's Coronation where the Church will play a pivotal role nationally, and in our parish celebrations locally. Emerging from pandemic restrictions was a joy. We were able to have a full Cathedral not only for the Chrism Eucharist, but also for our first combined Lay Ministry Licensing and Commissioning and we continue to grow these valuable and valued ministries. It was a great joy for me and the whole Diocese to see Archdeacon Rosemarie Mallett ordained as Bishop of Croydon in our Cathedral church. During the year, Bishop Richard Cheetham retired from his long 20 years of service as Area Bishop of Kingston, and it was most fitting that we achieved our Eco Diocese Bronze award just before the fond farewells.

Yet, we live in turbulent times. I know that 2022 proved difficult for many globally, nationally, and locally. The war in Ukraine has had dreadful consequences for our brothers and sisters living there, with many families separated and

many welcomed as refugees in this and other nations. We continue to hold a peaceful resolution in our prayers. The Cost of Living Crisis also affected our clergy and parishioners; yet, from Warm Spaces to Foodbanks, our parishes have risen to the challenge and helped those struggling to provide food for their families or heat their homes. I have been particularly struck by the determination to forge ahead with thankful hearts despite the weariness around us, and sometimes within us, as we face the challenges of our Christian pilgrimage journey. Please continue to be of good heart. As the six year Living in Love and Faith process reached its conclusion, I am fully aware that our determination to speak well of each other across our differences is testing, given the spectrum of different convictions across the Diocese and more widely. However, it is my prayer that we continue to hold each other in love as Christ does us.

Despite such challenges, our parishes delivered 99.4% of their pledges. Thank you! This continues to be vital in supporting mission and ministry in our parishes. I know that the National Church hold our financial management in high regard and I am pleased to say that our fiscal health is not a result of any reduction in stipendiary clergy. This is the final Annual Report prepared under Ruth Martin, Diocesan Secretary, who retires from her post in the summer after more than eight years leading our executive administration and working with me to ensure strong Diocesan teams to serve our parishes. I express heartfelt thanks and appreciation to Ruth and I am glad she has accepted my request to take on two specific responsibilities in a part time capacity for a further two years. Without the work of the Archdeacons, Diocesan Staff, Clergy, and Parish Officers, we

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would not be able to play such a pivotal role in our local communities and I was delighted to commission Jonathan Sedgwick as Archdeacon of Southwark and Greg Prior as Archdeacon of Croydon during the last year. Sarah Docx became Vice-Chair of the Diocesan Board of Finance (DBF) as Sir David Beamish moved to his new role as Chair of the DBF and we are blessed by the quality of our team working. We must now work together to seek to build our Parish Support Fund further, to allow us to continue to maintain our parishes and resource new initiatives.

I hold you all in prayer: fellow Clergy, all who hold my Licence or Commission Lay and Ordained, together with all Lay Leaders as we serve the people of South London and East Surrey, seeking to enable mission and ministry across our wonderful, diverse Diocese, the Lord being our helper. May God Bless you and your loved ones. Thank you for our partnership in the Gospel.

*Christopher Southwark*

# Chair of the Diocesan Board of Finance

I was honoured to be asked by Bishop Christopher to succeed Alan Saunders as Chair of the Diocesan Board of Finance in May 2022, having been Vice-Chair since September 2020. I am most grateful to Alan for providing me an excellent apprenticeship during my time as Vice-Chair, and for agreeing to continue as chair of the Investment Committee.

My term as Chair began a month after the pandemic restrictions finally ended after over two years. This was a cause for celebration and came after much disruption to everyone's lives. In a large charity like the Diocese, the previous two years had required frequent re-forecasting as we planned for different scenarios to enable us to ensure that our mission and ministry was sustained, and that we were still able to support our plans for growth.

Alan Saunders worked hard with the Diocesan Secretary and her team to ensure financial resilience in the event of further unexpected disruption. Our priorities have been to sustain the maximum number of stipendiary clergy (including our ongoing commitment to curates) and to continue planning for growth through Lay Ministry initiatives. As one of the largest dioceses, we need the financial resources to thrive, and I am pleased to say that we have emerged from the pandemic in a better position than we dared hope for.

This focus on financial resilience, which is also a key objective of Southwark Vision, has proved to be essential. The difficulties of 2022, including the war in Ukraine, fuel shortages, and the cost-of-living crisis, which have all had devastating effects, confirmed the importance of having sufficient financial

resources. I am delighted to be able to record that this has been achieved in the financial statements for 2022. We were able to provide support to clergy living in Diocesan properties, and an increase in stipends to counter the dramatic rise in inflation.

In 2022 we succeeded in containing costs and achieving a broadly balanced out-turn in General and Total Funds – a remarkable outcome under the circumstances. We are greatly blessed by the collaboration we have with parishes, achieving a 99.4 percent return of Parish Support Fund pledges. We seek a partnership with parishes which is grounded in the principle of informed generosity. This, together with careful management of our property has enabled us to use our resources to sustain our mission and ministry on the front line.

I have seen at first hand the importance of the teamwork in the Diocesan office, as well as the commitment by staff to serve parishes through advice, help, and information. I am also a member of the panel of chairs of Safeguarding Core Groups, where I see the exemplary way in which our Diocese prioritises its safeguarding responsibilities.

I have been fortunate to have had the benefit of Ruth Martin's commitment and experience. She has been extraordinarily successful in putting the finances of the Diocese on a much sounder footing. We are now in a period of transition to a new Diocesan Secretary who will lead the executive administration through the next challenges, and I much look forward to supporting Nicola Thomas in her new role. As Ruth Martin steps down as Diocesan Secretary, I record my

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warmest thanks to her for all that she has achieved for the Diocese.

It will be important for us to hold on to the spirit of partnership, as well as financial resilience, as we navigate testing times ahead. We are now on the path to Carbon Net Zero including the continual review of our investment policies, while sustaining the pipeline of clergy and lay leaders vital to Parish ministry. To achieve this, we will need to focus on maximising the potential for grants from the National Church and on working together in building the Parish Support Fund further. I look forward to playing my part as Chair.

*David Beamish*

# The Diocesan Secretary

This is my last annual report where I comment on behalf of the many colleagues who work with me. Amongst the pages of the annual report before you, there are some outstanding achievements which I feel we should all be pleased about.

Firstly, we ended the year not in a £1m deficit (which had been forecast) but on a broadly balanced out-turn on General and Total Funds. This was achieved not only from careful cost management but also due to the partnership with Diocesan teams, Archdeacons and parishes, such as in rental income from properties during vacancies, and notably in the remarkable achievement of the Parish Support Fund (PSF) which both Bishop Christopher and Sir David Beamish have already alluded to. In line with our property strategy, we were also able to start work on some significant property projects that had been delayed due to the pandemic and these will really help our parishes and clergy to have houses that are manageable and fit for purpose.

Secondly, the backlog of training for Safeguarding that had built up during 2020 and 2021 due to the pandemic was reduced by 57% in 2022. This was as a result of sustained effort by our Safeguarding Team and all those who support and work with them. During the previous two years it had been extremely difficult to sustain delivery of any face-to-face training and, whilst we moved as much as we could on to online provision, the combination of pandemic and turnover of volunteers and parish clergy had led to a backlog.

Another achievement central to Southwark Vision was the post-pandemic opportunity to invest in face-to-face 'training of the trainers'

for those involved in unconscious bias training – part of the implementation of the Diocesan Anti Racism Charter – led by Bishop Rosemarie Mallett and Canon Wendy Robins. Thank you everyone for these significant steps forward.

The PSF continues to be the bulwark of our financial resilience and the result last year was, of course, remarkable even with the struggles parishes faced while recovering from the pandemic. Our aim, with your support, is to achieve a return to pre-pandemic levels of giving by the end of 2024. Many, if not most, parishes have seen families move away and yet parishes sustained their giving, with some giving further donations. We particularly wish to thank all those able and willing to give above their own ministry costs, as presently we have fewer than 30% covering their ministry costs in full.

The Diocese has also achieved further Church Commissioner grants including in 2022 an innovation grant for 'Bubble Church' aimed at preschool children and their carers and families and led from The Ascension Balham. Working in partnership with our parishes generates generosity, and not just in finances, but in supporting each other, and in volunteers to support our training, committees of the Diocese, Diocesan synod and deanery synods and deanery leadership teams. These bind us together in service to each other and to God. In the years ahead we aim to be able to do more to help our parishes apply successfully for grants, especially towards Church Buildings and in the pursuance of Carbon Net Zero.

I particularly wish to thank my deputies Jackie Pontin (Deputy Diocesan Secretary) and Mark Rhodes (Finance Director) and Charlie Hudson-Beddows

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who supports our governance so ably, together with our Archdeacons and all my colleagues who engage so well with our values of respect for all, transparent accountability, collaborative team working and the effective stewardship of the resources entrusted to us by our parishes. As I look forward to continuing to support the Diocese part-time for two years in a different capacity may I thank you all for the privilege of serving as your Diocesan Secretary.

*Ruth Martin*

# Our Vision: a fruitful future

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

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

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

## **The Diocese of Southwark serves...**

2.9 million people

in the 16 local authorities  
of South London &  
East Surrey

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

and 104 church schools  
educating more than  
37,000 young people

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# Legal objects

The Trustees, who are also Directors for the purposes of company law, present their Annual Report, together with the audited financial statements, for the year ended 31 December 2022.

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

This combined report satisfies the legal requirements for:

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

## Legal objects

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

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

Committee, it may act as the Parsonages Board for the Diocese within the meaning of the Repair of Benefices Buildings Measure 1972.

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

The SDBF has the following responsibilities:

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

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

Its members are both Directors and Trustees.

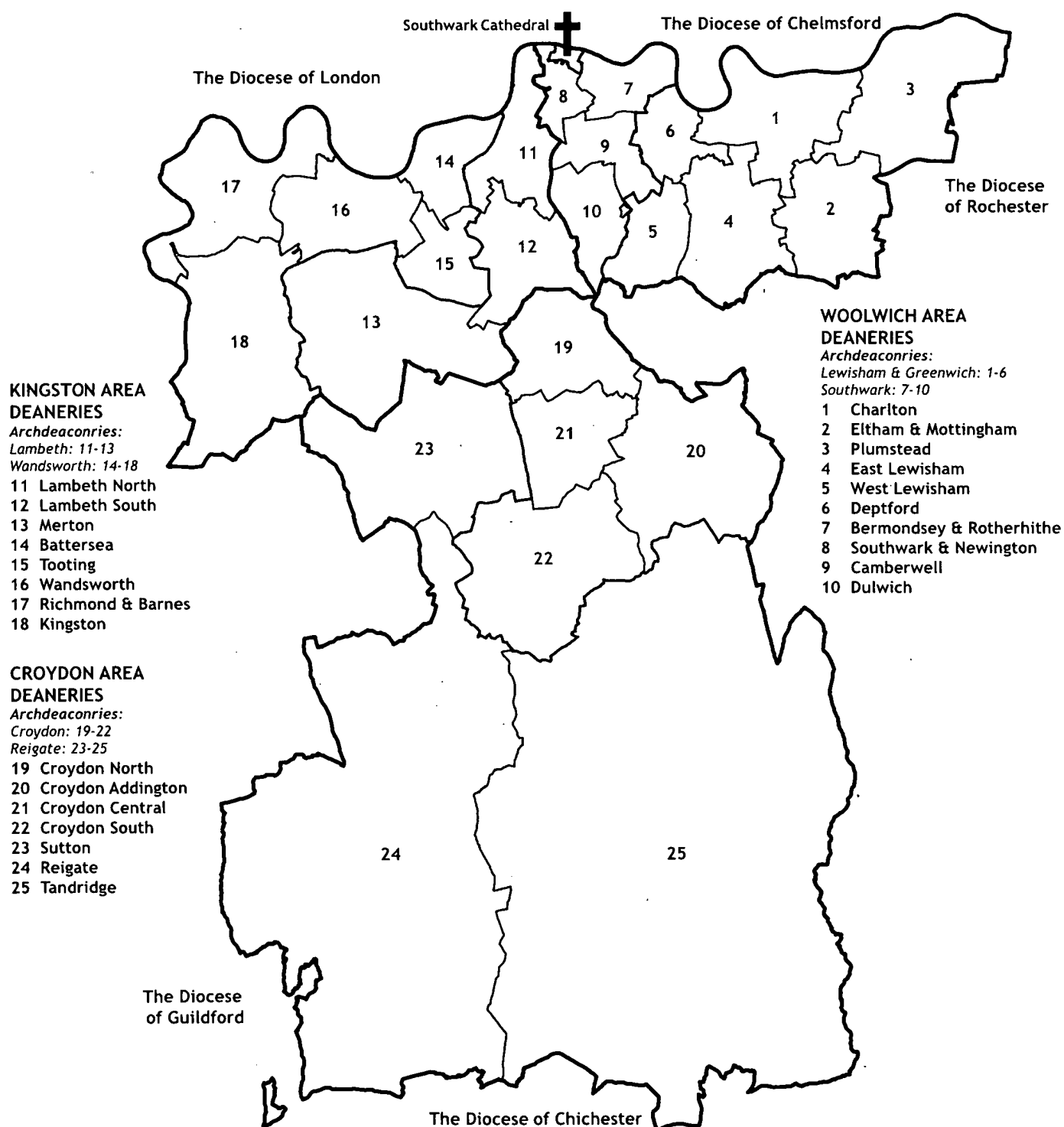
The standing committee of the Diocesan Synod is the Diocesan Council of Trustees (Bishop's Council). Its members are also the members of the SDBF and the Diocesan Mission and Pastoral Committee (DMPC). Each of these three bodies has coterminous membership.

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

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



## Map of the Diocese of Southwark



# Strategic report

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

The purposes are:

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

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# Southwark Vision 2017–25 and strategic objectives

## Southwark Vision

From the Archbishop of Canterbury's Charge given to Bishop Christopher in 2011, the Diocese of Southwark has been on a journey of discernment towards a shared vision, Southwark Vision, which has been brought together from the themes and agreed outcomes described in the *Strategy for Ministry* final report adopted by Synod in November 2015, and *Hearts on Fire Vision for Mission*, with its commitment to the Five Marks of Mission and the five strategic objectives adopted by Synod in March 2016. These two documents together explain the detailed thinking behind Southwark Vision. In all we do we aim to be Christ Centred and Outward Focused. The strategic ministry and deployment vision is integral to Southwark Vision, together with Fresh Expressions of Church, Hub and Resourcing Churches.

## Objective One

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

The COVID-19 pandemic continued to have an impact on the worshipping life of our churches in 2022 although its effects were less severe than in 2021. Church attendance and participation in 2022 were higher than in 2021 but remained below 2019 levels. In common with the Church of England as a whole, a variety of Church at Home (CAH) services continued to be offered although there are differing methods of calculating CAH 'attendance' by individual churches. Many of our churches are still offering some form of CAH which is welcomed by those not able to attend in person.

**The latest available published figures below relate to 2021** (not 2022) and in-person attendance figures were as follows:

- the Worshipping Community in Southwark churches was 50,200, a decline of 10% on the 2019 figure (Church of England comparison is a decline of 13%)
- the average Sunday attendance (aSa) at Southwark churches was 23,400

adults and children, a decrease of 29% since 2019 (CofE comparison is a decline of 28%)

- it was a similar story with average weekly attendance. On average, 27,400 people attended weekly services in Southwark churches, a decrease of 28% since 2019 (CofE comparison is a decline of 29%)
- weddings in Southwark churches were 610 in 2021 compared to 630 in 2019, a decline of 3% compared to a 16% decline across the Church of England
- baptisms in Southwark showed a 35% decline from 2,950 in 2019 to 1,102 in 2021 (CofE comparison is a 38% decline)
- funerals held in Southwark churches increased by 3% to 1,210 from 2019 to 2021 (CofE comparison is a decline of 12%)
- funerals in crematoria in Southwark increased by 1% to 1,280 in the same period (CofE comparison is an increase of 7%)
- in total 2,490 funerals were held in Southwark, an increase of 2% in the period from 2019 to 2021 (CofE equivalent is a decrease of 5%).

## Objective Two

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

We completed a national church enabled Strategic Development Project 'SDFI' in 2022 resulting in an increase over the past five years of Fresh Expressions of Church and the increase in capacity of the Diocese to support fresh expressions and Pioneering. In total £450,000 was given in grants to support and encourage fresh expressions. A significant proportion of the grants were given to churches reaching their local parish estates.

With the ending of the restrictions of the pandemic we are seeing a rebound in the number of Fresh Expressions of Church. In the summer we reviewed the fresh expressions to see the impact of the pandemic. We found that we had 96 active fresh expressions. We found that 17 fresh expressions had started post-pandemic and another

19 were still on hold. We expect this to continue to increase with time as churches engage post-pandemic. We now have eight churches engaged with the Church of England initiative Greenhouse which establishes Fresh Expressions of Church.

