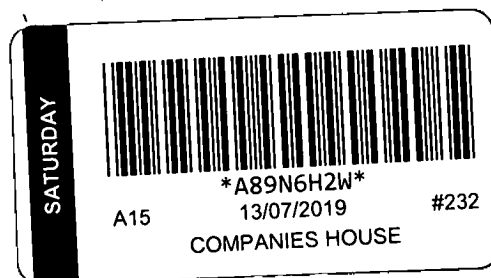


BIRMINGHAM DIOCESAN BOARD OF FINANCE LIMITED



THE CHURCH
OF ENGLAND
BIRMINGHAM

The trustees, who are also directors for the purposes of company law, present their trustees report together with the financial statements and auditors' report of the charitable company – the Birmingham Diocesan Board of Finance Limited (BDBF) for the year ended 31 December 2018. The financial statements comply with current statutory requirements, the Statement of Recommended Practice for Charities 2015 ("SORP2015") and the Companies Act 2006.

This report is set out as follows:

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Summary information about the structure of the Church of England	31
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**It should be noted that the Annual Report gives narrative on the activities of Birmingham Cathedral, Birmingham Trustees Registered, Church Schools, CIGB, Thrive Together Birmingham and individual parishes to give an overview of all Diocesan activities. However, the financial information of these entities is not included in the BDBF financial statements. They have their own financial statements as separately constituted organisations. (See page 31 for details of the structure of the Church of England.)*

The members of the Bishop's Council set out below have held office during the period from 1 January 2018 to the date of this report, unless otherwise stated.

Ex-officio

Bishop of Birmingham
The Rt Revd David Urquhart
Chair of the Diocesan Board of Finance
Mr Phil Nunnerley
Suffragan Bishop of Aston
The Rt Revd Anne Hollinghurst
Dean of Birmingham Cathedral
The Very Revd Matt Thompson
Archdeacon of Aston
The Ven. Simon Heathfield
Archdeacon of Birmingham
The Ven. Hayward Osborne (until 27/09/18)
Acting Archdeacon of Birmingham
The Revd Julian Francis (from 01/12/18 to 11/05/19)
Archdeacon of Birmingham
The Ven. Jenny Tomlinson (from 12/05/19)
Chair of the Diocesan Synod House of Clergy
The Revd Canon Martin Stephenson (until 27/09/18)
Chair of the Diocesan Synod House of Clergy
The Revd Canon Priscilla White (from 28/09/18)
Chair of the Diocesan Synod House of Laity
Mr Steven Skakel (until 31/12/18)
Chair of the Diocesan Synod House of Laity
Mr Trevor Lewis (from 01/01/19)

Bishop's nominees

Mr Geoff Shuttleworth
The Revd Canon Catherine Grylls
The Revd Chris Hobbs

The Revd Alison Cozens (from 01/01/19)
Miss Tariro Matsveru (until 13/12/18)
The Revd Richard Walker-Hill (until 31/12/18)
The Revd Smitha Prasadam (until 14/06/18)
The Revd Canon Dr Matthew Rhodes (until 14/06/18)

Elected - House of Clergy

The Revd Canon Julian Francis
The Revd Douglas Machiridza
The Revd Bamidele Sotonwa (from 01/01/19)
The Revd Becky Stephens (from 01/01/19)
The Revd Claire Turner
The Revd Richard Walker-Hill (from 01/01/19)
The Revd Canon Catherine Grylls (until 31/12/18)
The Revd Canon Priscilla White (until 31/12/18)
The Revd Nigel Traynor (until 08/03/18)

Elected - House of Laity

Miss Jennifer Clark (from 01/01/19)
Mr Jonathan Goll (from 01/01/19)
Mrs Gillian Gould
Mr Michael Hastilow
Mrs Deirdre Moll
Mr Julian Phillips
Mr Wayne Simmonds (from 01/01/19)
Mr Steven Skakel
Mr Stephen Fraser (until 14/06/18)

DIOCESAN SECRETARY

Mr Andrew Halstead

DIOCESAN DIRECTOR OF FINANCE

Ms Melanie Crooks

DIOCESAN REGISTRAR

Ms Vicki Simpson

REGISTERED OFFICE

1 Colmore Row
Birmingham
B3 2BJ

AUDITOR

RSM UK Audit LLP
St Philips Point
Temple Row
Birmingham
B2 5AF

BANKERS

Bank of Scotland
125 Colmore Row
Birmingham
B3 3SF

INVESTMENT ADVISERS

Smith and Williamson
Investment Management Limited
9 Colmore Row
Birmingham
B3 2BJ

PROPERTY AGENTS

Bruton Knowles
Embassy House
60 Church Street
Birmingham
B3 2DJ

BISHOP'S FOREWORD



2018 started with Brexit ringing in our ears – and ended in the same way. Noisy uncertainty characterises so many of the great concerns we see around the world.