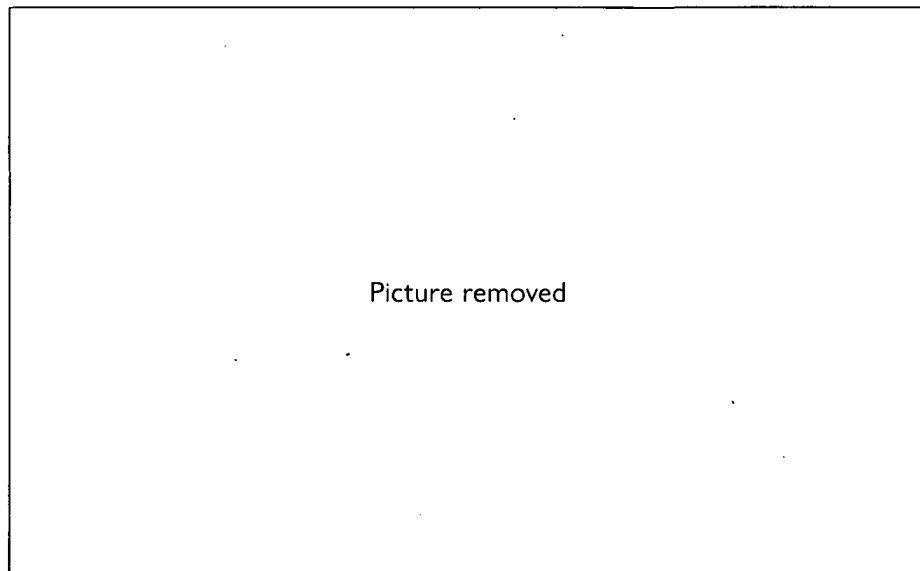
For the first time in the Diocese, the majority of new curates in 2022 were Pioneer Curates (a total of 10 out of 17) leading to the Diocese having 19 Pioneer Curates across the three training years, known as IME 4–6. Although this may be an exceptional year, it is good to see the continued demand from both curates and training incumbents to develop new ways of reaching their parishes.

We have been consulting on and developing an Estates Lay Pioneer pathway for which we gathered forty clergy in September to discuss the ideas.

### Objective Three

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

Despite the pandemic restrictions affecting our churches well into 2022 we managed to achieve a break-even and modest surplus and maintain our objective of annual financial cash reserves equivalent to three months. In 2021 we also completed repayments of the remaining Diocesan loan. We were able to transfer a Trust for London grant



to the Southwark Vision Development Fund to further enable the Diocese to contribute at least 1% of Diocesan turnover to major ministry and mission projects. Given the successful out-turn for 2022 we have carried this forward to 2023. The financial out-turn was also, in part thanks to the reduction in the Clergy Pension Scheme deficit payments due to dioceses. Above all, however, it is thanks to the generosity of the parishes in fulfilling their Parish Support Fund (PSF) pledges which is the bedrock of Diocesan finances.

2023 is budgeted to have a balanced out-turn, a financial surplus will be achieved by the end of 2024.

### Objective Four

***To grow the number of ordained and lay vocations by 50% by 2020 by enabling and discerning ordained ministers, by expanding opportunities for licensed and commissioned lay leadership, and by affirming and growing other forms of lay ministry (for example, worship leaders,***

***family and youth leaders, and spiritual directors); to offer relevant and enriching training; to create networks of support and celebration which reflect the diversity of the Diocese, and our commitment to evangelism and discipleship; and to deliver fully integrated and pioneering church growth and Fresh Expressions of Church.***

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

We are working with the National Ministry Team to try to smooth some of the problems with the new Shared Discernment Process (which has replaced BAPs). Our team of ADOs are fully trained in the new process and are getting our candidates through the process in good time.

# Southwark Vision 2017–25

## and strategic objectives

(continued)

We have begun to use the new Formation Framework for our Curates and this is working well. We will be preparing to include the cost of curates (above our agreed baseline) into the forthcoming DIP (successor to SDF).

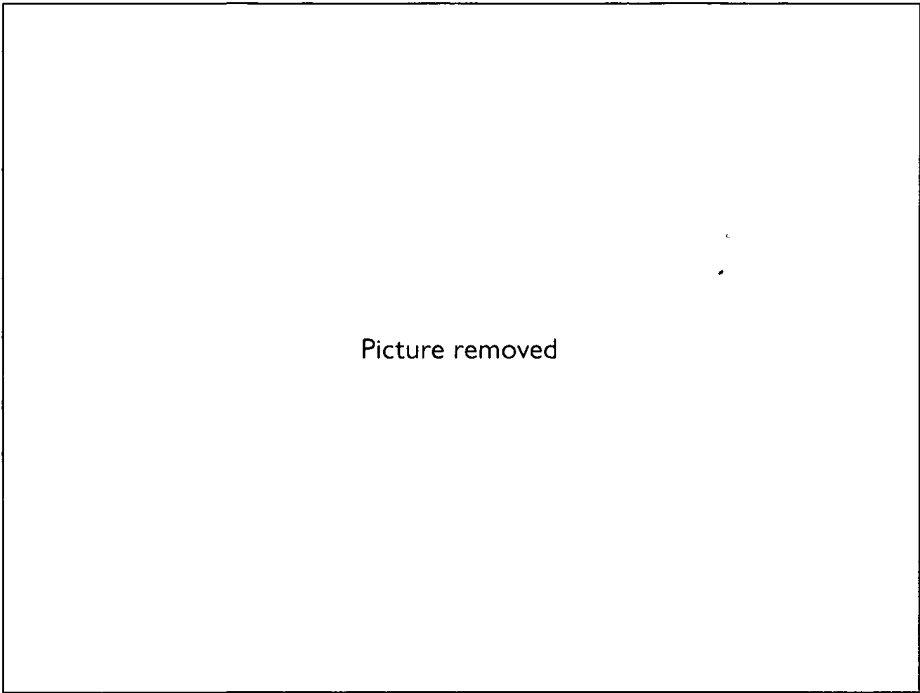
### Objective Five

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

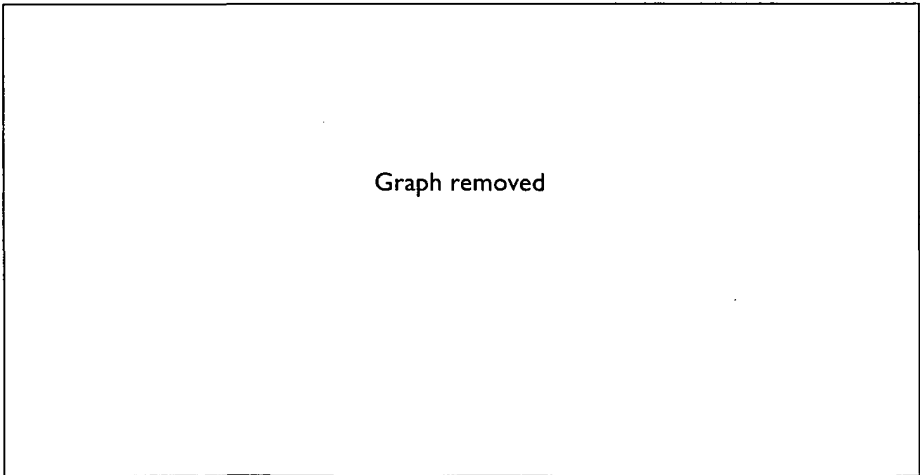
The Diocese of Southwark Anti-Racism Charter is now being fully implemented and includes a range of specific tools and measures aimed at growing leadership that reflects the rich diversity of our many UKME and Global Majority Heritage (GMH) members. In addition, we are seeking to grow our work on urban estates to encourage leadership opportunities in our worshipping communities. In our Diocesan structures we have introduced opportunities, for example, Woolwich Youth Forum to present through videos their views on a range of synodical matters which we hope will lead to younger people becoming members and speaking at Diocesan Synod.

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

Candidates recommended for ordination training at selection panels included six from UKME and GMH backgrounds out of sixteen who were successful at the Stage 2 Panels.



We continue to ensure representation of UKME and GMH in vocations advisors and Area Directors of Ordinands (ADOs). The ethnic background of clergy in senior roles also increased in 2022, nearly 15%. In the 2021 Census, the population of the communities we serve across the Diocese of Southwark with a non-white ethnic background increased (compared to the 2011 Census) by 1% in each of the key non-white ethnic categories.



# Annual objectives for 2022

Objectives for 2022 reflected the continuing themes of connection and communication, and the rebuilding of finances in parishes and the Diocese post-pandemic, which continued as themes from 2021.

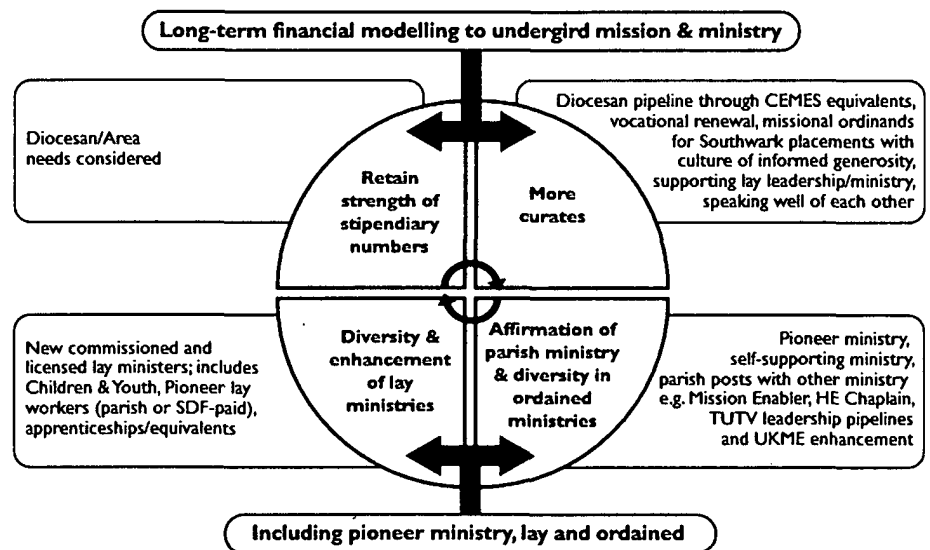
Southwark Vision is at the heart of our strategy, our plans and the annual objectives for 2022 reflect this, specifying actions and initiatives which speak to this vision and take us forward as a Diocese in partnership with our parishes. In particular, the Diocese maintained a firm commitment to parish structures, whilst continuing to support innovation and new projects and initiatives through our parish structures.

A key objective has been set out to rebuild the PSF to 2019 levels by the end of 2024 and continue efforts over the next 10 years to reach two thirds of parishes covering their ministry costs and supporting those who can not. Digital giving continues to be embedded through piloting contactless payments and online giving in our parishes. We also contracted for a new finance system for the Diocesan office implemented from January 2023.

Work to rebuild financial resilience with stronger cash reserves, a focus on costs and income including potential grants to support longer term change, continued with a focus on recovery from the pandemic.

The Diocesan Conference in September 2022 was a significant opportunity to maintain connection and communication with church leaders, both clergy and lay, as serving parishes continues to be a significant message

## Strategic ministry deployment and vision



*Southwark Vision: Christ centred and outward focused*

and an important reality for Diocesan teams. Focus remains on clergy during times of change with training and practical support.

The Strategic Vision Ministry and Deployment policy continued to be an integral part of Southwark Vision with a commitment on formation and development of curates seeking stipendiary and self-supporting ministries, the embedding of the Diocesan action plan for the Anti-Racism Charter, establishment of Hub and Resourcing Churches to encourage and support parishes with mission and starting Fresh Expressions of Church to create new worshipping communities.

Supporting mission and ministry through the work of our Justice, Peace and Integrity of Creation (JPIC) team continued in 2022, as the Diocese began to develop the plan for reducing carbon emissions in line with our Diocesan Environment Policy.

We continued to promote Eco Diocese and are now aiming for the silver award, having achieved bronze in 2022. We also continued to resource work to combat serious youth violence and support for refugees, all contributing to a Diocese that is Christ Centred and Outward Focused.

# Annual objectives *(continued)*

## Progress made towards achieving 2022 objectives

### Southwark Vision

Objective	Progress made
To continue with Mission Action Planning and enable parishes to create COVID-19 Mission Action Plans which are Christ-Centred and Outward-focused.	The pandemic restrictions ended in April and the Mission Team has begun its important work visiting parishes and deaneries to encourage post-pandemic Action Plans.
To encourage deaneries to reach out and share good practice as Deanery Leadership Teams develop and can also focus on resourcing mission.	The network of Deanery Leadership Teams continues to evolve and innovations continued to be shared at meetings of Area Deans and Deanery Lay Chairs. There continues to be considerable progress on environmental initiatives at deanery level and in support for social action, including presentations from Welcare.
To utilise Mission Accompaniers to work with Deanery Leadership Teams.	This is in progress, recognising the demands on clergy and lay ministers' time.

### Strategic Ministry – Vocations & ministry – Lay and Ordained

Objective	Progress made
To continue to develop and embed new pathways for lay ministries.	Considerable work was undertaken to prepare for pioneer lay ministers at Commissioned Level, ready for 2023 intake. The process for promoting these ministries has been further enabled by a Diocesan wide Season for Lay Ministries.
To embed the new shared discernment process (which has replaced bishops' advisory panels).	This is ongoing and the Vocation Team continue to work with the new structures and provide feedback nationally.
To participate fully in national development for lay and ordained ministerial formation.	The enlarged vocations and clergy formations teams are fully committed to participating in national developments and as one of the largest dioceses we seek to embed new ideas in both our lay and clergy formation.
To consider initiatives to support clergy well-being during times of change and uncertainty.	During 2022 we appointed a new part-time role of Dean of Clergy Well-being and this is already bearing fruit.

## Budget & finance

Objective	Progress made
To manage expected deficit budget which is due to reduce compared to the three year presentation to Synod in December 2020.	Achieved.
To maintain Diocesan investment in Southwark Vision including enlarged contingency.	Achieved.
To seek to build cash reserves further, in line with Reserves Policy, ensuring a minimum of three months' cash reserves.	Achieved.

## Giving

Objective	Progress made
To strengthen regular giving with the continued rollout of the Parish Giving Scheme (PGS).	Funds and number of gifts processed by PGS for Southwark parishes increased by 250% in 2022.
To plan the 10 year programme to reach two thirds of parishes self-financing building on the reviews of smaller churches underway, linked to our Deployment Vision.	Due to the pandemic restrictions not being lifted until April 2022, this has been moved to 2023.
To work alongside parishes and archdeacons to seek to rebuild the PSF to 2019 levels by the end of 2023 through the 2023 pledges.	Due to the pandemic restrictions not being lifted until April 2022, this has been moved to 2024.
To embed digital giving focusing on the remaining 12 deaneries not covered by the 2021 contactless pilot.	At the end of 2022 Southwark Diocese had over 58% of worshipping communities using digital giving, the highest percentage for a diocese in the CofE. This continues to be an important objective carried over to 2023.

## Safeguarding

Objective	Progress made
To implement, as required, any new actions following the IICSA Report (October 2020) and the Diocesan Past Cases Review 2.	The Report of the PCR2 Nationally was achieved in October 2022, and in the Diocese of Southwark the work concluded in March 2022. Implementation of recommendations is underway.
To overcome the backlog of training caused by COVID-19 building on the new successful training programmes.	This has been substantially achieved, with a reduction of 57% in the backlog.
To participate fully in national developments including, as a pilot diocese, for the new national casework system and the implementation of the new Safer Recruitment and People Management guidance for all church bodies.	The Diocese of Southwark is one of the first dioceses to pilot the new casework system and this is underway.



# Annual objectives *(continued)*

## **Property**

Objective	Progress made
To reintroduce quinquennial inspections.	Achieved.
To develop five and 10 year maintenance plans.	In progress.
To review glebe land across the Diocese.	In progress.

## **Data & IT**

Objectives	Progress made
To continue to build the integrated database across the Diocese, including data to measure the success of the anti-racism charter over time.	Achieved. This continued with the establishment of the Property Database.

## **Website & digital communications**

Objective	Progress made
To develop a new Communications Strategy in the light of COVID-19.	Achieved.

## **Mission & justice**

Objective	Progress made
To implement the Southwark Diocese Anti-Racism Charter.	Implementation is underway.
To develop the plan for reducing Carbon emissions within Diocesan control for presentation to Synod, continuing to promote Eco Diocese throughout the Diocese.	Progress made on the plan for 2023 approval.
To continue to build Deanery Leadership Teams and ensure Deanery-based initiatives are given space to flourish.	Progress continues as deaneries are each focusing on specific areas of priority for them.
Lead and enable renewal of Children and Young People's ministries during and after COVID-19 – this will include timely youth forums in each episcopal Area and promoting and encouraging CYP Toolkits.	Progress has been made and is ongoing.

# Other activities and achievements in the year

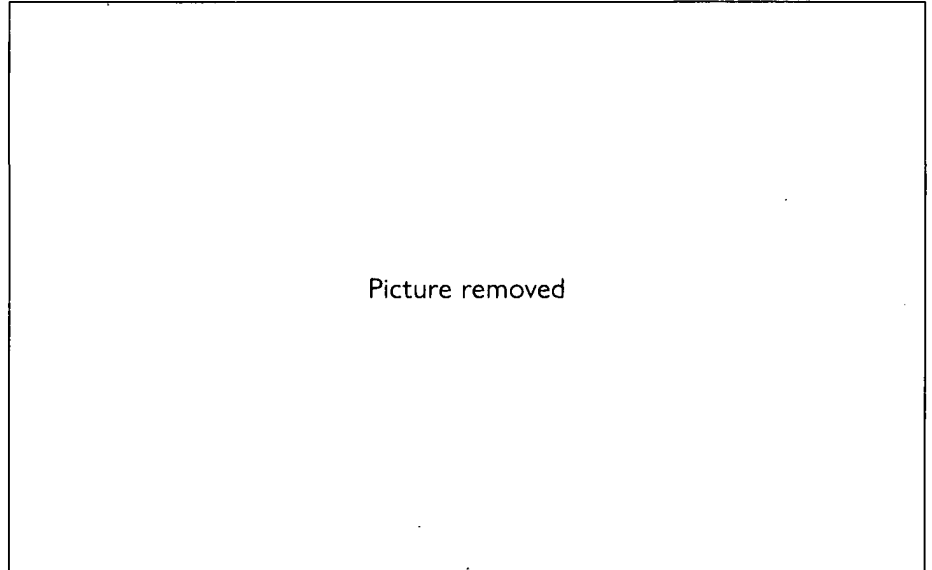
In 2022, thanks to the generosity of parishes in rebuilding the Parish Support Fund (PSF) and the careful cost controls in the Diocesan Office, the Diocese has achieved a remarkable balanced budget. The PSF had another year of a collection rate of 99.4%. Consequently, the Diocese was able to deliver a range of initiatives and activities.

Following the death of Her Late Majesty Queen Elizabeth II on 8 September 2022, the Diocese entered a period of mourning. Parishes held requiem Eucharists and services of thanksgiving, opened books of condolences, rang bells and encouraged prayers for the Late Queen and The King. Mourners queued around Southwark Cathedral to pay their respects ahead of the state funeral. This comes after parishes celebrated the Late Queen's Platinum Jubilee in June 2022, to mark 70 years as the Sovereign.

The first Southwark Diocesan Conference since the start of the pandemic took place at Bacon's College, Rotherhithe from Thursday 1 to Saturday 3 September 2022. The conference was a landmark event with a programme of keynote speakers and speeches where clergy and lay leaders joined together.

## Ministry and discipleship

The Diocese has continued to focus on promoting Lay Ministries and 2022 saw the launch of the Season of Lay Ministries, which aims to encourage people to consider the Lay Ministries to which they may be called by focussing our preaching and teaching in the parishes on the call to lay ministry. The Season was well received and many parishes joined in and it is now to be an annual event.



Picture removed

In October, the first combined Lay Ministries Licensing and Commissioning service took place. Ten Readers were licensed and two Southwark Pastoral Auxiliaries (SPAs) were commissioned. A Pioneer Lay Minister was also commissioned separately. Three new people entered SPA training in 2022 and five new Readers are in training. Twelve Readers are in post-licensing training and the first licensed Lay Minister (Pastoral) began training. The Aurora Course, which is being used to train commissioned Youth Ministers, began and there are seven participants. Three others began training at St Augustine's to become licensed Lay Pioneers.

The Discipleship and Ministry Team offered an expanding and varied series of 42 short courses (both online and in person) to which 1,088 people signed up (this does not include safeguarding training, Vocations Forums and Children's and Youth events or courses run by Missions which are organised separately.) The Ground Floor

Guides have proven to be particularly well received. The Bishop's Certificate is once again well subscribed with 58 people following the course which is delivered both in person and online. Of these 58 people, 21 are in touch with Vocations Advisers.

✓ The Living in Love and Faith (LLF) process drew to a close in 2022, as in other Dioceses, and many parishes have engaged with LLF and have contacted the national church with their views.

The Lay Council met three times providing support and guidance for the work concerning Discipleship and Lay Ministry.

Broadening the diversity of our clergy continues to be a priority, with a growing number of UKME curates already in the various processes. This is an important part of the Diocesan Anti-Racism Charter currently being implemented across the Diocese. Of the 15 candidates recommended for training through the Shared

# Other activities and achievements *(continued)*

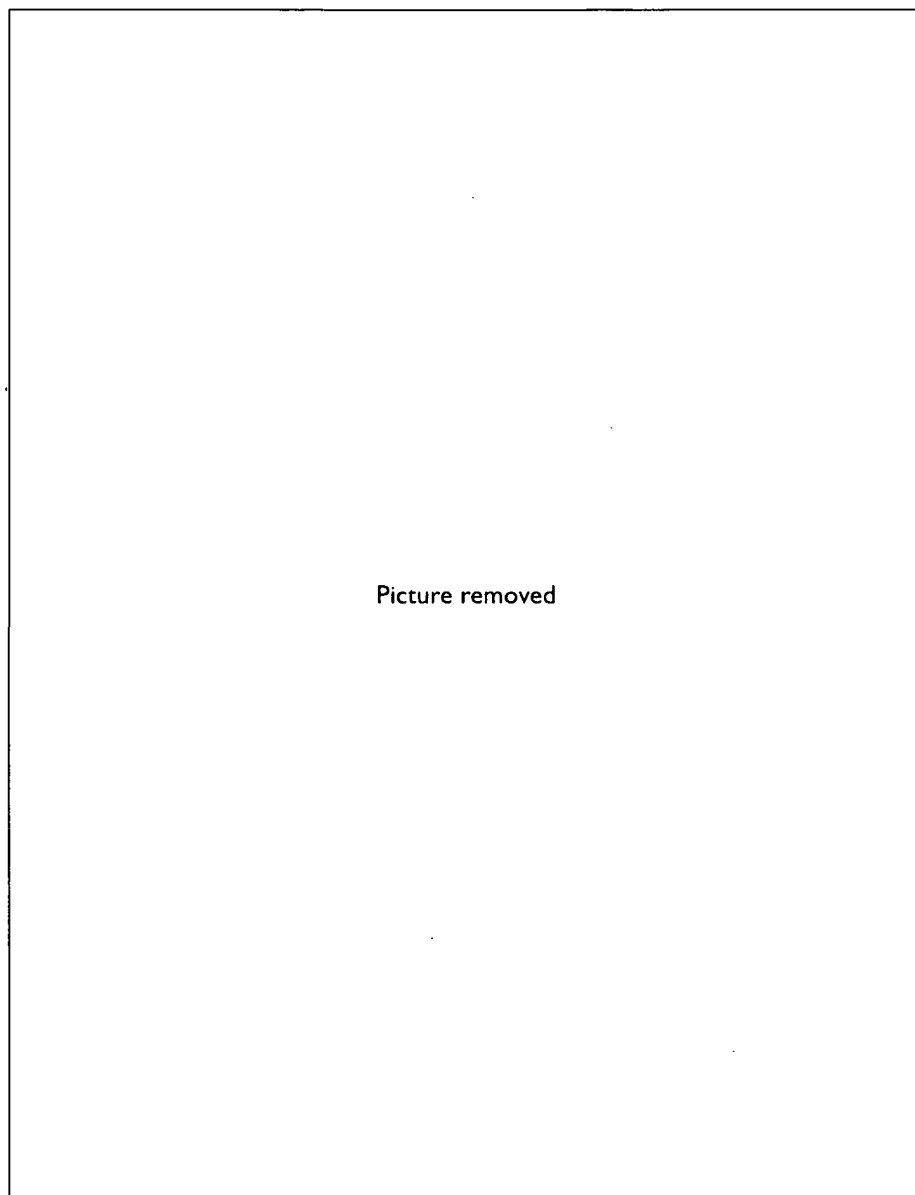
Discernment Process (SDP) or Candidates Panel in 2022, a third were UKME, a 26% rise from 11 people 2021. This movement is supported by a commitment to the diversity of our Vocations Advisers and ADOs. Currently, among the Vocations Advisers, 41% are women and 24% UKME. For the ADOs, 39% are women and 17% UKME.

## **Pioneering and fresh expressions**

Innovation Funding has been awarded by the Church Commissioners to Ascension Balham, to enable Bubble Church to be shared with other churches and a new Church Mission enabler has been appointed. The largest ever number of Pioneer Curates were ordained in the Diocese. There are now 10 to add to the previous two cohorts, leading to a total of 19 Pioneer Curates in Southwark.

Eight churches were involved in the Church of England's Greenhouse initiative, starting Fresh Expressions of Church. Work is ongoing with Deaneries and Area Deans to encourage the take up of Greenhouse. Ongoing training continued through the year with FX101, Messy Church seminars, an introduction to Lay Pioneering, an introduction to Greenhouse sessions, as well as sharing Godsend resources, and Sharing Jesus resources.

We launched the first four Resourcing Churches across a range of traditions in the Diocese. Development of the Hub Church model continues. The target for 40 new fresh expression churches has been exceeded with an addition of 100 Fresh Expressions of Church. £450,000 has been given in FX grants, which has created a Pioneering and Fresh Expressions Department.



To assess the impact of the pandemic on fresh expression churches, the department carried out an audit and found that there are 96 active fresh expressions; although 30 had stopped due to the pandemic; there have been 17 that have started post-pandemic and another 19 were found to be on hold.

The department has been developing an Estates Lay Pioneer pathway and in September, 40 clergy gathered to consult and discuss ideas. This pathway is actively expected to launch in 2023 and a Dean of Estates Ministry has been appointed to provide a further focus on ministry with estates in the Diocese.

Picture removed

The Canon Missioner, along with a team of colleagues working in the episcopal areas, offered Mission Action Planning to parishes and deaneries. Online evangelism training 'Witness without Walls' encouraged new ways that individuals could connect and share faith within their communities online or outdoors.

The Diocesan Conference provided many learning opportunities in areas of the Five Marks of Mission as well as CYP. 'Thy Kingdom Come' – between Ascension and Pentecost – resourced parishes in praying for five friends and saying a prayer for the persecuted church amongst other ideas. In the autumn term, grants were given to equip parishes to reach out to their communities throughout Advent and Christmas.

## Mission and evangelism

The impact of the COVID-19 pandemic continued to affect school and church communities into 2022. This meant that the Children's and Young People's (CYP) team and the Canon Missioner (along with colleagues) responded to parishes as they adjusted to a change in attendance, volunteer commitment and renewing church services and ministries. The Aurora Course was launched in Southwark Diocese to support the training of CYP workers as affirmed or commissioned lay ministers. Working closely with SDBE, the team implemented the national church initiative 'Growing Faith' – a partnership between churches, schools and families. One expression of this was the response to modern day slavery 'We See You' partnered with the Clewer Initiative and Southwark Cathedral.

The Justice, Peace and Integrity of Creation (JPIC) team, which is funded by Benefact (formerly All Churches Trust), is located within the Mission Team, bringing together all five Marks of Mission under the Canon Missioner.

The 'We See You' event at Southwark Cathedral in November also included the Reigate Archdeaconry Social Justice Forum which organised a two-day awareness-raising event around Modern Slavery. The first day of the event was led by two SDBE Diocesan secondary schools – Bacon's College, Rotherhithe and Christ's School, Richmond – while the second day was aimed at parishes and individuals and we welcomed a large number of speakers, organisations and individuals to the Cathedral to learn about Modern Slavery and share worship led by Bishop Rosemarie and the Chair of the Clewer Initiative, Bishop Alastair Redfern.

Other JPIC work has focused on:

- working with the Diocesan leadership tackling the cost of living, offering information about Warm Spaces, presenting talks and sharing resources for a range of groups about help with cost of living, alongside support from Together Southwark
- working in partnership with the Synergy Network to tackle Serious Youth Violence, including participating in the Standing Together against Serious Youth Violence weekend in July
- providing support for Ukrainian families and those hosting them; welcoming refugees from Hong Kong; and, with the Mission team, supporting those who are working with the Farsi community.

The JPIC team have also supported Diocesan work on the Fifth Mark of Mission: safeguarding the integrity of

# Other activities and achievements *(continued)*

creation. This has focused on two main areas – the Eco Church initiative and working towards Carbon Net Zero. The Diocese achieved the Eco Diocese Bronze Award in June 2022, thanks to the hard work and commitment of parishes and groups throughout the Diocese. 43% of churches in the Diocese are now registered for Eco Church, and we now have 44 Bronze and 16 Silver Awards. The Eco Diocese Working Group is currently reviewing the criteria for the Silver Eco Diocese award and we have an ambition to achieve this by 2028.

The Diocese is also engaged with the Church of England's Routemap to Carbon Net Zero and in February submitted the Diocesan response to the consultation on the Routemap. The ambition in the Diocese is to work towards Carbon Net Zero by 2035, and to this end an update was presented to Diocesan Synod in March 2023. The Diocesan Environment Officer is trained to deliver Carbon Literacy Training and ran this twice in 2022 (making Southwark one of the first two diocese to offer this). The team also ran a small Energy Audit Scheme using a grant from the national Environment Team to work with a few of the highest-emitting churches in the Diocese to measure and reduce their energy usage.

Together Southwark, a separate charity with the Southwark DBF as sole corporate trustee, is managed through JPIC with its staff member employed by the DBF. Together Southwark has hosted a series of webinars and events and the charity continues to research and publicise funding opportunities, whilst responding to requests for help.

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## Safeguarding

During 2022:

- There was a 57% increase in the number of people across the Diocese and at the Cathedral that completed safeguarding training courses, either in person or online
- There was 57% reduction in backlog of those requiring training.
- There were 393 new matters referred to the DST during the year, a 9% reduction when compared to 2021 (433).
- There were 19 new Core Group Meetings (required in cases relating to Church officers) compared to 16 in 2021. Additionally, three historical cases were reopened, two for follow-up administration and one due to recent police activity.
- There was a 9% increase in online Disclosure and Barring Service (DBS) applications submitted in 2022, this was 2,305 (2021: 2,112), which reflects the recovery in movement post-pandemic.
- The Past Cases Review 2 (PCR2) was published by the National Safeguarding Steering Group on

5 October 2022. Southwark's contribution, overseen by a Diocesan Project Reference Group, was submitted by an Independent Lead Reviewer. PCR2 included a comprehensive review of all Clergy Blue Files, including clergy at the Cathedral; Readers and Southwark Pastoral Auxiliaries (SPAs), Permission to Officiate (PTO) files and current and historic safeguarding casework files. This work commenced in September 2020, concluded in March 2022, and included the review of 2,536 diocesan files and records. Of these, less than 1% were referred to the Diocesan Safeguarding Team (DST) for further investigation. No major issues concerning the safeguarding of children or adults arose. The implementation of the 21 PCR2 recommendations is already underway, and an Action Plan exists. The ongoing work within the Diocese relating to the National themes is covered in the Executive Summary of this report. The full National Report and Southwark's Executive Summary can be accessed

via the Diocesan website alongside an expression of gratitude from Bishop Christopher to the survivors who participated in the review.

- 21 national thematic recommendations from PCR2 relate to policy and process, focused in the areas of: Diocesan Safeguarding Team Recording (Southwark leading the way as early adopters of the new National Case Management System), Safeguarding Agreements (also known as Worship Agreements, designed for the purpose of safeguarding children, young people, and vulnerable adults, whilst also supporting respondents) and Survivor Engagement. The recommendations are charted in an Action Plan with strategic governance and oversight by the Bishop's Lead for Safeguarding, and the Diocesan Safeguarding Advisory Panel (DSAP). Progress updates will be reported quarterly on the Diocesan website. The National PCR2 Board conducted very thorough scrutiny of all the Diocesan PCR2 reports including Southwark's and it met the Board's requirements.

## Grants and funding

A high pledge base and collection rate of 99.4% for 2022 has been received, as part of the Parish Support Fund (PSF). 16 out of 25 deaneries and both Croydon and Wandsworth Archdeaconries had 100% collection rates.

The December National Parish Share report indicated that for the 35 dioceses from which they had December 2022 data, they had experienced a year to date fall of 7.5% of parish share received in comparison to the same period three years ago, before the pandemic. Southwark is 7th, with a decrease of less than 3%.

Considering inflation over the last three years, all dioceses have seen a real terms reduction in parish share of over 10%.

## Personnel

In 2022, the Diocese had 510 clergy, based primarily in parishes, of which 384 were stipendiary. There were also 202 Readers, 122 SPAs and 14 other Licensed Lay Ministers, including Church Army Evangelists and Lay Pioneers.

As part of its ongoing human resources (HR) advisory service, during 2022, the Diocese helped with at least 198 enquiries, with parishes seeking advice about a variety of employment matters, ranging from the provision of templates and telephone advice, to cases requiring more extensive support about employment matters. There were seven cases requiring more intensive longer term support to parishes.

We provided 285 sessions of short-term counselling support for 37 members of clergy through the counselling services that are offered to support clergy well-being.

## Church buildings and property

During the year, the Diocesan Advisory Committee (DAC) gave 85 formal recommendations to parishes and other recipients, up from 75 in 2021. A further 117 "List B" items were approved by Archdeacons (after DAC advice), compared with 118 the previous year.

As part of the Diocese's commitment to working towards Carbon Net Zero, the DAC continued to give advice to parishes on energy-saving measures.

In relation to clergy housing, the reintroduction of quinquennial inspections is providing valuable

information in relation to the condition of our properties and also information regarding possible improvements towards greater energy efficiency.

Work is ongoing in relation to proposals for planned works to ensure our clergy housing is fit for the long term. The initial feedback in respect of the larger pieces of glebe land is being reviewed. Plans for the next phase of this work are to be agreed prior to further work being undertaken.

## Communications

The Communications Department has been preparing for the Diocesan newspaper, *The Bridge*, to return to print to be distributed to parishes as before the pandemic, from early 2023. The newspaper will still be available online and is the second most visited page on the website, following the homepage. Digital publications published on the website, including *The Bridge* and the Diocesan Conference programme of events, received 18,000 views over the course of the year.

Since the launch of the Diocese's new website in February 2021, it continues to be a hub of information to support the Diocese in sharing the latest news, resources and contact information.