In such complicating times, an agonising or joyful single story can absorb the world's attention. Many of us held our breaths as the waters rose, day by day, around a team of footballing youngsters trapped in the Tham Luang Nang Non cave complex in July. Their rescue seemed like a miracle.

As Christians we follow a single story too. Yet it is also a story of unfathomable depth and meaning. It is the universal miracle story. We shape each year around the birth of a baby, Jesus the Christ, Saviour of the World. We follow him to the cross and see him suffer and die with self-giving love. In this story we engage all our hopes and fears: in it, week by week, we seek to remember his life, death and resurrection so vividly that it becomes the promise of salvation we communicate to others.

In Jesus we have received a gift for the world. He also holds us firmly in times of risky exploration.

This has been the year when we have asked parishes and individuals to take significant steps into the People and Places initiative, shaping all our ministries around mission in new ways. People and Places is an essential programme of change with which we continue to journey. Ultimately it, too, is about the hope that we can reach the people of Birmingham and Region today, with the resources God is providing.

Our Diocesan Board of Finance Chair's statement clearly shows one measurement of the adventure we are on. We continue to encounter and face the challenges of sustaining Church of England Birmingham's part in Christian life and witness. The Balance Sheet of giving and receiving is a set of numbers intimately connected to the Church's mission. It reflects the daily generosity of local Christians and our faith in being able to do far more to honour and proclaim Jesus Christ in mutual support than going it alone.

I encourage you to look around and see the grace of being part of a community of Christians, described in this Annual Report, that looks outwards in serving a society, rich and poor, weak and strong, young and old, with its profound needs for justice, mercy, healing and love.

As we rely entirely on the singular story of God who so loved the world that he gave his only Son, let us discern his calling anew and expect miracle after miracle, parish by parish, soul by soul, so that this generation emerges from its dark tunnel into purpose graced by the Light of the World.

The Rt Revd David Urquhart
Bishop of Birmingham

CHAIRMAN'S STATEMENT



After ten years as Chairman of the Diocesan Board of Finance I will be standing down at the Annual General Meeting. As I look back over those ten years I am reminded that, whilst I recognise the generosity of the voluntary contributions we receive, balancing our budget has never been easy.

Put into context, over the ten years our receipts from Common Fund, which is by far our largest source of income, have risen 13%; parochial fees have fallen 20%; and yet during that time clergy stipends have risen 20%, still less than the increase in RPI.

In terms of 2018, Common Fund receipts were slightly down on 2017, but this represents a third year in succession when those receipts have been broadly flat, despite budgetary requirements to increase them at least in line with inflation. Inevitably the challenge has meant the need for difficult decisions as to how we spend our money and how we deploy our resources across the Diocese.

There are some who, perhaps understandably, point to the monies which the Church Commissioners have awarded us in response to strategic bids. But let's be clear, these are funds specifically targeted at supporting strategic initiatives across the Diocese; are not available to support our general day to day funding needs; and are time limited. In part, our Diocesan initiative *People and Places* is a response to the need to adjust our resources to a level which is more sustainable in the medium term. It does though still require an uplift in Common Fund receipts and I am grateful to the many parishes who, through their promises, have committed an increase in 2019.

There are, I regret, still potential headwinds on the horizon which may still set back our ambitions. Last year I had to share with you the costs we are having to bear in meeting deficits on the Church Workers Pension Fund. Later this year we will have the outcome of the triennial review of the Clergy Pension Fund. I am not optimistic of good news! Discussions continue as to options in the face of an expected increase in the deficit of that fund too.

Not all is doom and gloom. There are many exciting initiatives across the Diocese, not least the work of our Resourcing Church here in the centre of our great city which is regularly attracting large congregations including people accepting Christ into their lives for the first time. Your prayers have never been more needed as we seek to spread our Christian gospel across the city region.