Bishop Christopher established the Cost of Living Task Group (CLTG), chaired by Bishop Rosemarie to provide an update on support available during the cost of living crisis. A bulletin has been developed to provide a regular digest of guidance and resources from JPIC, and Government and National Church initiatives for all clergy in the Diocese of Southwark, copied to Lay Ministers, Parish Secretaries, Churchwardens, Deanery Lay Chairs, Deanery Secretaries and Treasurers.

# Future plans

In the immediate year ahead, 2023, continuing our theme of connectedness and communication with our partners, the parishes of the diocese will be critically important. This will include supporting the rebuilding of parish finances post-pandemic, in the context of uncertainties over fuel prices and the cost of living. Our specific objectives include not only planning the 10 year programme to reach 66% parishes covering their ministry costs but also developing strategies to give greater support to parishes where they lack volunteers in critical roles, such as treasurers and churchwardens.

We will also consider how further advice and guidance can be given to parishes in the stewardship of their property assets, mindful of the mission and ministry imperatives to build the Kingdom of God and the cost effective management of church buildings. We will seek to participate in the national church Buildings for Mission Initiative enabling us to consider how the work of our DAC can also support this initiative.

We will be seeking to achieve Carbon Net Zero in the Diocese by 2035, recruiting a specialist officer to support parishes in their work to reduce carbon.

Our ambition is to achieve the Eco Diocese Silver award within five years. The significance of environmental justice has grown and will continue to grow as church communities, the use of our diocesan glebe land holdings and our offices seek to practise God's care for all creation.

A significant strategic boost came when the application made to the Strategic Investment Board of the Church of England in early 2023 led to a grant of

up to £6.5 million for lay pioneer ministries in urban estates together with a range of parish focused projects to further establish the help that Hub and Resourcing Churches can give to other parishes. Several of these projects include significant investment in children's and family workers. The project is expected to last up to five years.

The Diocese is now poised to take further Southwark Vision 2017–2025, developing a vision through to 2030 and beyond, working with the national church which has recently unveiled its Diocesan Investment Programme for the three triennia 2023–2032. The aim is to develop our vision to identify and then implement key work streams for the next 6–9 years. National priorities include a parish system revitalised for mission, a Church of England representative of communities we serve in age and diversity, and all Anglicans growing in discipleship, which are also priorities reflected closely in our Southwark Vision. In addition, our vision will work towards the doubling of children and young active disciples, another significant national priority.

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Strategic planning to take forward the evolving Southwark Vision to 2030 and beyond will be a significant activity for 2023 and will be underpinned by a review of glebe land, our longer term financial model and a review of fund investments.

There will continue to be a focus on developing our clergy, their well-being and the well-being of our lay leaders.

Encouraging diversity in leadership and a plurality of voices will also continue to be a major priority for the Diocese in 2023. The implementation of the Anti-Racism Charter will be further embedded in parishes through the training of trainers, building on the training undertaken in 2022, the work of the Diocesan Racial Justice Committee and the three Episcopal Area Racial Justice Committees.

Promoting initiatives in support of refugees will be particularly important given the humanitarian crisis in Ukraine.

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With the Diocesan Past Cases Review (PCR2) report now submitted to the National Safeguarding Team's PCR2 Project Management Board, the DST will focus on implementing any new actions arising from this as well as national direction on actions from 2020's Independent Inquiry into Child Sexual Abuse (IICSA). It is clear that information management will be a priority and a new post has been

created to deal with this and the anticipated developments nationally in information-sharing and the new casework system. The Diocese will participate fully in national safeguarding developments, including being a pilot diocese for the implementation of a new national casework system and new Safer Recruitment and People Management guidance for all church bodies.



# Future plans *(continued)*

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In 2023 we also plan to:

- |   |  |  |
|---|--|--|
| <ul style="list-style-type: none"><li>• continue to support parishes in their missional activities through the creation of COVID-19 Mission Action Plans and by developing Deanery Leadership Teams</li><li>• lead and enable renewal of ministry with children and young people</li><li>• maintain Diocesan investment in Southwark Vision by working alongside parishes and Archdeacons to rebuild the PSF to 2019 levels by the end of 2023</li><li>• reintroduce quinquennial inspections for parsonages, which</li></ul> | <ul style="list-style-type: none"><li>• will now include consideration of environmental matters, and review glebe land across the Diocese</li><li>• continue to build the integrated database across the Diocese, including data to measure the success of the Anti-Racism Charter over time</li><li>• continue the migration to electronic documentation in property-related matters, with the aim of being paper-free by 2024</li><li>• work with the Southwark Diocesan Board of Education as it takes forward the new SDBE Measure and reviews its governance in line with</li></ul> | <ul style="list-style-type: none"><li>• previous successful 'fit for Purpose' reform in the Diocese</li><li>• implement initiatives emerging from General Synod including the review of the Mission and Pastoral Measure which affects pastoral reorganisation</li><li>• implement the Anti-Racism Charter</li><li>• continue to develop lay ministry including the launch of a Season of Lay Ministries</li><li>• participate fully in the issues of social justice especially facing refugees, victims of modern day slavery and homelessness.</li></ul> |
|---|--|--|

# Financial review

# Financial review

## Financial performance

A surplus of £0.2m (2021: £4.6m) was generated before property revaluations and losses or gains on investments. The result exceeded the expectation for the year due to several factors. All sources of income were better than expected, with costs well controlled and completing the year under budget.

The Parish Support Fund (PSF) in particular remained strong, a tribute to the generosity of our parishes. Properties sold in the year were either surplus to requirements or sold to repurchase a more suitable property at a later date. The property market in South London was less strong than in 2021 but there were still significant receipts.

The increase in the value of Board and Diocesan Stipendiary property was £2.1m (2021: £9.1m). The net loss on investments was £2.6m (2021: £3.5m gain).

The donations made by parishes through the PSF are our principal source of income. Income from the PSF in 2022 was £15.9m (2021: £15.7m). The collection rate for 2022 was 99.4%, the same as in 2021, an exceptional result in both years. The collection rate is testament to the partnership working between parishes and the Diocese.

Contributions from the Archbishops' Council were £1.7m (2021: £1.5m) and included a new Strategic Capacity Grant. Other donations decreased significantly to £2m (2021: £4m) due to a one-off grant from the Trust for London in 2021 to assist the Diocese in recovering from the pandemic. In 2021, £0.5m of the donation was transferred to the Southwark Vision Development Fund. Given the successful outcome for

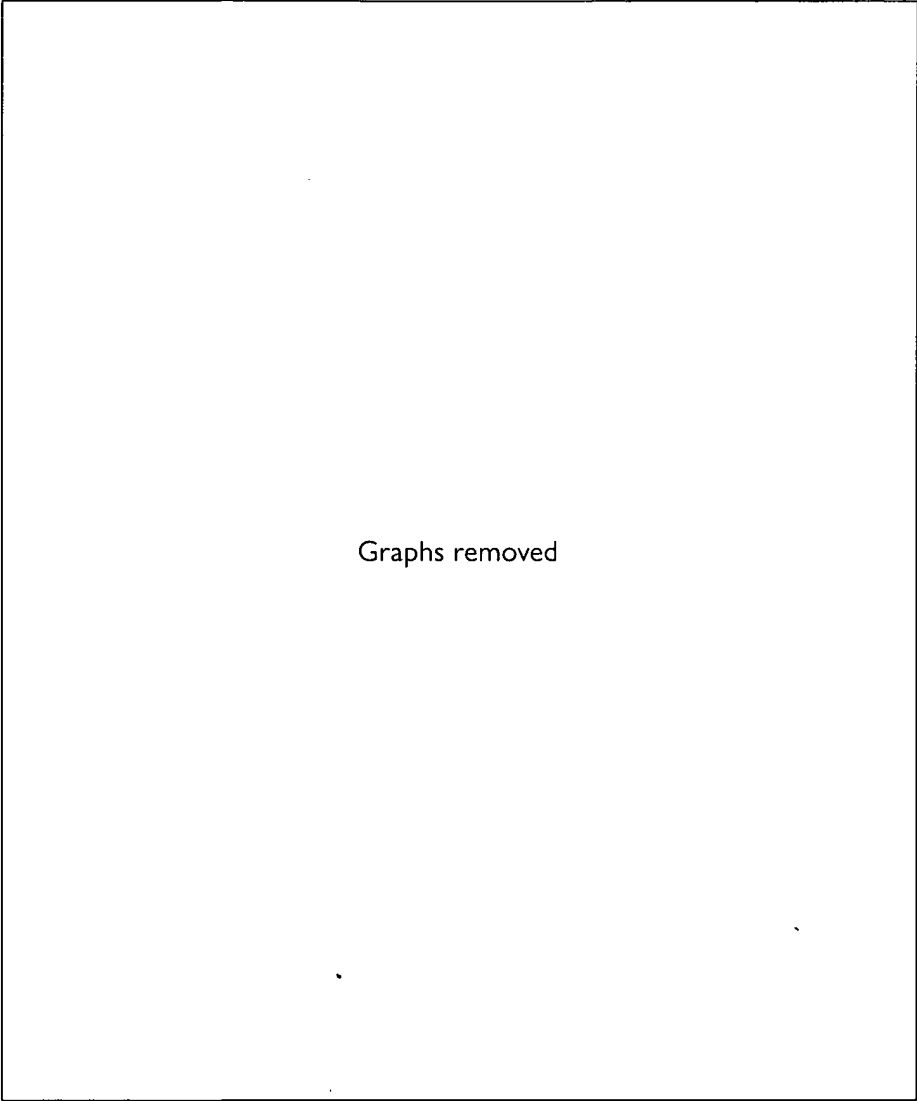
the year it has not been released, but carried forward to 2023.

Income from charitable activities was £2.5m (2021: £2.3m) as other income rose due to a payment from the Church Commissioners relating to a former Diocesan property.

Costs rose to £25.9m (2021: £24.4m). Housing costs rose significantly due to high inflation on property maintenance.

Stipends also increased year on year. The costs also include the £0.2m loss on the sale of a Board property.

The amount spent on administration as a proportion of the total gross expenditure of the SDBF amounted to 7.8% (2021: 8.2%). This expenditure continues to be monitored rigorously. It is comparable to other Dioceses and other charities of a similar size and complexity.



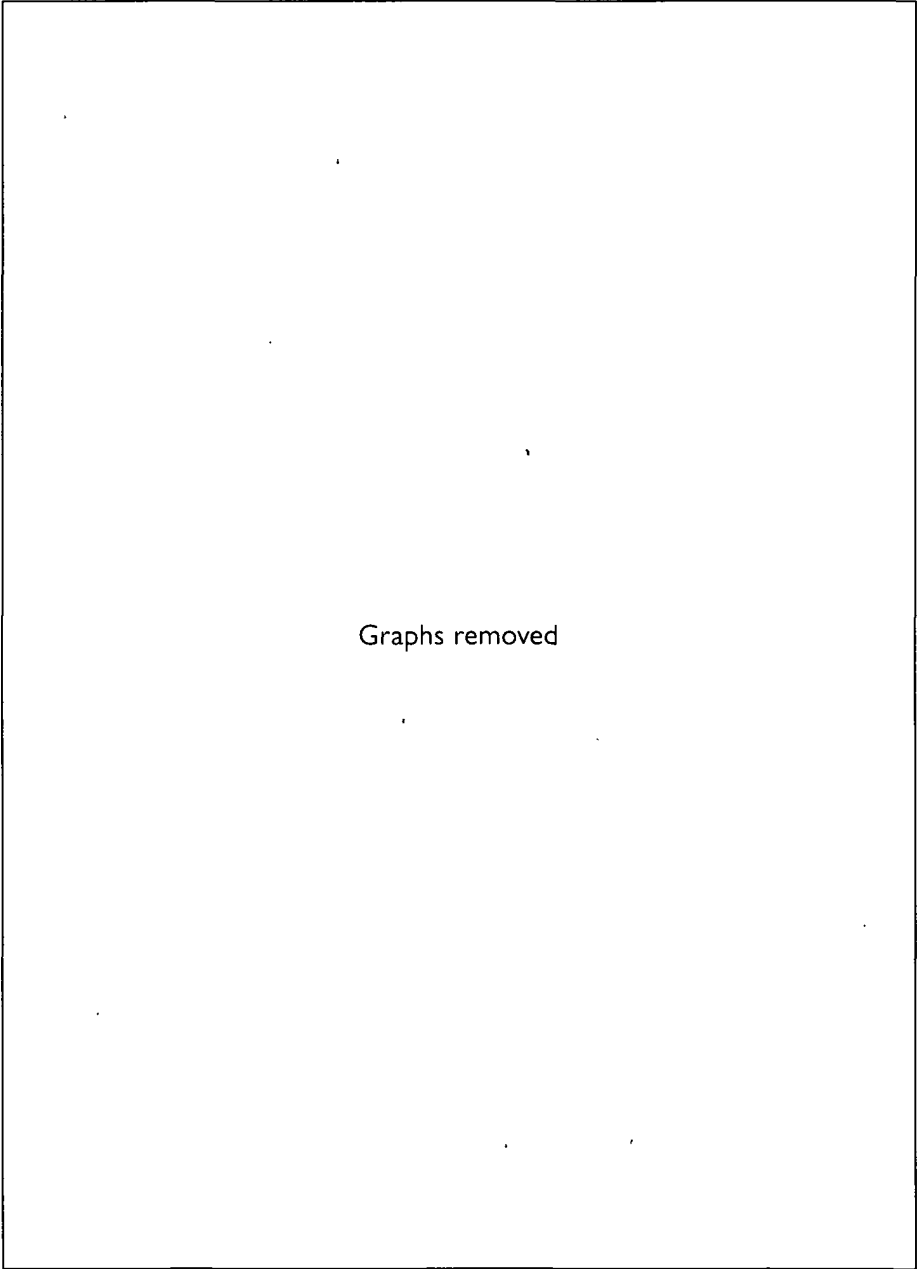
The value of investments fell by £2.6m (2021: £3.5m increase) as markets fell significantly in the year. During the year, net purchases of investments were £0.4m (2021: £0.5m sales). Further details on the investments and their performance can be found in the investment policy section on page 33.

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

The capital value of non parsonage properties rose by £2.1m (2021 £9.1m), an increase of 1.7% (2021 7.2%). This lower increase reflected the South London property market through 2022. Following the decision taken by the Trustees in 2016, whereby properties other than benefice houses were to be valued on a five-yearly cycle, one-fifth of the portfolio was revalued during the year by the SDBF's appointed firm of chartered surveyors, and the average change in the value of the properties revalued was applied to the remainder of the portfolio.

**Significant property transactions**

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



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 sold with both replaced early in 2023.

# Financial review *(continued)*

Our policy continues to be:

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

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

## Balance sheet position

During the year, the Diocese repaid a loan from HSBC taken out in 2018 to assist with liquidity. The loan was repaid early at no penalty. The Diocese only has one loan of £1m from CCLA which it uses to fund parish loans. Other than that, the balance sheet is debt free.

The Trustees consider that the balance sheet, together with Note 20 (pages 80–81), show broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. The net assets as at the balance sheet date totalled

	2022 Number	2022 £'000	2021 Number	2021 £'000
<b>Property development and improvement:</b>				
Parsonage	18	1,396	15	918
Diocesan Stipendiary Fund	4	152	5	197
Board	3	135	3	122
<b>Total</b>	<b>25</b>	<b>1,683</b>	<b>23</b>	<b>1,237</b>
<b>Purchases at book value:</b>				
Parsonage	1	2,000	–	–
<b>Total</b>	<b>1</b>	<b>2,000</b>	<b>–</b>	<b>–</b>
<b>Sales at book value:</b>				
Parsonage	2	1,675	2	1,470
Diocesan Stipendiary Fund	3	2,075	–	–
Board	1	2,655	3	1,920
<b>Total</b>	<b>6</b>	<b>6,405</b>	<b>5</b>	<b>3,390</b>

£306.1m (2021: £306.4m). Included in this total are properties, mostly in use for ministry, whose value amounted to £275.6m (£276.3m).

## Reserves policy

Free reserves are deemed to be the total of the unrestricted General Fund. Having considered financial risk, liquidity requirements and the timing of cash flows throughout the year, the Trustees reviewed and amended the policy in 2019. The Trustees' policy was gradually to grow working financial reserves in the General Fund such that it was equivalent to three months' budgeted unrestricted expenditure by the end of 2020, with an aspiration to achieve six months' budgeted unrestricted expenditure by the end of 2025. The target of three months' unrestricted expenditure is

largely achieved. In addition, the aim is to have this backed by cash, which has also been achieved.

## Reserves invested in fixed assets

The General Fund comprises net assets amounting to £6.2m (2021: £5.8m), of which £2.8m (2021: £2.9m) relates to tangible fixed assets, principally freehold and leasehold property, and a further £3.0m (2022: £2.3m) is held in pooled investments.

## Designated funds

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

A description of each reserve, together with the intended use of the reserve, is set out in Note 21 (see page 82). At 31 December 2022, total designated reserves were £47.4m (2021: £49.5m). The policy of the Trustees is to gradually return as many of these funds as possible to the General Fund.

## Restricted and endowment funds

As set out in Note 20 (see pages 80–81), the SDBF holds and administers a number of restricted and endowment funds. As at 31 December 2022, restricted funds totalled £3.9m (2021: £4.3m) and endowment funds totalled £248.6m (2021: £246.7m). Neither are available for the general purposes of the SDBF.