As I have emphasised, our financial position has driven a constant need for difficult decisions. I remain grateful to the many volunteers across the Diocese who give so much of their time both in the parishes and at a wider Diocesan level. Particular thanks are due to the hardworking team in the Diocesan office under the leadership of the Diocesan Secretary and the Director of Finance who have continued to provide me with outstanding support throughout the past ten years.

Philip Nunnerley

Chair of Birmingham Diocesan Board of Finance

TRANSFORMING CHURCH



Growing Younger

Our Growing Younger Facilitators have now worked with 55 parishes and continue to share their experience and enthusiasm with a wide variety of parishes.

The **Growing Younger Youth Project** has worked alongside 36 parishes that want to set up new youth ministry and we have been delighted to see eight new expressions of youth ministry begin this year. Training events have enabled parishes to explore topics such as deepening their links with uniformed organisations, thinking theologically about youth ministry and planning exciting programmes.

We continue to be really grateful for the many volunteers who give their energy and time to children and young people. Our **Cheer, Pray, Do** initiative has connected with and supported many new volunteers. We saw fourteen volunteers enrolled on the **Bishop's Certificate in Children's Ministry** course, and are excited by the development of a new **Youth Ministry Learning Pathway** for youth ministry which will launch in 2019. 150 'praying youth workers' are now receiving our regular prayer update, *Fuel*.

Mission Apprentices

In 2018 we started the third phase of the Mission Apprentice Scheme, funded by the Allchurches Trust. Our new Mission Apprentice Scheme Co-ordinator, Lizzie Gawen, started her role in March and we commissioned nine Mission Apprentices at a special service with Bishop Anne in September. The Mission Apprentices are placed in some of our most low-income parishes, supporting and developing missional activities ranging from youth work to dementia-friendly services to Places of Welcome.

They are supported by a supervisor, mentor and learning programme.

During 2018 the **Growing Younger Schools** project advised and supported over 30 parishes as they created new links with their local schools, pioneered prayer spaces, offered training, supported **Open the Book** and explored **Christmas through the Keyhole**. We look forward to spending more time with parishes keen to build and deepen links with their local schools next year.

We're really thankful for our ongoing partnership with St Martin's Trust who have provided financial support to young people in a variety of mission-based activities such as trips to South Africa and India and a discipleship year in the UK.

As the Church Commissioner funding for Growing Younger comes to an end, it has been encouraging to see many of our **Children's and Families' Missioners** begin to successfully transition into parish employment, and others explore ministry beyond Birmingham. This year saw growth in intergenerational ministry, schools connections, community involvement and new worshipping communities such as **Breakfast Church** and new **Messy Churches**.

Church planting

2018 has been an exciting year for church planting though much of the work has been behind the scenes, developing a group of potential church planters and having conversations about potential places and teams to plant. In 2019 some of those conversations will bear fruit and we are expecting at least two new churches planted by Gas Street to launch in the Easter/Autumn of 2019.

2018 also witnessed the birth of our new church planting learning community and our first church planting conference, with almost 100 delegates.

Bishop Ric Thorpe, who has a national brief for church planting, has been an excellent source of support to us throughout the year and has met with over 25 individuals exploring their vocation to planting and spoken at numerous groups and at Diocesan Synod. He will also be giving us more of his time in 2019 to help us continue to 'reach new people in new places in new ways.'

In March 2019 our Director of Church Planting moved to Ipswich to do something similar on a Deanery scale and Bishop Anne will be holding the reins until a replacement is found.





Mission Learning and Development

The projects that make up the Mission, Learning and Development part of the Shaping the Future programme (primarily funded through Strategic Development Funding from the Church Commissioners) have made a significant impact in 2018. A real strength has been how the project leads have collaborated in creative ways to support people and parishes across their work streams.

Mentoring Project The mentoring project, led by Gillian Sheail, has had to do lots of groundwork in 2018 to establish the procedures and processes needed for formal mentoring across the Church of England – Birmingham. A range of training opportunities has been delivered with 59 people receiving training. 24 mentors and 24 mentees have been matched and relationships started. Initial surveys have indicated that these relationships are already beneficial to the mentees in terms of leadership and spiritual growth. A clear programme of promotion and equipping is planned for 2019 to further extend this great work.

Outer Estates The work in outer estates, led by Revd Andy Delmege, is currently going from strength to strength. In addition to a learning community and annual retreat we are also running an annual urban congress, and two other subject specific learning communities (for those working with children in this context and an ecumenical group). *Jesus-Shaped People* continues to have an impact and plans are in place for new support to help home grown leaders flourish. Andy is also taking a leading role in national networks for estates with very exciting developments on the horizon.

Learning Communities Learning communities as a concept have really gained traction. The rural learning community has started well with 34 people at the first day in October and a further three learning days planned for 2019. In 2019 the Presence and Engagement community (P&E) will be launched, focussing on Anglo-Catholic parishes within areas with significant other faith populations, looking at how they can develop the eight qualities of church life within a multi-faith environment.

Fresh Expressions Mark Berry, our fresh expressions (FxC) enabler, has spent 2018 championing FxC at all levels across the Church of England – Birmingham. Activity to date includes new baselining of existing FxC, raising the profile of FxC and educating people around what a FxC is and this will continue in 2019. There have also been promising discussions on formation of a mixed residential community of up to 10 people based at St Benedict, Bordesley, and working across several Anglo-Catholic parishes in the area and with a contemplative/monastic approach. Meanwhile pioneers are being mentored and a community of practitioners has been started which is resulting in new FxC starting that are more likely to be sustainable. Mark plays an active role in National networks.

Intercultural Mission Since appointment in March 2018, Revd Dr Sharon Prentis, the Intercultural Mission Enabler, has focused on increasing opportunities to engage with different people to share the love of Christ.

New initiatives have focused on how to promote mission amongst diverse groups and embrace the gifts that diverse Anglicans bring to the table. Activities over the past year have included advising parishes about intercultural mission, developing a Special Interest Group on Inclusion and Disability, Intercultural Awareness Training and Leadership Development.





"Every tribe,
language, people
and nation..."

BLACK, ASIAN AND MINORITY ETHNIC AFFAIRS

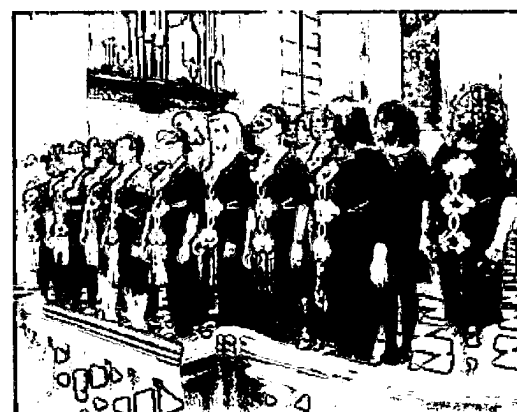
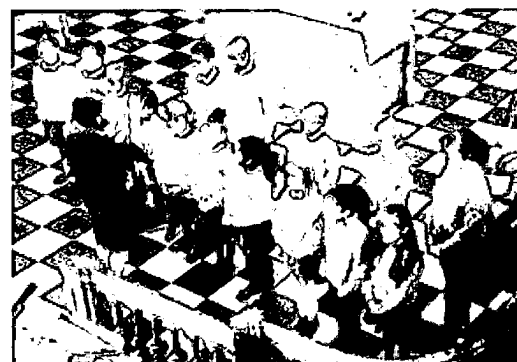
Revd Dr Sharon Prentis joined us in March 2018 as the Dean of Black, Asian & Minority Ethnic (BAME) Affairs, a part-time role that sits alongside her other part-time role as Intercultural Mission Enabler.

Sharon has begun work to increase representation from Black, Asian and other Minority Ethnic people throughout the Church, and to support Minority Ethnic Anglicans in becoming more involved in the life of the diocese and serving in their local communities.



In 2018:

- A mapping exercise revealed that 9% of our parishes had a significant proportion of the congregation from Black, Asian and Minority Ethnic heritages.
- In July 2018, Birmingham Cathedral was the first in Britain to hold a Sanctuary Sunday service dedicated to remembering those who are forced to seek refuge. Amongst the groups who participated were young people from the Bosnia & Herzegovina UK Network.
- The 70th anniversary of the WW Empire Windrush landing at Tilbury docks was marked by drums and tying ribbons around the Diana Tree in Cathedral place.
- October saw the celebration of Black History Month and the induction of the Dean of BAME Affairs at the cathedral. Celebrations were themed *Being Built Together* in recognition that no one individual, nor people group has the monopoly on fellowship with God. The service of music, dance, art and poetry was celebrated with an estimated congregation of over 400 people.
- The rollout of Unconscious Bias Training began in the autumn. The intention is that it will become part of the core training offered by the diocese to both lay and ordained people.