## Grant-making policy

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

## Investment policy

The SDBF is permitted by its Articles of Association to make investments. Note 20 (see pages 80–81) provides details of the assets of each fund, together

	Funds at 31 December 2022	Proportion of portfolio	Income yield in year	Total return in year
	£'000	%	%	%
<b>Managed funds:</b>				
M&G Equity Investment Fund for Charities	8,213	32.8	5.7	(0.2)
J O Hambro UK Equity Income Fund	4,625	18.4	5.3	(0.89)
CBF Investment Fund	3,678	14.7	3.0	(9.16)
Savills Charities Property Fund	1,679	6.6	4.1	(4.2)
Mayfair Capital PITCH Fund	2,301	9.2	5.3	(13.1)
Sarasin Global Higher Dividend Fund	4,578	18.3	2.5	(0.91)
<b>Total</b>	<b>25,074</b>	<b>100</b>		

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.

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

The investment objectives are:

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

Excluding purchases, sales, and transfers, the value of investments has decreased by 9.8%. The movement in the FTSE All Share index over the same period was a decrease of 3.1%. While the value of our holdings fell, the total distributions increased to £1.2m. This is a 9% increase on 2021, where total distributions were £1.1m.

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

# Principal risks and uncertainties

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

The principal risks below reflect the risks approved by Trustees for 2022 which were revised in light of the economy and the effects of the COVID-19 pandemic on society and on the church unparticular. It was recognised that while the impact of COVID-19 was still significant in 2022, mitigating the risks arising from the impact of the pandemic was incorporated into the other risk areas.

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

The Risk Register for the year ended 2022 identified seven areas where the risk of either failure to act or the impact of the events was considered “high”. These areas and the associated mitigation strategies were as follows:

## 1. Communications

The parishes work in partnership with the DBF to promote Southwark Vision and to resource the Vision to cover the costs of ministry through the Parish Support Fund (PSF).

Constant communication is required about the work and mission of our Diocese across South London and East Surrey, including new and existing mission initiatives.

The risk is that insufficient funds are generated through the PSF and that mutual support across the Diocese wavers. Mitigants include:

- close, transparent working relationships with all parishes and ensuring high-quality communications are delivered by a professional team, building on the revised engagement strategy for PSF developed in the light of COVID-19
- an integrated communications strategy focusing strongly on the role of the laity while ensuring good news stories from across the Diocese are widely shared
- ensuring effective and integrated use of different channels of communication including social media, the website and *The Bridge*.

An additional communications risk is that poor media coverage leads to reputational loss. This is mitigated by high quality public relations and rigorous attention to the press and social media, in particular to any historical safeguarding issues.

## 2. Data and data protection

The development of the integrated database in the Diocesan Office has ensured effective collection of data, which underpins the integrity and interpretation of Diocesan data which is essential for good strategic decisions. The principal risks are that incomplete, inaccurate or misinterpreted data leads to poor decision making, wasted resources and has a negative impact on reputation. Mitigants include:

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

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

- providing a helpline for clergy and parish officers to deal with ad hoc queries and taking additional advice from the Diocesan Registrar where necessary
- training all Diocesan staff in GDPR and data protection and carrying out Data Protection Impact Assessments for all new processes
- performing an annual Diocesan audit to ensure compliance with Information Commissioned Office guidance.

### 3. Diocesan growth

The Southwark Vision includes five strategic objects which will lead to growth. The risk, exacerbated by the lasting impact of the pandemic, is that the progress towards achieving these objectives is slowed, if not stalled.

Mitigants include:

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

### 4. Financial risks

The economic downturn and speed of recovery of church congregations and income generating activities continues to result in a loss of income and cash flow difficulties for many of our churches with the consequential risk of a reduction in PSF pledges being paid.

Mitigants include:

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

### 5. Governance

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

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



# Principal risks (continued)

## 6. IT

The loss of access to electronic data, including emails, would affect the ability of Diocesan staff to fulfil their responsibilities. Mitigants include:

- ongoing investment in IT, especially as remote working becomes more standard
- completing the recommendations of the external IT Review by finalising a move to the cloud
- frequent backups, with a robust disaster recovery plan
- introduction of multi-factor authentication (MFA)
- enrolment with the National Cyber Security Centre and regular penetration security scans.

## 7. Safeguarding

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

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

- core groups meet as required and are chaired by an Archdeacon, a senior lay member of DCT or the DSAP chair
- parishes are required to use the online arrangements for Disclosure and Barring Service checks as part of the safe recruitment of those who work with children, young people and adults who may be at risk of harm
- rigorous recording of data and production of statistics to allow full and ongoing reviews of Diocesan safeguarding processes as well as input into continuing implementation of IICSA
- all safeguarding work being supported by a proactive and sensitive PR and media strategy.
- formal reporting of safeguarding activity and key risks for annual scrutiny by the Diocesan Audit and Risk Committee and the whole Trustee body at the DCT is a further important mitigant of risk.

# Governance

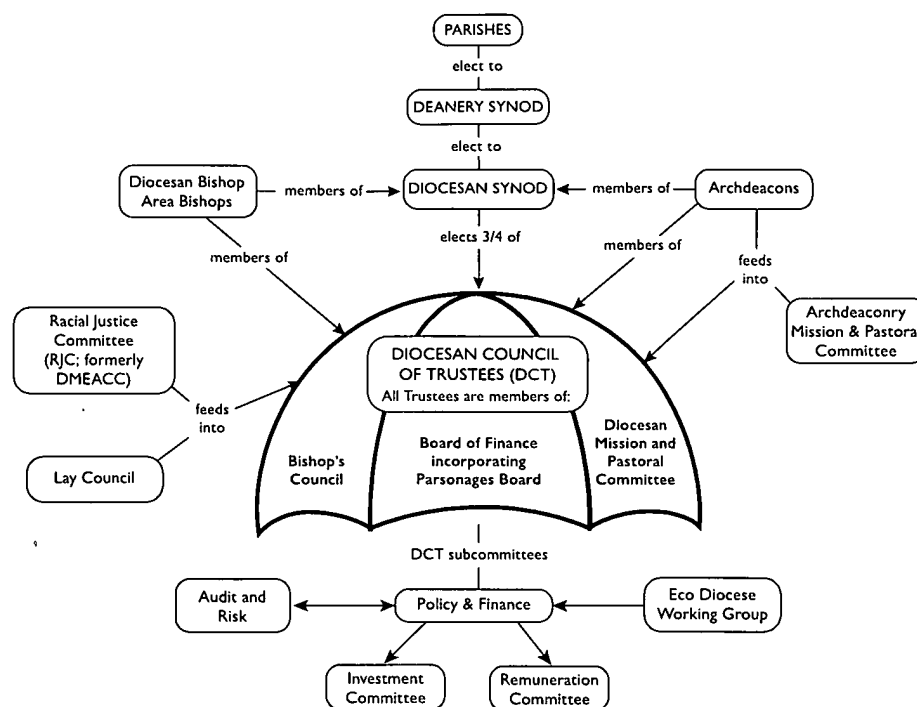
# Structure and governance

## Summary information about the structure of the Church of England

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

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

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



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

## Organisational structure

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

The governance and policy of the SDBF is the responsibility of the Trustees, who are also members and directors of the company and trustees for the purposes

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

Under the revised governance, the DCT comprises the Diocesan Bishop (President of the Diocesan Synod), Chair and Vice Chair of the Board of Finance (both laity), Area Bishops, Archdeacons, Chairs of the

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

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

### Decision-making structure

Corporate priorities and the overall financial strategy for the Diocese, in its primary object to promote, assist and advance the work of the Church of England within the Diocese of Southwark, are set by the Diocesan Synod and the

SDBF. The responsibility for ensuring that these priorities and strategies are delivered is delegated to the Diocesan Secretary who reports to the Bishop of Southwark and is also accountable to Trustees through the Chair of the SDBF. The Policy and Finance Committee, which is the standing committee of the Council of Trustees, holds the work of the Diocesan Secretary to account. The company meets once a year in a General Meeting to receive and approve the Annual Report and Financial Statements, appoint the auditors and elect the Chair and Vice Chair, nominated by the Bishop of Southwark.

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

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

bodies, subject to the direction of the Synod.

The Trustees are assisted in their work by two committees.

### The Policy and Finance Committee

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

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

### The Audit and Risk Committee

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

# Structure and governance *(continued)*

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

## **Trustee recruitment, selection and induction**

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

## **Remuneration of key management personnel**

Remuneration of the Diocesan Secretary is determined annually by the Remuneration Committee, which also receives the Diocesan Secretary's remuneration recommendations for members of the Senior Management Team, which the Remuneration Committee then considers for

approval. The committee is a sub-committee of the PFC, formally reporting through it to the Board. It is chaired by the Bishop of Southwark and includes the Chair and Vice-Chair of the SDBF and any external consultants as they determine. The committee in 2022 included the Chair of the PFC.

## **Delegation of day-to-day delivery**

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

## **Funds held as Diocesan Authority**

The Board acts as Diocesan Authority or Custodian Trustee of assets held on permanent trust by virtue of the Parochial Church Councils (Powers) Measure 1956, as amended, and the Incumbents and Churchwardens (Trusts) Measure 1964 where the Managing Trustees are PCCs and others. These assets are not aggregated in the financial statements as the SDBF does not control them, and they are segregated from the SDBF's own assets by means of a separate bank account, separately identified investment holdings and a separate accounting system. Further details of financial trust assets, whose market value amounted to £15.9m at 31 December 2022 (2021: £17.9m), are available from the SDBF on request, and are summarised in Note 28 (see page 88). Where properties are held as Diocesan Authority, the deeds are identified as such and held

in safe custody by the SDBF's solicitor, Winckworth Sherwood LLP.

## **Section 172 statement**

This section serves as our Section 172 statement and should be read in conjunction with the Strategic Report on pages 12-28. Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders in their decision-making. The Directors continue to have regard to the interests of the Company's employees and other stakeholders, including the impact of its activities on the community, the environment and the Company's reputation, when making decisions.

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

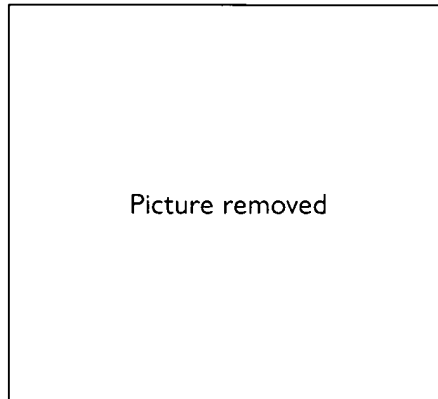
Acting in good faith and fairly between members, the Directors consider what is most likely to promote the success of the Company in the context of being a DBF among some 40 others across the Church of England, and also in being a charity with charitable objectives focused on mission and ministry. Whilst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

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

# Related parties

Related parties include:

- The Archbishops' Council (charity no. 1074857), from which the SDBF receives grants and to which the SDBF pays a donation based on an apportionment system for funding national training of ordinands and the activities of the various national boards and councils, including General Synod. The Chair of the House of Laity was a Trustee until January 2021.
- The Church Commissioners for England (charity no. 1140097), from which the SDBF receives grants and which acts on behalf of clergy with HM Revenue and Customs. The SDBF pays for clergy stipends through the Church Commissioners.
- The Church of England Pensions Board (charity no 236627), to which the SDBF pays retirement benefit contributions for stipendiary clergy and employees and makes contributions towards the provision of housing for clergy in retirement.
- The Southwark Diocesan Board of Education (SDBE), a separate registered charity (No 313001) to which the SDBF makes grants. The SDBE supports 104 Church of England schools; 90 are primary schools and 14 are secondaries, of which two are all-through schools and 19 are academies. The SDBE supports the provision, effectiveness and development of education in all Church of England schools within the Diocese. It specifically seeks to develop the Christian ethos and distinctiveness of Church schools; to promote religious education and collective worship; and to advise School Governors and Trustees and support the



maintenance and improvement of school buildings and facilities. The SDBE also supports the provision of chaplaincy in higher and further education institutions, a post funded by the SDBF. The SDBF also makes an grant to the SDBE towards the cost of delivering the Diocesan Measure for Education. The Bishop of Southwark is President of the SDBE, whilst the Rt Revd Dr Rosemarie Mallett became the Chair of the Board of Education during 2022, following the retirement of The Rt Revd Jonathan Clark. The Ven Simon Gates, Archdeacon of Lambeth, was formally appointed to the Board as Chair of Schools Committee in December 2022.

- SDBE Multi Academy Trust, which is an exempt charitable company (No 10385920). The SDBF has made a specific grant through the SDBE to underpin the development of the Multi Academy Trust (MAT). The SDBF is a member of the MAT and is represented through the Diocesan Secretary. As a member, the SDBF is entitled to nominate one-third of the directors of the MAT.
- Southwark Diocesan Welcare (Welcare), a separate registered charity (No 1107859) to which

the SDBF makes a grant. Welcare is a Christian charity working in South London and East Surrey with disadvantaged children and families, irrespective of faith, culture, abilities or life choices. By offering family support, mentoring services and group work with parents and children, Welcare empowers families to rebuild their lives and family ties, helping parents to give their children happier, more confident childhoods. The Board of Welcare includes the Head of JPIC as the DBF nominee.

- Southwark Cathedral (charity no. 1200866) to which the SDBF makes a grant. It is the seat of the Bishop of Southwark, and services and special events are held at the Cathedral that are paid for by the SDBF.
- Together Southwark (charity no 1153362) promotes the alleviation of poverty and relief of financial hardship among children, young people and vulnerable families. The Diocese is its principal funder. The Rt Revd Karowei Dorgu, Bishop of Woolwich, Rt Revd Dr Rosemarie Mallett, Bishop of Croydon, and Mr Adrian Greenwood, Chair of the House of Laity, were among the Directors during the year. Together Southwark is not consolidated in these accounts under section 405 of the Companies Act 2006 as its inclusion is not material.

Transactions with related parties are identified in appropriate places throughout the financial statements. Where materiality of the transactions merits more detailed disclosure, this is given in Note 26 to the financial statements (see page 86).

# Trustees' responsibilities

Picture removed

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

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

- select suitable accounting policies and apply them consistently
- observe methods and principles in the Charities SORP

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

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

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

## Statement of disclosure to the auditor

So far as each Trustees are aware:

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

## Appointment of auditor

Buzzacott LLP was appointed as the new auditor in June 2021 and re-elected in May 2022.



# Administrative details

## **Trustees**

No Trustee had any beneficial interest in the Company during 2022. The following Trustees were in post during the period 1 January 2022 to the date of approval of these financial statements.

## **President**

The Right Revd Christopher Chessun,  
*The Bishop of Southwark*

## **Ex-officio**

The Right Revd Jonathan Clark (to 21 March 2022),  
*The Bishop of Croydon*

The Right Revd Dr Rosemarie Mallett (from 24 June 2022),  
*The Bishop of Croydon*

The Right Revd Dr Richard Cheetham (to 17 October 2022),  
*The Bishop of Kingston*

The Right Revd Dr Martin Gainsborough (from 2 February 2023),  
*Bishop of Kingston*

The Right Revd Dr Karowei Dorgu,  
*The Bishop of Woolwich*

The Venerable Dr Rosemarie Mallett (to 23 June 2022)  
*The Archdeacon of Croydon*

The Venerable Greg Prior (from 4 December 2022),  
*The Archdeacon of Croydon*

The Venerable Simon Gates,  
*The Archdeacon of Lambeth*

The Venerable Alastair Cutting,  
*The Archdeacon of Lewisham & Greenwich*

The Venerable Moira Astin,  
*The Archdeacon of Reigate*

The Venerable Jonathan Sedgwick (from 13 September 2022),  
*The Archdeacon of Southwark*

The Venerable John Kiddle,  
*The Archdeacon of Wandsworth*

## **Chair of the House of Clergy of Diocesan Synod**

The Revd Lotwina Farodoye (from 13 July 2022)

## **Chair of the House of Laity of Diocesan Synod**

Mr Adrian Greenwood, (Lay Canon)

## **Appointed by the Bishop of Southwark**

Mr Alan Saunders (to 13 July 2022),  
*Chair of the Board of Finance*

Sir David Beamish (from 14 July 2022)  
*Chair of the Board of Finance*

Sir David Beamish (to 13 July 2022)  
*Vice Chair of the Board of Finance*

Mrs Sarah Docx (from 14 July 2022)  
*Vice Chair of the Board of Finance*

## **Elected by Synod (House of Clergy)**

The Revd Michael John  
The Revd Jonathan Macy  
The Revd Justine Middlemiss  
The Revd Greg Prior (to 3 December 2022)  
The Revd Dr Eddie Scrase-Field  
The Revd Fiona Weaver

## **Elected by Synod (House of Laity)**

Mrs April Alexander  
Mrs Rebecca Chapman  
Mrs Despina Francois  
Miss Vasantha Gnanadoss  
Mr Joseph Goswell  
Mr Richard Helliwell  
Miss Solabomi Ogun  
Miss Miranda Okon (from 17 August 2022)  
Miss Olusola Oyeleye  
Miss Susan Patterson (from 17 August 2022)  
Miss Rosemary Wilson

## **Lay persons elected as specialists**

Dr Nicholas Burt  
Mr Michael Hartley  
Miss Gill Reynolds  
Mr Alan Saunders (from 14 July 2022)  
His Honour Nigel Seed KC (from 13 November 2022)  
Mr Nicholas Stansbury

## **Bishop's nominees**

The Revd Lotwina Farodoye (to 12 July 2022)  
The Revd Canon Jonathan Sedgwick (to 12 September 2022)