*"The church that
became a cathedral
in the town that
became a city."*

BIRMINGHAM CATHEDRAL*



Birmingham Cathedral is a house of prayer and the seat of the Bishop of Birmingham.

In the heart of Europe's youngest city, the cathedral is a treasured sacred space for Anglican worship and Christian discipleship.

It is the cathedral's privilege to offer hospitality as a place of gathering and connection for all faiths and none in order to bear witness to God's love for all and to serve the common good.

Our purpose is to worship God, share the gospel of Jesus Christ, welcome and offer hospitality to all who come, celebrate and pass on our rich Christian heritage and discover the Kingdom of God in our contemporary city context. We support the mission and ministry of the Bishop of Birmingham and the parishes of the diocese.

We seek to discern our unique vocation and bring our distinct gifts and resources to the diocese, other Christian churches and faith communities, institutions and charities as a valuable, effective and innovative 'team player' in the life of our region. We intend to be properly ambitious for our work, to foster identity and create impact.



Highlights from the year

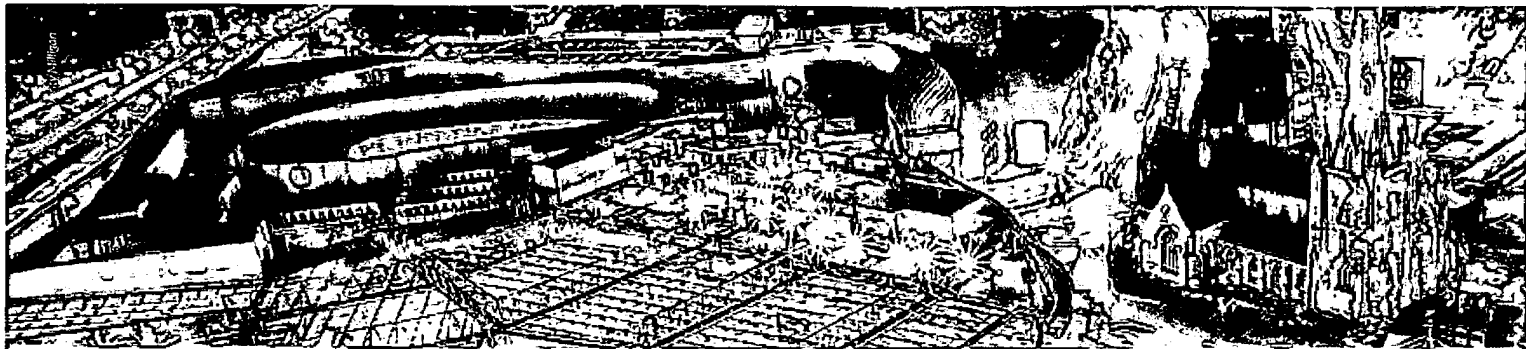
2018 was another very busy and fruitful year in the life of the Cathedral.

Pray The Cathedral congregations and communities shared many opportunities for worship and prayer. The rhythm of the Anglican tradition of choral worship is upheld at the cathedral, with David Hardie taking on the permanent role of Head of Music and overseeing our choirs and music with great skill. We welcomed over 4,500 worshippers in Advent / Christmas period and were a focus for the city's WW1 centenary service and commemorations.

Serve For the first time in 2018 the Cathedral hosted a Christmas market in Cathedral Square. This gave us the opportunity to offer space for local charities and organisations to benefit from the huge footfall in the Square. We worked with 28 different charities, in addition to running our #wrapupbrum campaign which saw in excess of 10,000 items donated. We also worked with Let's Feed Brum to host Christmas dinner for the homeless community which was a huge success.

Grow In 2018 we saw a rise in the number of visitors to the Cathedral, with in excess of 140,000 visitors through the Cathedral doors, to experience a moment of calm, an opportunity to enjoy the beautiful Burne-Jones windows, or a chance to engage with one of our chaplains for prayer or support.

* The narrative on the activities are shown here to give an overview of all Diocesan activities. However, the financial information of these entities is not included in the BDBF financial statements.



PEOPLE AND PLACES



People and Places (P&P) is a major new framework that supports our Transforming Church vision to grow churches at the heart of each community.

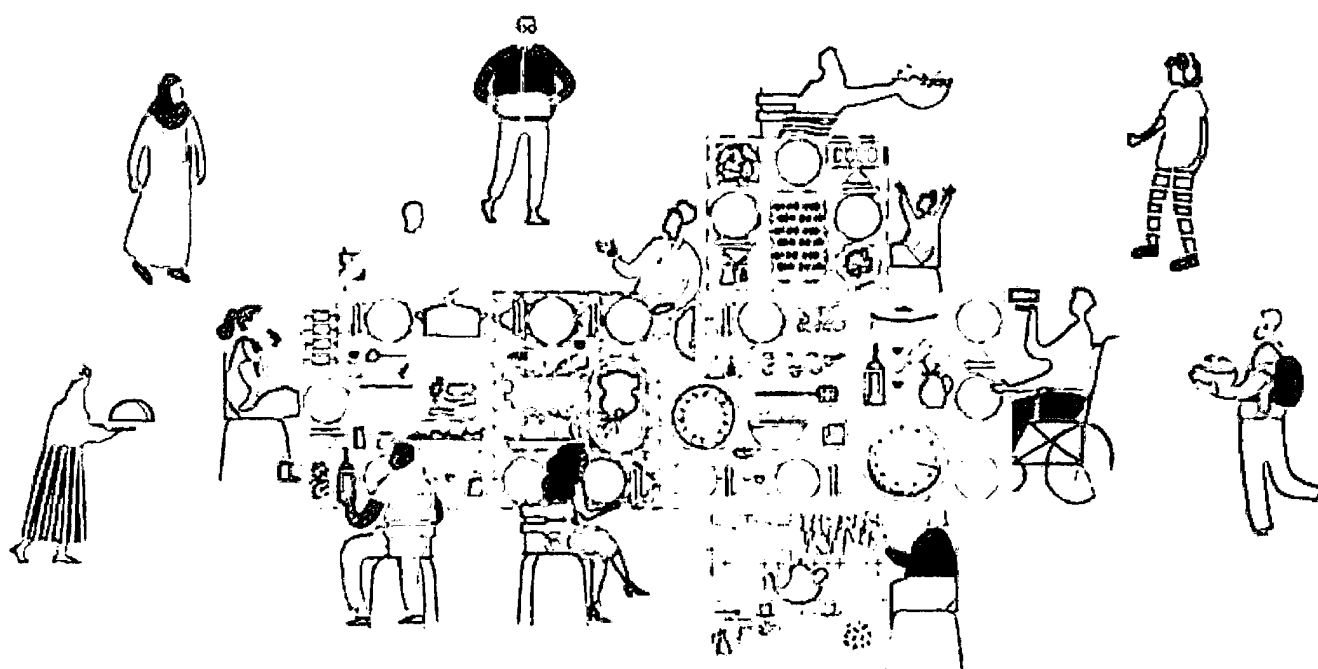
It aims to develop mission and ministry across our superdiverse diocese amidst continued missional, financial and cultural pressures.

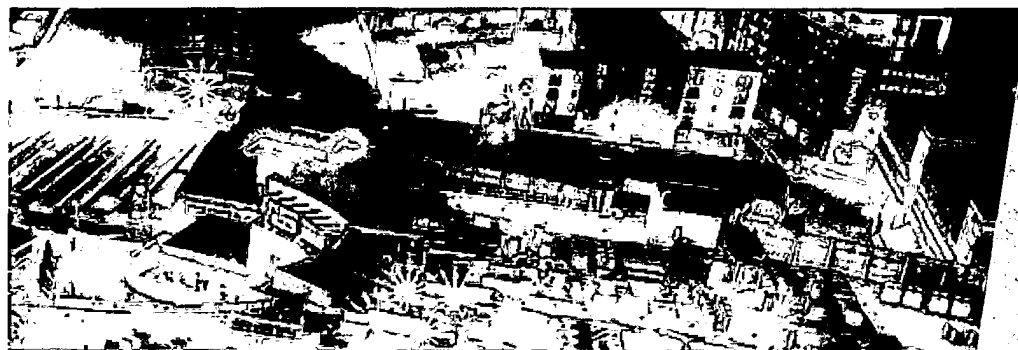
P&P looks for significant cultural and missional change by:

- reaching a sustainable level of stipendiary clergy deployment;
- refocusing on mission to our populations;
- allocating resources more fairly across the city region;
- transforming of lay and ordained ministry.

The programme is overseen by a Programme Board that is accountable to the Bishop's Council and Birmingham Diocesan Board of Finance (BDBF). The main priority of 2018 was to work towards financial sustainability over the next five years, giving space for change to take place.

PEOPLE & PLACES





"A twenty-first century Church in a superdiverse diocese."