### **Senior staff**

Ms Ruth Martin (Lay Canon)

*Diocesan Secretary*

Mrs Jacqueline Pontin

*Deputy Diocesan Secretary*

Mr Mark Rhodes

*Director of Finance and Financial Assets*

Mr Colin Bushell

*Diocesan Surveyor*

Mr David Loft

*Director of Human Resources*

Mr Mark Charlton

*Director of Information Technology*

The Revd Canon Wendy Robins

*Director of Discipleship, Lay Ministry and Continuing Ministerial Education*

The Revd Jeremy Clark-King (from 11 September 2022)

*Director for Clergy Formation, and Initial Ministerial Education*

Ms Sophia Jones (to 31 January 2023)

*Director of Communications*

Ms Pamela Chisholm

*Diocesan Safeguarding Advisor*

Mrs Gabby Parikh

*Director of Giving and Parish Funding*

### **Registered office**

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

### **Advisers**

#### **Bankers**

National Westminster Bank plc

91 Westminster Bridge Road, London SE1 7HW

HSBC UK Bank plc

10 York Road, London SE1 7ND

HSBC Private Bank (UK) Limited

8 Cork Street, London W1S 3LJ

### **Independent Auditor**

Buzzacott LLP

130 Wood Street, London EC2V 6DL

### **Solicitors**

Winckworth Sherwood LLP

Minerva House, 5 Montague Close, London SE1 9BB

### **Investment Fund Managers**

CCLA Investment Management Ltd

Senator House, 85 Queen Victoria Street, London EC4V 4ET

J O Hambro Capital Management Ltd

1 St James's Market, London SW1Y 4AH

M&G Securities Ltd

10 Fenchurch Avenue, London EC3M 5AG

Mayfair Capital Investment Management Ltd

2 Cavendish Square, London W1G 0PU

Sarasin & Partners LLP

Juxon House, 100 St Paul's Churchyard, London EC4M 8BU

Savills Investment Management (UK) Ltd

33 Margaret Street, London W1G 0JD

### **Insurers**

Ecclesiastical Insurance Group plc

Beaufort House, Brunswick Road, Gloucester GL1 1JZ

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

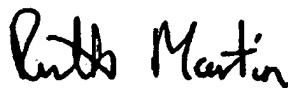
### **By order of the Trustees**



**Sir David Beamish**

Chair of the Board of Finance

17 May 2023



**Ruth Martin (Lay Canon)**

Secretary

17 May 2023

# Independent auditor's report

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

### Opinion

We have audited the financial statements of South London Church Fund & Southwark Diocesan Board of Finance (the "charitable company") for the year ended 31 December 2022, which comprise the statement of financial activities, the income and expenditure account, the balance sheet, the statement of cash flows, and the notes to the financial statements including the principal accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2022 and of the charitable company's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

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

### Conclusions relating to going concern

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

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

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

### Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report 2022, other than the financial statements and our auditor's report thereon. Our

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

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

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

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

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

# Independent auditor's report *(continued)*

## **Matters on which we are required to report by exception**

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

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

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

## **Responsibilities of Trustees**

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

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

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

## **Auditor's responsibilities for the audit of the financial statements**

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

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

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

- the engagement partner ensured that the engagement team

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

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

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

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

- non-compliance with laws and regulations.

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

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

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

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management and representatives of those charged with governance as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC and the charitable company's legal advisors.

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

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

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

*Buzzacott LLP*

**Amanda Francis**  
Senior Statutory Auditor

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

**17 May 2023**

# Statement of Financial Activities

## for the year ended 31 December 2022

		Unrestricted funds		Restricted funds	Endowment funds	Total funds 2022	Total funds 2021
		General	Designated				
	Note	£'000	£'000	£'000	£'000	£'000	£'000
<b>Income and endowments from:</b>							
Donations	3						
Parish contributions		15,947	–	–	–	15,947	15,657
Archbishops' Council		293	–	1,450	–	1,743	1,479
Other donations		2,007	17	2	–	2,026	3,960
Charitable activities	4	2,384	74	5	–	2,463	2,279
Investments	5	1,099	–	137	–	1,236	1,128
Net surplus on disposal of properties	6	–	–	–	2,705	2,705	4,508
<b>Total</b>		<b>21,730</b>	<b>91</b>	<b>1,594</b>	<b>2,705</b>	<b>26,120</b>	<b>29,011</b>
<b>Expenditure on:</b>							
Charitable activities	7	24,389	15	1,272	7	25,683	24,381
Net deficit on disposal of properties	8	224	–	–	–	224	–
<b>Total</b>		<b>24,613</b>	<b>15</b>	<b>1,272</b>	<b>7</b>	<b>25,907</b>	<b>24,381</b>
<b>Net income/(expenditure) before investment gains</b>		<b>(2,883)</b>	<b>76</b>	<b>322</b>	<b>2,698</b>	<b>213</b>	<b>4,630</b>
Net unrealised gains/(losses) on investments	15	(250)	–	(215)	(2,178)	(2,643)	3,507
<b>Net income/(expenditure)</b>		<b>(3,133)</b>	<b>76</b>	<b>107</b>	<b>520</b>	<b>(2,430)</b>	<b>8,137</b>
<b>Transfers between funds</b>	13	<b>3,530</b>	<b>(3,326)</b>	<b>(563)</b>	<b>359</b>	<b>–</b>	<b>–</b>
Other recognised gains: Revaluation of property	14	–	1,087	–	1,046	2,133	9,145
<b>Net movement in funds</b>		<b>397</b>	<b>(2,163)</b>	<b>(456)</b>	<b>1,925</b>	<b>(297)</b>	<b>17,282</b>
Total funds brought forward		5,843	49,544	4,319	246,710	306,416	289,134
<b>Total funds carried forward</b>	20	<b>6,240</b>	<b>47,381</b>	<b>3,863</b>	<b>248,635</b>	<b>306,119</b>	<b>306,416</b>

All activities derive from continuing activities. The notes on pages 55–89 form part of the financial statements. The full prior year Statement of Financial Activities (SoFA) is included at Note 27 (see page 87).

# Income and expenditure account for the year ended 31 December 2022

	2022	2021
	£'000	£'000
<b>Total income</b>	23,415	25,405
<b>Total expenditure</b>	(25,900)	(24,365)
<b>Operating (deficit)/surplus for the year</b>	<b>(2,485)</b>	<b>1,040</b>
Net (losses)/gains on investments	(465)	598
<b>Net (expenditure)/income for the year</b>	<b>(2,950)</b>	<b>1,638</b>
<b>Other comprehensive income:</b>		
Revaluation of fixed assets	1,087	3,908
Net assets transferred (to)/from endowments	(359)	876
<b>Total comprehensive (expenditure)/income</b>	<b>(2,222)</b>	<b>6,422</b>

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

# Balance sheet as at 31 December 2022

Company Number 236594			2022	2021
	Note	£'000	£'000	£'000
<b>Fixed assets:</b>				
Tangible assets	14		275,596	276,256
Investments	15		25,074	27,295
<b>Total</b>			<b>300,670</b>	<b>303,551</b>
<b>Current assets:</b>				
Debtors	16	1,938		869
Cash on deposit		5,813		4,417
Cash at bank and in hand		2,148		3,176
<b>Total</b>		<b>9,899</b>		<b>8,462</b>
<b>Creditors: amounts falling due within one year</b>	17	(830)		(1,687)
<b>Net current assets</b>			<b>9,069</b>	<b>6,775</b>
<b>Total assets less current liabilities</b>			<b>309,739</b>	<b>310,326</b>
<b>Creditors: amounts falling due after more than one year:</b>				
Other	18		(3,620)	(3,910)
<b>Net assets</b>			<b>306,119</b>	<b>306,416</b>
<b>Funds:</b>				
Endowment funds			248,635	246,710
Restricted income funds			3,863	4,319
<b>Unrestricted income funds:</b>				
General Fund			6,240	5,843
Designated funds			47,381	49,544
<b>Total funds</b>	20		<b>306,119</b>	<b>306,416</b>

The financial statements were approved by the Board of Trustees and authorised for issue on **17 May 2023** and signed on behalf of the Board by:



**Sir David Beamish**  
Chair of the Board of Finance



# Statement of cash flows for the year ended 31 December 2022

	2022	2021
£'000	£'000	£'000
<b>Net cash used in operating activities</b>	(5,059)	(341)
<b>Cash flows from investing activities:</b>		
Dividends, interest and rent from investments	1,236	1,128
<b>Proceeds from the sale of:</b>		
Tangible fixed assets	8,886	7,898
Fixed asset investments	4,763	1,517
<b>Purchase of:</b>		
Tangible fixed assets	(3,683)	(1,243)
Fixed asset investments	(5,185)	(981)
<b>Net cash provided by investing activities</b>	<b>6,017</b>	<b>8,319</b>
<b>Cash flows from financing activities:</b>		
Loans repaid	(590)	(3,482)
<b>Net cash (used in) financing activities</b>	<b>(590)</b>	<b>(3,482)</b>
Change in cash and cash equivalents in the reporting period	368	4,496
Cash and cash equivalents at 1 January	7,593	3,097
<b>Cash and cash equivalents at 31 December</b>	<b>7,961</b>	<b>7,593</b>

# Notes to the statement of cash flows for the year ended 31 December 2022

<b>Reconciliation of net income to net cash flow from operating activities</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
Net income before investment (losses)/gains for the year	213	4,630
<b>Adjustments for:</b>		
Depreciation charges	71	109
Dividends, interest and rent from investments	(1,236)	(1,128)
Movement in pension deficit recovery creditor less contributions paid	(591)	(594)
Increase in value of Value-Linked Loans	—	(130)
Gains on sale of fixed assets	(2,481)	(4,468)
(Increase)/decrease in debtors	(1,069)	1,028
Increase in creditors	34	212
<b>Net cash used in operating activities</b>	<b>(5,059)</b>	<b>(341)</b>

<b>Analysis of cash and cash equivalents</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
Cash in hand	2,148	3,176
Notice deposits (less than three months)	5,813	4,417
<b>Total</b>	<b>7,961</b>	<b>7,593</b>

<b>Analysis of changes in net debt</b>	<b>At 1 January 2022 £'000</b>	<b>Cash flows £'000</b>	<b>At 31 December 2022 £'000</b>
Cash	7,593	368	7,961
Loans falling due within one year	(300)	300	—
Loans falling due after one year	(3,910)	290	(3,620)
<b>Total</b>	<b>3,383</b>	<b>958</b>	<b>4,341</b>

# Notes to the financial statements

## I. Accounting policies

### a. General information

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

### b. Accounting convention and basis of preparation

The financial statements have been prepared in accordance with the Companies Act 2006, applicable Accounting Standards in the United Kingdom (FRS 102), the Statement of Recommended Practice for Charities and with regard to the Diocesan Annual Report and Financial Statements Guide (fifth edition, 2015).

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

### c. Going concern

In recovery from the COVID-19 epidemic, the Directors/Trustees have reviewed forecasts for a period of at least 12 months from the date of the approval of these financial statements and consider that there are no material uncertainties regarding the SDBF's ability to continue as a going concern.

### d. Income

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

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

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

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

In accordance with the Charities FRS 102 SORP 2015 volunteer time is not recognised.

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

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

# Notes to the financial statements

## I. Accounting policies (continued)

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

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

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

Monies receivable from the Government's Coronavirus Job Retention Scheme are recognised when the charitable company has entitlement to the income and the amount due to the charitable company can be measured.

### e. **Expenditure**

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

- i) **Charitable expenditure** comprises expenditure on contributions to the Archbishops' Council, expenditure on resourcing mission and ministry in the parishes of the Diocese, and expenditure relating to the running of the Diocesan Retreat House.
- ii) **Grants payable** included within charitable expenditure are treated as expenditure in the year in which the grant is awarded. Where the grant is conditional on the recipient meeting performance, or other discretionary requirements to the satisfaction of the SDBF, it is recognised as expenditure when these have been met. Grants made subject to such conditions that have not been met at the year-end are noted as a commitment but not accrued as expenditure.

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

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

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

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

## I. Accounting policies (continued)

accounting policy is to capitalise such properties as expendable endowment assets and to carry them at cost. For benefice houses owned at 1 January 2015, the SDBF has adopted the estimated reinstatement cost as at 1 January 2014 as deemed cost. Benefice houses purchased or built after 1 January 2015 are included at purchase or build cost. Benefice houses transferred from the Diocesan Stipendiary Fund are included at the carrying value at the date of transfer. An impairment review is carried out annually.

### **Non-benefice freehold and leasehold properties**

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

### **Assets under construction**

Assets under construction are recorded at cost during construction. On completion they are transferred to either the Board Property Fund or Diocesan Stipendiary Fund where the properties are measured at Fair Value or the Parsonage Fund where the property is carried at the cost of construction.

### **Properties subject to value-linked loans**

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

### **Depreciation on buildings**

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

### **Leasehold improvements**

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

### **g. Other tangible fixed assets**

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

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

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

### **h. Operating lease commitments**

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

# Notes to the financial statements

## I. Accounting policies (continued)

### i. **Financial instruments: assets and liabilities**

#### **Fixed asset investments**

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

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their carrying value or their purchase value if acquired after the latest monthly revaluation. Unrealised gains and losses are calculated as the difference between the Fair Value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

#### **Concessionary loans**

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

#### **Debtors**

Debtors are recognised at the settlement amount due.

#### **Cash and cash equivalents**

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

#### **Creditors and provisions**

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

#### **Value-linked loans**

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

#### **Financial instruments**

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

j. **Funds**

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

- **Unrestricted funds** are the SDBF's corporate funds and are freely available for any purpose within the SDBF's charitable objects at the discretion of the Trustees. There are two types of unrestricted funds:
  - ◊ **general funds** which the SDBF intends to use for the general purposes of the SDBF
  - ◊ **designated funds** set aside out of unrestricted funds by the SDBF for a purpose specified by the Trustees.

- **Restricted funds** are income funds subject to conditions imposed by the donor as specific terms of trust, or else by legal measure.
- **Endowment funds** are those held on trust and administered by the SDBF to be retained for the benefit of the charitable company as a capital fund. In the case of the Parsonage Capital Fund, there are discretionary powers to convert capital into income and this fund is classified as expendable endowment. The Ministry Fund and the Diocesan Stipendiary Fund are endowment funds where there is no provision for expenditure of capital and these are classified as permanent endowments.

## 2. Critical accounting estimates and judgements

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

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

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

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

- the estimation of the useful economic life of tangible fixed assets for the purpose of determining the annual depreciation charge;
- the underlying assumptions in the actuarial valuations of the defined benefit schemes;
- the recoverability of debtors and any provision for bad or doubtful debts; and
- the assumptions underlying the assessment of future income and expenditure flows used in the trustees' assessment of the going concern basis of accounting.

# Notes to the financial statements

### 3. Donations

### **Parish contributions**

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

	2022	2021
	£'000	£'000
<b>Unrestricted General Fund:</b>		
Current year receipts from parishes	15,886	15,585
Previous year receipts from parishes	61	72
<b>Total income</b>	<b>15,947</b>	<b>15,657</b>

**Church Commissioners and Archbishops' Council**

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

2021	Unrestricted General Fund	Restricted funds	Total funds 2021
	£'000	£'000	£'000
Strategic Development grant	–	651	651
Ordinand training grant	–	500	500
Area Bishops grant	274	–	274
Strategic Ministry grant	–	54	54
<b>Total</b>	<b>274</b>	<b>1,205</b>	<b>1,479</b>

One unrestricted grant was received: from the Church Commissioners, an Area Bishops grant to fund the Area Bishops' administrative costs.

Three restricted grants were received: from the Church Commissioners, a Strategic Development grant towards the cost of resourcing mission in the Vauxhall, Nine Elms and Battersea area and through fresh expressions across the Diocese, and a grant towards six parish projects from the Archbishops' Council, a block grant for Ordinand training; and a Strategic Ministry grant to fund additional curacies.



### 3. Donations (continued)

#### Other donations

2022	Unrestricted funds			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
<b>Total</b>	<b>2,007</b>	<b>17</b>	<b>2</b>	<b>2,026</b>

2021	Unrestricted funds			Total funds 2021
	General	Designated	Restricted funds	
	£'000	£'000	£'000	
Benefact grant	258	–	–	258
Trust for London grant	3,018	–	–	3,018
Legacy income	–	128	–	128
Other grants and donations	63	–	493*	556
<b>Total</b>	<b>3,339</b>	<b>128</b>	<b>493</b>	<b>3,960</b>

\* Restricted donations in 2021 represent two former custodian trustee assets gifted to the Diocese.

# Notes to the financial statements

## 4. Charitable activities

	Unrestricted funds		Restricted funds	Total funds 2022	Total funds 2021
	General	Designated			
	£'000	£'000	£'000	£'000	£'000
Statutory fees	401	–	–	401	445
Reimbursement of stipends	639	–	–	639	668
Other income	254	74	5	333	120
Rents receivable	994	–	–	994	1,005
Diocesan Retreat House	96	–	–	96	41
<b>Total</b>	<b>2,384</b>	<b>74</b>	<b>5</b>	<b>2,463</b>	<b>2,279</b>

All income from charitable activities was unrestricted in 2021.