2018 highlights

Reforming Common Fund to allow our stipend costs to be sustainable and encourage intentional generosity between parishes and the wider diocesan family. A key outcome is the need to narrow the gap between the c.£5.5 million we normally collect and the £6.9 million we spend on parish ministry. We shall continue to address this in 2019.

Individual meetings with parishes to discuss financial issues and work towards agreed solutions. During 2018 we had more than fifty meetings with parish churches which have helped understanding, encouraged financial good practice and enabled faith-filled and realistic plans to be made.

Communicating the programme as widely as possible. This has included developing resources in different media and tailored presentations to readers, clergy, church wardens, deaneries, parishes, diocesan staff, BDBF and Diocesan Board of Education (DBE), specialist ministers, bishop's council, diocesan synod, clergy chapters, presence and engagement parishes, estates clergy, inner urban group and more!

P&P Bid for Strategic Development Funding. Funding is required for the operational and leadership needs of P&P through a grant funding stream offered by the Church Commissioners. In December they awarded us £5 million. This will enable us to develop training programmes and targeted parish support (including full time Area Deans and other capacity), in addition to operational capacity for P&P over the next three to five years.

Strategic development of deaneries. Some of our deaneries are too small and many lack capacity. By moving to six or seven larger deaneries and offering a full-time Area Dean and other support, we believe we will enable the cultural and other changes P&P needs. This continues into 2019.

As we move into 2019 the emphasis is on enabling parish leaders to communicate P&P to Parochial Church Councils and congregations, with specific plans being decided locally in deaneries and parishes. Change often brings anxiety and the wellbeing of clergy and lay leaders is a priority for our Bishops and other organisations offering welcome support. Prayer must consistently underpin P&P and we are glad for the prayer many now use and other resources to encourage that. More information can be found on the P&P section of our website.

www.cofe.io/PandP



People and Places prayer

Gracious and merciful God,

as we pray for the future of the Church of England – Birmingham,

we thank you that the whole earth, its people and places, are equally precious to you.

By your Spirit,

equip us to meet the challenges of these times with generosity and courage;

hold our fears and uncertainties in your love,

and grant us the needful gifts of grace to share your love and reflect your light throughout our communities:

in the name of our Saviour, Jesus Christ,

Amen.



HIGHLIGHTS FROM OUR PARISHES & CHAPLAINS*

Birmingham is the UK's second city with the youngest urban population in one of the most lively and diverse regions. The Birmingham Diocese, founded in 1905, is one of 42 Dioceses in the Church of England. Covering an area of nearly 300 square miles, the Diocese includes parishes in the West Midlands including Birmingham and parts of Solihull, Sandwell, Warwickshire and Worcestershire.

Right at the heart of what we do there are 187 Church of England churches and worship centres with an average Sunday attendance of 17,000 from a population of 1.5 million. In these churches are clergy and churchgoers representing a wide scope of Church tradition and breadth of ethnicity.

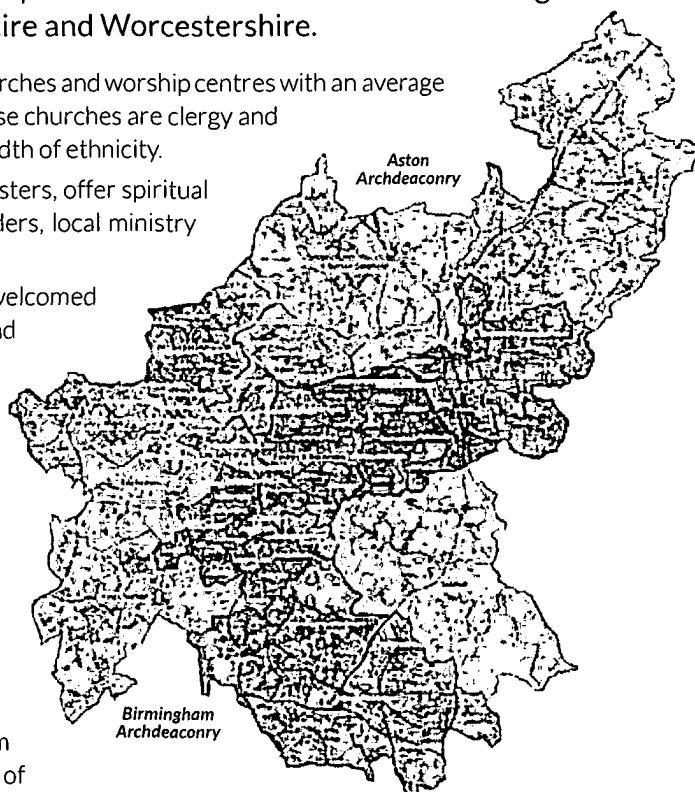
Over 150 paid priests, together with additional self-supporting ministers, offer spiritual and pastoral care in the parishes, together with retired clergy, readers, local ministry teams and other non-ordained ministers.