## 5. Investment income

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

2021	Unrestricted General Fund	Restricted funds	Total funds 2021
	£'000	£'000	£'000
Dividends receivable	949	156	1,105
Interest receivable	23	–	23
<b>Total</b>	<b>972</b>	<b>156</b>	<b>1,128</b>

## 6. Gains on disposal of properties

2022	Unrestricted funds			Total funds 2022 £'000
	General	Designated	Endowment funds	
	£'000	£'000	£'000	
Gains on disposal of parsonages	–	–	2,316	2,316
Gains on disposal of other properties	–	–	389	389
<b>Total</b>	<b>–</b>	<b>–</b>	<b>2,705</b>	<b>2,705</b>

2021	Unrestricted funds			Total funds 2021 £'000
	General	Designated	Endowment funds	
	£'000	£'000	£'000	
Gains on disposal of parsonages	–	–	3,606	3,606
Gains on disposal of other properties	902	–	–	902
<b>Total</b>	<b>902</b>	<b>–</b>	<b>3,606</b>	<b>4,508</b>

# Notes to the financial statements

## 7. Charitable activities

2022	Unrestricted funds		Restricted funds	Endowment funds	Total funds 2022
	General	Designated			
		£'000	£'000	£'000	£'000
<b>Contributions to Archbishops' Council:</b>					
Training for Ministry	912	–	–	–	912
National Church responsibilities	550	–	–	–	550
Retired clergy housing costs	280	–	–	–	280
	<b>1,742</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,742</b>
<b>Resourcing mission and ministry:</b>					
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
	<b>20,755</b>	<b>–</b>	<b>191</b>	<b>7</b>	<b>20,953</b>
Support for parish ministry	1,583	15	1,081	–	2,679
Diocesan Retreat House	309	–	–	–	309
	<b>22,647</b>	<b>15</b>	<b>1,272</b>	<b>7</b>	<b>23,941</b>
<b>Total</b>	<b>24,389</b>	<b>15</b>	<b>1,272</b>	<b>7</b>	<b>25,683</b>

## 7. Charitable activities (continued)

2021	Unrestricted General Fund £'000	Restricted funds £'000	Endowment funds £'000	Total funds 2021 £'000
<b>Contributions to Archbishops' Council:</b>				
Training for Ministry	798	–	–	798
National Church responsibilities	617	–	–	617
Retired clergy housing costs	274	–	–	274
	<b>1,689</b>	<b>–</b>	<b>–</b>	<b>1,689</b>
<b>Resourcing mission and ministry:</b>				
Parish ministry:				
Stipends, National Insurance and insurance	10,070	–	–	10,070
Pension contributions	3,225	–	–	3,225
Reduction in pension scheme deficit	(594)	–	–	(594)
Housing costs	3,686	–	–	3,686
Removal and resettlement grants	555	–	–	555
Other expenses	2,985	–	16	3,001
	<b>19,927</b>	<b>–</b>	<b>16</b>	<b>19,943</b>
Support for parish ministry	1,716	814	–	2,530
Diocesan Retreat House	219	–	–	219
	<b>21,862</b>	<b>814</b>	<b>16</b>	<b>22,692</b>
<b>Total</b>	<b>23,551</b>	<b>814</b>	<b>16</b>	<b>24,381</b>

# Notes to the financial statements

## 8. Loss on disposal of properties

2022	Unrestricted funds			Total funds 2022 £'000
	General	Designated	Endowment funds	
	£'000	£'000	£'000	
Loss on disposal of properties	224	–	–	224
<b>Total</b>	<b>224</b>	<b>–</b>	<b>–</b>	<b>224</b>

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

2022	Activities undertaken directly	Grant funding of activities	Support costs	Total costs 2022
	£'000	£'000	£'000	£'000
<b>Charitable activities:</b>				
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
<b>Total</b>	<b>19,759</b>	<b>3,313</b>	<b>2,611</b>	<b>25,683</b>

2021	Activities undertaken directly	Grant funding of activities	Support costs	Total costs 2021
	£'000	£'000	£'000	£'000
<b>Charitable activities:</b>				
Contributions to Archbishops' Council	–	1,689	–	1,689
Resourcing parish ministry	18,901	749	2,300	21,950
Education and social responsibility	–	523	–	523
Diocesan Retreat House	219	–	–	219
<b>Total</b>	<b>19,120</b>	<b>2,961</b>	<b>2,300</b>	<b>24,381</b>

## 10. Analysis of support costs

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

<b>Governance:</b>			
External audit	33	–	33
Registrar and Chancellor	112	–	112
Synodical costs	14	–	14
<b>Total</b>	<b>2,604</b>	<b>7</b>	<b>2,611</b>

2021	Unrestricted General Fund £'000	Endowment funds £'000	Total funds 2021 £'000
Central administration	2,162	16	2,178

<b>Governance:</b>			
External audit	37	–	37
Registrar and Chancellor	79	–	79
Synodical costs	6	–	6
<b>Total</b>	<b>2,284</b>	<b>16</b>	<b>2,300</b>

# Notes to the financial statements

## 11. Analysis of grants made

2022	Individuals £'000	Institutions £'000	2022 total £'000
<b>From unrestricted funds for National Church responsibilities:</b>			
Contributions to Archbishops' Council		1,742	1,742
		<b>1,742</b>	<b>1,742</b>
<b>From unrestricted funds:</b>			
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
	<b>631</b>	<b>805</b>	<b>1,436</b>
<b>From restricted funds for various purposes within resourcing parish ministry:</b>			
Mission and growth (Strategic Development Fund)	–	120	120
Education and development of women clergy (Gilmore Fund)	15	–	15
Clergy and lay training (Dartmouth House Fund)	–	–	–
	<b>15</b>	<b>120</b>	<b>135</b>
<b>Total</b>	<b>646</b>	<b>2,667</b>	<b>3,313</b>



## II. Analysis of grants made (continued)

2021	Individuals £'000	Institutions £'000	2021 total £'000
<b>From unrestricted funds for National Church responsibilities:</b>			
Contributions to Archbishops' Council	–	1,689	1,689
	–	1,689	1,689
<b>From unrestricted funds:</b>			
Southwark Diocesan Board of Education	–	352	352
Southwark Diocesan Welcare	–	172	172
Southwark Cathedral	–	18	18
Parishes for mission	–	119	119
Other institutions for mission		81	81
Individuals for mission	1	–	1
Clergy for settling in/first appointment	200	–	200
Clergy for study/sabbatical	9	–	9
Ordinands in training	231	–	231
	441	742	1,183
<b>From restricted funds for various purposes within resourcing parish ministry:</b>			
Mission and growth (Strategic Development Fund)	–	83	83
Education and development of women clergy (Gilmore Fund)	6	–	6
	6	83	89
<b>Total</b>	<b>447</b>	<b>2,514</b>	<b>2,961</b>

# Notes to the financial statements

## 12. Staff costs

	2022 £'000	2021 £'000
<b>Employee costs during the year were as follows:</b>		
Wages and salaries	2,595	2,419
National Insurance contributions	316	280
Pension costs	500	448
Termination payments	30	–
	<b>3,441</b>	<b>3,147</b>

	2022 Number	2021 Number
<b>The average number of persons employed during the year based on full-time equivalents:</b>		
Administration and financial management	17.0	17.7
Property	8.9	8.6
Vocations, ministry, safeguarding and Diocesan Retreat House	14.8	14
Mission and public policy	17.4	16.8
	<b>58.1</b>	<b>57.1</b>

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

	2022 Number	2021 Number
£60,001–£70,000	5	3
£70,001–£80,000	1	–
£90,001–£100,000	1	1
<b>Total</b>	<b>7</b>	<b>4</b>

### Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the Trustees, for planning, directing and controlling the activities of the Diocese. During 2022 they were:

Diocesan Secretary and Company Secretary	Ms Ruth Martin (Lay Canon)
Deputy Diocesan Secretary	Mrs Jacqueline Pontin
Director of Finance and Financial Assets	Mr Mark Rhodes
Diocesan Surveyor	Mr Colin Bushell
Director of Human Resources	Mr David Loft

## 12. Staff costs (continued)

Director of Information Technology	Mr Mark Charlton
Director of Discipleship, Lay Ministry and Continuing Ministerial Education	The Revd Canon Wendy Robins
Director of Communications	Ms Sophia Jones
Director of Vocation and Clergy Formation	The Revd Canon Jeremy Clark-King
Diocesan Safeguarding Advisor	Ms Pamela Chisholm
Director of Giving and Parish Funding	Mrs Gabby Parikh

Remuneration, employer's National Insurance and pensions in 2022 for these eleven employees (2021: eight) was £921,115 (2021: £724,602). We reviewed and increased the number of those considered to be key management personnel.

### Trustees' emoluments

No Trustee received any remuneration for services as Trustee. The Trustees received travelling and out-of-pocket expenses totalling £14 (2021: £121) in respect of General and Diocesan Synod duties and other duties as Trustees. The following table gives details of the Trustees who were in receipt of a stipend and/or housing provided by the SDBF during the year.

	Stipend	Housing
The Right Revd Christopher Chessun	No	No
The Right Revd Dr Richard Cheetham (to 17 October 2022)	No	Yes
The Right Revd Jonathan Clark (to 21 March 2022)	No	Yes
The Right Revd Dr Rosemarie Mallett (from 24 June 2022)	No	Yes
The Right Revd Dr Karowei Dorgu	No	Yes
The Venerable Moira Astin	Yes	Yes
The Venerable Alastair Cutting	Yes	Yes
The Venerable Simon Gates	Yes	Yes
The Venerable John Kiddle	Yes	Yes
The Venerable Jonathan Sedgwick (from 13 September 2022)	Yes	Yes
The Venerable Dr Rosemarie Mallett (to 23 June 2022)	Yes	Yes
The Venerable Greg Prior (from 4 December 2022)	Yes	Yes
The Revd Michael John	Yes	Yes
The Revd Jonathan Macy	Yes	Yes
The Revd Justine Middlemiss	Yes	Yes
The Revd Greg Prior (to 3 December 2022)	Yes	Yes
The Revd Dr Eddie Scrase-Field	Yes	Yes
The Revd Fiona Weaver	Yes	Yes
The Revd Lotwina Farodoye	Yes	Yes

# Notes to the financial statements

## 12. Staff costs (continued)

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

The SDBF paid an average of 307 (2021: 310) stipendiary clergy as office-holders holding parochial or Diocesan appointments in the Diocese, and the costs were as follows:

	2022	2021
	£'000	£'000
Stipends	9,651	9,293
National Insurance contributions	746	748
Apprenticeship levy	41	41
Pension costs	2,949	3,225
<b>Total</b>	<b>13,387</b>	<b>13,307</b>

The stipends of the Diocesan Bishop and Area Bishops are paid and funded by the Church Commissioners and are in the range £39,935–£48,972 (2021 range: £37,670–£46,180). The annual rate of stipend, funded by the SDBF, paid to Archdeacons in 2022 was in the range £37,198–£38,633 (2021 range: £36,635–£38,050) and other clergy who were Trustees were paid in the range £25,609–£27,899 (2021 range: £25,630–£27,342).

### 13. Analysis of transfers between funds

2022	Unrestricted funds				Total £'000
	General	Designated	Restricted funds	Endowment funds	
	£'000	£'000	£'000	£'000	
<b>Unrestricted:</b>					
General	3,530	–	–	–	3,530
<b>Designated</b>					
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)
<b>Restricted</b>					
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
<b>Endowments</b>					
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
<b>Total</b>	<b>3,530</b>	<b>(3,326)</b>	<b>(563)</b>	<b>359</b>	<b>–</b>

2021	Unrestricted funds				Total £'000
	General	Designated	Restricted funds	Endowment funds	
	£'000	£'000	£'000	£'000	
From General Fund to Diocesan Stipendiary Fund for reduction in CEFPS pension scheme deficit	(594)	–	–	–	594
From Parsonage Capital Fund to Diocesan Pastoral Account for the sale of benefice houses	–	1,470	–	–	(1,470)
From Board Property Fund to General Fund for sale of property	1,671	(1,671)	–	–	–
To Southwark Vision Development Fund from General Fund for project costs	(500)	500	–	–	–
<b>Total</b>	<b>577</b>	<b>299</b>	<b>–</b>	<b>–</b>	<b>(876)</b>

# Notes to the financial statements

## 14. Tangible fixed assets

	Freehold & leasehold properties	Leasehold improvements	Furniture & equipment	Total
	£'000	£'000	£'000	£'000
<b>Cost or valuation:</b>				
At 1 January 2022	275,990	355	527	276,872
Additions	3,683	–	–	3,683
Disposals	(6,405)	–	–	(6,405)
Revaluation	2,133	–	–	2,133
<b>At 31 December 2022</b>	<b>275,401</b>	<b>355</b>	<b>527</b>	<b>276,283</b>
<b>Depreciation:</b>				
At 1 January 2022	–	176	440	616
Charge for the year	–	31	40	71
<b>At 31 December 2022</b>	<b>–</b>	<b>207</b>	<b>480</b>	<b>687</b>
<b>Net book value at 31 December 2022</b>	<b>275,401</b>	<b>148</b>	<b>46</b>	<b>275,596</b>
<b>Net book value at 31 December 2021</b>	<b>275,991</b>	<b>179</b>	<b>86</b>	<b>276,256</b>

Freehold and leasehold properties in the balance sheet are all vested in the SDBF, except for benefice houses which are vested in the incumbent. All properties in the current year and prior years are stated at Fair Value, except for benefice houses which are stated at deemed cost. The carrying value of benefice houses held at deemed cost at the balance sheet date is £143,253,000 (2021: £143,505,000).

All properties other than benefice houses were revalued to Fair Value at 31 December 2015 and are subject to revaluation on a five-year cycle. Properties with a Fair Value of £27,650,000 at 31 December 2022 (2021: £23,976,000) were revalued. The revaluation was carried out by Rapleys LLP in accordance with Royal Institution of Chartered Surveyors' professional standards and valuation practice

statements and resulted in a net increase in the value of these properties, excluding impairments, of £572,000 (2021: £1,921,000). An impairment review was carried out on certain parsonage houses. There was no write down in 2022 (2021: £nil).

To maintain consistency with the SDBF's accounting policy of measuring properties other than benefice houses at Fair Value, the results of this valuation have been extrapolated across those assets not revalued at the balance sheet date. This has resulted in an additional revaluation gain in the year of £2,133,000 (2021: £9,275,000).

The carrying value of leasehold properties included within freehold and leasehold properties amounts to £2,476,000 (2021: £2,442,000).

#### 14. Tangible fixed assets (continued)

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

within freehold and leasehold properties amounts to £2,620,000 (2021: £2,620,000). The revaluation gain on these properties amounts to £nil (2021: £130,000 gain) and has been netted off against the matching movement in the linked liability.

#### 15. Fixed assets investments

	At 1 January 2022	Additions	Disposal proceeds	Realised and unrealised losses	At 31 December 2022
	£'000	£'000	£'000	£'000	£'000
<b>Unrestricted funds:</b>					
Unit trusts and similar funds	2,286	1,000	–	(250)	3,036
<b>Restricted funds:</b>					
Unit trusts and similar funds	3,126	772	(759)	(215)	2,924
<b>Endowment funds:</b>					
Unit trusts and similar funds	21,883	3,413	(4,004)	(2,178)	19,114
<b>Total</b>	<b>27,295</b>	<b>5,185</b>	<b>(4,763)</b>	<b>(2,643)</b>	<b>25,074</b>

# Notes to the financial statements

## 16. Debtors

	2022 £'000	2021 £'000
<b>Due within one year:</b>		
Loans to parishes	220	239
Loans to others	8	–
Debtor from sale of investments	625	–
Other debtors and prepayments	825	443
	<b>1,678</b>	<b>682</b>
<b>Due after more than one year:</b>		
Loans to parishes	257	182
Other debtors	3	5
	<b>260</b>	<b>187</b>
<b>Total debtors</b>	<b>1,938</b>	<b>869</b>

## 17. Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Bank loan repayment instalments due in one year	–	300
Other taxes and social security	102	79
Other creditors and accruals	728	717
Church of England Funded Pension Scheme	–	591
<b>Total creditors: amounts falling due within one year</b>	<b>830</b>	<b>1,687</b>



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

	2022	2021
	£'000	£'000
<b>Loans repayable in instalments due after more than one year:</b>		
Commercial loans	–	290
CBF loan	1,000	1,000
Church Commissioners' value-linked loans	2,620	2,620
<b>Total creditors: amounts falling due after more than one year</b>	<b>3,620</b>	<b>3,910</b>

	2022	2021
	£'000	£'000
<b>The maturity of the above loans may be analysed as follows:</b>		
Between two and five years	1,000	1,290
In five years and more	2,620	2,620
	<b>3,620</b>	<b>3,910</b>

The commercial loan comprised a five-year loan repayable in monthly instalments with HSBC UK Bank plc. The loan was repaid during the year.

The CBF loan is a 10-year loan repayable at the end of the term under the Diocesan Loan Scheme. Interest is charged at 0.55% per annum above the CBF Church of England Deposit Fund Rate.

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

# Notes to the financial statements

## 19. Summary of fund movements

2022	Balances at 1 January 2022 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and losses £'000	Balances at 31 December 2022 £'000
<b>Unrestricted funds:</b>						
General	5,843	21,730	(24,613)	3,530	(250)	6,240
	<b>5,843</b>	<b>21,730</b>	<b>(24,613)</b>	<b>3,530</b>	<b>(250)</b>	<b>6,240</b>
<b>Designated funds:</b>						
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
	<b>49,544</b>	<b>91</b>	<b>(15)</b>	<b>(3,326)</b>	<b>1,087</b>	<b>47,381</b>
<b>Restricted funds:</b>						
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
	<b>4,319</b>	<b>1,594</b>	<b>(1,272)</b>	<b>(563)</b>	<b>(215)</b>	<b>3,863</b>
<b>Endowment funds:</b>						
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
	<b>246,710</b>	<b>2,705</b>	<b>(7)</b>	<b>359</b>	<b>(1,132)</b>	<b>248,635</b>
<b>Total funds</b>	<b>306,416</b>	<b>26,120</b>	<b>(25,907)</b>	<b>–</b>	<b>(510)</b>	<b>306,119</b>

## 19. Summary of fund movements (continued)

2021	Balances at 1 January 2021 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and losses £'000	Balances at 31 December 2021 £'000
<b>Unrestricted funds:</b>						
General	5,136	23,423	(23,551)	577	258	5,843
	<b>5,136</b>	<b>23,423</b>	<b>(23,551)</b>	<b>577</b>	<b>258</b>	<b>5,843</b>
<b>Designated funds:</b>						
Diocesan Pastoral Account	2,336	–	–	1,470	–	3,806
Board Property Fund	42,506	–	–	(1,671)	3,908	44,743
Multi Academy Trust	–	–	–	–	–	–
Southwark Vision Development Fund	367	128	–	500	–	995
	<b>45,209</b>	<b>128</b>	<b>–</b>	<b>299</b>	<b>3,908</b>	<b>49,544</b>
<b>Restricted funds:</b>						
Strategic Development Fund	–	664	(297)	–	–	367
Diocesan Stipend Income	–	–	–	–	–	–
Gilmore Fund	323	16	(6)	–	37	370
Dartmouth House Fund	2,594	101	–	–	299	2,994
Ordinand Training Fund	26	500	(457)	–	–	69
Strategic Ministry Grant	–	54	(54)	–	–	–
Other restricted	–	519	–	–	–	519
	<b>2,943</b>	<b>1,854</b>	<b>(814)</b>	<b>–</b>	<b>336</b>	<b>4,319</b>
<b>Endowment funds:</b>						
Ministry Fund	3,640	–	–	–	368	4,008
Diocesan Stipendiary Fund	94,225	–	(16)	594	7,782	102,585
Parsonage Capital Fund	137,981	3,606	–	(1,470)	–	140,117
	<b>235,846</b>	<b>3,606</b>	<b>(16)</b>	<b>(876)</b>	<b>8,150</b>	<b>246,710</b>
<b>Total funds</b>	<b>289,134</b>	<b>29,011</b>	<b>(24,381)</b>	<b>–</b>	<b>12,652</b>	<b>306,416</b>

# Notes to the financial statements

## 20. Summary of assets by fund

2022	Fixed assets tangible	Investments	Current assets	Creditors	Net assets
	£'000	£'000	£'000	£'000	£'000
<b>Unrestricted funds:</b>					
General	2,815	3,036	4,839	(4,450)	6,240
	<b>2,815</b>	<b>3,036</b>	<b>4,839</b>	<b>(4,450)</b>	<b>6,240</b>
<b>Designated funds:</b>					
Diocesan Pastoral Account	–	–	3,209	–	3,209
Board Property Fund	47,352	–	(4,177)	–	43,175
Southwark Vision Development Fund	–	–	997	–	997
	<b>47,352</b>	<b>–</b>	<b>29</b>	<b>–</b>	<b>47,381</b>
<b>Restricted funds:</b>					
Gilmore Fund	–	315	36	–	351
Dartmouth House Fund	–	2,156	730	–	2,886
Ordinand Training Fund	–	–	128	–	128
Other Restricted Fund	–	453	45	–	498
	<b>–</b>	<b>2,924</b>	<b>939</b>	<b>–</b>	<b>3,863</b>
<b>Endowment funds:</b>					
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
	<b>225,429</b>	<b>19,114</b>	<b>4,092</b>	<b>–</b>	<b>248,635</b>
<b>Total funds</b>	<b>275,596</b>	<b>25,074</b>	<b>9,899</b>	<b>(4,450)</b>	<b>306,119</b>

## 20. Summary of assets by fund (continued)

2021	Fixed assets tangible	Investments	Current assets	Creditors	Net assets
	£'000	£'000	£'000	£'000	£'000
<b>Unrestricted funds:</b>					
General	2,886	2,287	5,676	(5,006)	5,843
	<b>2,886</b>	<b>2,287</b>	<b>5,676</b>	<b>(5,006)</b>	<b>5,843</b>
<b>Designated funds:</b>					
Diocesan Pastoral Account	–	–	3,806	–	3,806
Board Property Fund	48,785	–	(4,042)	–	44,743
Southwark Vision Development Fund	–	–	995	–	995
	<b>48,785</b>	<b>–</b>	<b>759</b>	<b>–</b>	<b>49,544</b>
<b>Restricted funds:</b>					
Strategic Development Fund	–	–	367	–	367
Gilmore Fund	–	339	31	–	370
Dartmouth House Fund	–	2,306	688	–	2,994
Ordinand Training Fund	–	–	69	–	69
Other Restricted Fund	–	481	38	–	519
	<b>–</b>	<b>3,126</b>	<b>1,193</b>	<b>–</b>	<b>4,319</b>
<b>Endowment funds:</b>					
Ministry Fund	–	3,219	789	–	4,008
Diocesan Stipendiary Fund	81,080	18,663	3,433	(591)	102,585
Parsonage Capital Fund	143,505	–	(3,388)	–	140,117
	<b>224,585</b>	<b>21,882</b>	<b>834</b>	<b>(591)</b>	<b>246,710</b>
<b>Total funds</b>	<b>276,256</b>	<b>27,295</b>	<b>8,462</b>	<b>(5,597)</b>	<b>306,416</b>

# Notes to the financial statements

## 21. Description of funds

<b>General Fund</b>	The fund represents the unrestricted, undesignated fund available for any of the SDBF's purposes.
<b>Diocesan Pastoral Account</b>	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.
<b>Board Property Fund</b>	This fund is a designated fund. It represents the Fair Value of properties held by the SDBF at the year end.
<b>Southwark Vision Development Fund</b>	This is a designated fund to support Southwark Vision 2017-25 across the Diocese.
<b>Strategic Development Fund</b>	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.
<b>Gilmore Fund</b>	The Isabella Gilmore Fund is a restricted fund for the purpose of the education and development of licensed, commissioned or ordained women.
<b>Dartmouth House Fund</b>	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.
<b>Ordinand Training Fund</b>	This is a restricted fund. It represents the block grant received from the Archbishops' Council to fund Ordinand training.
<b>Other Restricted Fund</b>	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.
<b>Ministry Fund</b>	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.
<b>Diocesan Stipendiary Fund</b>	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.
<b>Parsonage Capital Fund</b>	This is an expendable endowment fund. It represents the capital assets relating to benefice houses (parsonages) but which under the Repairs of Benefice Buildings Measure 1972 are maintained by the Diocese. Under the Mission and Pastoral Measure 2011, capital receipts released following the sale of benefice houses are held in the Diocesan Pastoral Account, a designated fund. To the extent that the funds are not required for future building or improvement works to benefice houses, the funds may be applied to any general purpose of the SDBF.

## 22. Capital commitments

At 31 December 2022, the SDBF had no capital expenditure commitments authorised but not contracted for (2021: none), and commitments contracted for but not provided for of £27,000 (2021: £30,000).

## 23. Operating leases

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

	2022 £'000	2021 £'000
<b>Minimum lease payments payable:</b>		
Within one year of the balance sheet date	389	205
In the second to fifth years inclusive of the balance sheet date	96	66
<b>Total</b>	<b>485</b>	<b>271</b>

Total lease rental payments expensed in the year are £588,000 (2021: £512,000).

	2022 £'000	2021 £'000
<b>Minimum lease payments receivable:</b>		
Within one year of the balance sheet date	454	482
In the second to fifth years inclusive of the balance sheet date	358	313
More than five years from the balance sheet date	658	658
<b>Total</b>	<b>1,470</b>	<b>1,453</b>

## 24. Members' liability

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

# Notes to the financial statements

## 25. Pensions

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

### *Church of England Funded Pensions Scheme*

The SDBF participates in the CEFPS for stipendiary clergy, a defined benefit pension scheme. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Responsible Bodies.

Each participating Responsible Body in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the scheme's assets and liabilities to each specific Responsible Body, and that contributions are accounted for as if the scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2022: £2,935,000, 2021: £2,631,000), plus the figures highlighted in the table overleaf as being recognised in the SoFA, giving a total charge of £3,526,000 for 2022 (2021: £3,225,000).

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

- an average discount rate of 2.7%
- Retail Price Index inflation of 3.6% per annum (and pension increases consistent with this)
- an increase in pensionable stipends in line with the Consumer Price Index excluding housing (CPIH)

- mortality in accordance with 90% of the S3NA\_VL tables, with allowance for improvement in mortality rates in line with the CMI 2020 extended model, with a long-term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial additional mortality improvement of 0.5% per annum and an allowance for 2020 data of 0% (i.e. W2020=0%).

Following the 31 December 2018 valuation, a deficit recovery plan was put in place until 31 December 2022 and the deficit recovery contributions (as a percentage of pensionable stipends) were as set out in the table below. An interim reduction to deficit contributions to 3.2% of pensionable stipends was made with effect from 1 April 2022. Following finalisation of the 31 December 2021 valuation, deficit contributions ceased with effect from 1 January 2023, since the Scheme was in surplus.

As at 31 December 2020 and 31 December 2021, the deficit recovery contributions under the recovery plan in force were as set out in the table below. For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

	January 2018 to December 2020	January 2021 to December 2022
Percentage of pensionable stipends:		
Deficit repair contributions	11.9%	7.1%



## 25. Pensions (continued)

### Church of England Funded Pensions Scheme (continued)

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. However, as there are no agreed deficit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31 December 2022 is nil. The movement in the balance sheet liability over 2021 and over 2022 is set out in the table below.

	2022 £'000	2021 £'000
Balance sheet liability as at 1 January	591	1,185
Contributions paid	(352)	(601)
Interest cost (recognised in the SoFA)	–	2
Remaining change to the balance sheet liability* (recognised in the SoFA)	(239)	5
<b>Balance sheet liability as at 31 December</b>	<b>–</b>	<b>591</b>

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

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions. No assumptions are needed for December 2022 as there are no agreed deficit recovery payments going forward. No price inflation assumption was needed for December 2021 since pensionable stipends for the remainder of the recovery plan were already known.

	December 2022	December 2021	December 2020
Discount rate	N/A	0.0% pa	0.2% pa
Price inflation	N/A	N/A	3.1% pa
Increase to total pensionable payroll	N/A	(1.5%) pa	1.6% pa

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

# Notes to the financial statements

## 25. Pensions (continued)

### **Church Workers' Pension Fund**

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

CWPF has two sections:

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

### **Pension Builder Scheme**

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

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

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

any bonuses declared is payable, unreduced, from age 65. There is no sub-division of assets between employers in each section of the Pension Builder Scheme.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and means that contributions are accounted for as if the scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are the contributions payable (2022: £500,000, 2021: £306,000).

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent valuation was carried out as at 31 December 2019. The next valuation is due as at 31 December 2023.

For the Pension Builder Classic section, the valuation revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review, the Board chose to grant a discretionary bonus of 10.1% following improvements in the funding position over 2022. There is no requirement for deficit payments at the current time.

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

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

## 26. Related party transactions

The SDBF has related party relationships with connected organisations as detailed on page 42 of this annual report. Grants made in the current and previous year to these related parties are disclosed in Note 11 (see pages 68-69) to these accounts.

There are no other related party transactions requiring disclosure (2021: none).

## 27. Prior year Statement of Financial Activities

2021		Unrestricted funds		Restricted funds	Endow-ment funds	Total funds 2021
	Note	General £'000	Designated £'000	£'000	£'000	£'000
<b>Income and endowments from:</b>						
Donations	3					
Parish contributions		15,657	–	–	–	15,657
Archbishops' Council		274	–	1,205	–	1,479
Other donations		3,339	128	493	–	3,960
Charitable activities	4	2,279	–	–	–	2,279
Investments	5	972	–	156	–	1,128
Net gains on disposal of properties	6	902	–	–	3,606	4,508
<b>Total</b>		<b>23,423</b>	<b>128</b>	<b>1,854</b>	<b>3,606</b>	<b>29,011</b>
<b>Expenditure on:</b>						
Charitable activities	8	23,551	–	814	16	24,381
<b>Total</b>		<b>23,551</b>	<b>–</b>	<b>814</b>	<b>16</b>	<b>24,381</b>
<b>Net (expenditure)/income before investment gains/(losses)</b>		<b>(128)</b>	<b>128</b>	<b>1,040</b>	<b>3,590</b>	<b>4,630</b>
Net gains on investments	15	258	–	336	2,913	3,507
<b>Net income</b>		<b>130</b>	<b>128</b>	<b>1,376</b>	<b>6,503</b>	<b>8,137</b>
<b>Transfers between funds</b>	13	<b>577</b>	<b>299</b>	<b>–</b>	<b>(876)</b>	<b>–</b>
Other recognised gains: Revaluation of tangible fixed assets		–	3,908	–	5,237	9,145
<b>Net movement in funds</b>		<b>707</b>	<b>4,335</b>	<b>1,376</b>	<b>10,864</b>	<b>17,282</b>
Total funds brought forward		5,136	45,209	2,943	235,846	289,134
<b>Total funds carried forward</b>	20	<b>5,843</b>	<b>49,544</b>	<b>4,319</b>	<b>246,710</b>	<b>306,416</b>

# Notes to the financial statements

## 28. Funds held as Diocesan Authority

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

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

	2022	2021
	£'000	£'000
CBF Church of England Investment Fund	9,529	10,938
M&G Equities Investment Fund for Charities	1,680	1,776
CBF Church of England Global Equity Income Fund	898	1,061
Other CBF Church of England funds	848	1,122
Other Common Investment and OEIC holdings	980	983
Direct holdings in UK equities	286	258
CBF Church of England Deposit Fund	1,694	1,717
Cash	10	4
<b>Total assets held as Diocesan Authority</b>	<b>15,925</b>	<b>17,859</b>

## 29. Subsidiary undertaking

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

company did not trade during the current or prior year and had no assets or liabilities at the Balance Sheet date (2021: £nil).

# Glossary of terms

Acronym	Meaning
<b>ADOs</b>	Area Directors of Ordinands
<b>aSa</b>	Average Sunday Attendance
<b>BAP</b>	Bishops' Advisory Panel
<b>CAH</b>	Church at Home
<b>CBF</b>	Central Board of Finance
<b>CEFPS</b>	Church of England Funded Pensions Scheme
<b>CEMES</b>	Church of England Ministry Experience Scheme
<b>CTBI</b>	Churches Together in Britain and Ireland
<b>CWPF</b>	Church Workers' Pension Fund
<b>CYP</b>	Children and young people
<b>DAC</b>	Diocesan Advisory Committee
<b>DBF</b>	Diocesan Board of Finance
<b>DBS</b>	Disclosure and Barring Service
<b>DCT</b>	Diocesan Council of Trustees
<b>DIP</b>	Diocesan Investment Programme
<b>DMPC</b>	Diocesan Mission and Pastoral Committee
<b>DSAP</b>	Diocesan Safeguarding Advisory Panel
<b>DST</b>	Diocesan Safeguarding Team
<b>FRC</b>	Financial Reporting Council
<b>FRS</b>	Financial Reporting Standard
<b>fxC</b>	Fresh Expression of Church
<b>GDPR</b>	General Data Protection Regulation
<b>GMH</b>	Global Majority Heritage
<b>HR</b>	Human resources
<b>IICSA</b>	Independent Inquiry into Child Sexual Abuse
<b>IME2</b>	Initial Ministerial Education Phase 2. The four years of curacy also referred to as IME 4-6.
<b>ISAs (UK)</b>	International Standards on Auditing (UK)
<b>JPIC</b>	Justice, Peace and Integrity of Creation
<b>LLF</b>	Living in Love and Faith
<b>LL&amp;LMAG</b>	Lay Leadership & Lay Ministry Advisory Group

Acronym	Meaning
<b>MAP</b>	Mission Action Plan
<b>MAT</b>	Multi Academy Trust
<b>MFA</b>	Multi-factor Authentication
<b>PCC</b>	Parochial Church Council
<b>PCR2</b>	Past Cases Review 2
<b>PFC</b>	Policy and Finance Committee
<b>PGS</b>	Parish Giving Scheme
<b>PSF</b>	Parish Support Fund
<b>RJC</b>	Racial Justice Committee
<b>SDBE</b>	Southwark Diocesan Board of Education
<b>SDBF</b>	South London Church Fund & Southwark Diocesan Board of Finance
<b>SDF</b>	Strategic Development Funding
<b>SDP</b>	Shared Discernment Process
<b>SIR</b>	Serious Incident Reporting
<b>SMT</b>	Senior Management Team
<b>SoFA</b>	Statement of Financial Activities
<b>SORP</b>	Statement of Recommended Practice for Charities
<b>SPA</b>	Southwark Pastoral Auxiliary
<b>SVDF</b>	Southwark Vision Development Fund
<b>TUTV</b>	Turning up the Volume
<b>UKME</b>	United Kingdom Minority Ethnic
<b>uSa</b>	Usual Sunday Attendance

# Notes

Handwriting practice lines consisting of 20 horizontal dotted lines.





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