The ninth Bishop of Birmingham, The Rt Revd David Urquhart, was welcomed to Birmingham in November 2006. He leads the Church of England across the Diocese and has formed a team of senior staff. The Bishop shares his episcopal oversight with the Suffragan Bishop of Aston, The Rt Revd Anne Hollinghurst.

In the heart of the city, Birmingham Cathedral, dedicated to St Philip, is led by the Dean, The Very Revd Matt Thompson, whom we welcomed in September this year. It has been a place of Christian worship since 1715 and was designed by the English Baroque architect, Thomas Archer.

The Diocese is divided into two pastoral administrative areas led by the Archdeacon of Aston (Ven. Simon Heathfield) and the Archdeacon of Birmingham (Ven. Hayward Osborne until 27 September 2018, then the Revd Canon Julian Francis as interim from 1 December 2018). Each of these areas contains a number of Deaneries, or groups of parishes.

These pages contain some great stories from the clergy, lay people and chaplains in our Diocese.



ST MARY'S, LAPWORTH *Shirley*



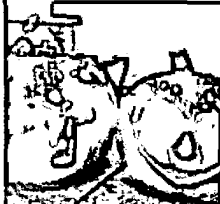
In 2018, St Mary's Lapworth had eleven Confirmation candidates, a record number for recent decades. These were joined by four candidates from St Mary Magdalene's Tanworth-in-Arden. The Confirmation in May was conducted by Bishop Maurice Sinclair, who wore a multicoloured stole from Bolivia. Bishop Maurice is a big supporter of the diocesan links with Bolivia.

ST MARGARET'S, OLTON *Solihull*



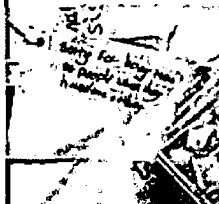
St Margaret's Church welcomed the local community to celebrate the Royal Wedding together. The sun shone as the vows were read, the congregation stood to sing the hymns as the wedding ceremony was streamed live into church. This was followed by a traditional street party with a bring and share lunch, live entertainment and many activities for all ages.

ST GABRIEL'S, WEOLEY CASTLE *Edgbaston*



St Gabriel's was a truly angelic presence for Halloween this year in Weoley Castle. Inspired by our Mission Apprentice Marie we encouraged local families to visit us for trick or treat and receive a meaningful heavenly treat in return, sharing the good news in a way that connects with our local culture.

ST MICHAEL & ALL ANGELS, BARTLEY GREEN *Edgbaston*



In June 2017, we held Prayer Space in church for Woodgate Primary School with children from years 1-5. They had many questions for God: "Do you have a pet?", "What did you make first?" and "Would you ever forgive Satan?" The school then considered how they could use Prayer Space in the classroom and made a Remembrance Garden.



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

HOLY CROSS, BILLESLEY COMMON *Moseley*



We've been able to use our church space for art exhibitions: hosting *The Gethsemane Garments*, exploring with local schools the themes of suffering, hope and renewal creating together a 'cloak of hope'. In October, alongside some mental health awareness work we looked at Sculptures relating to grief, loss and change with children creating their own clay work around emotions.

ST LEONARD, MARSTON GREEN *Catshill*



Wednesday Welcome began as a place for coffee, tea, toast and fellowship for anyone to drop in. There is a mid week service for those who wish, as well as a place to meet with friends new and old. The buzz of chatter and laughter matches the warmth of the soup now available. Where God leads next is exciting!

ST PETER'S, HALL GREEN *Shirley*



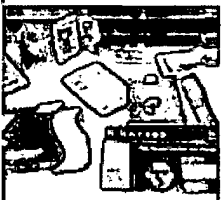
This year our Big Iftar in June was the fourth we have held in successive years – building on strong relationships with Muslim neighbours, built up over the last eight years. This year our theme was Reconciliation. We were sponsored by the charity Tell Mama. Students and staff from Saltley Academy also joined us for stories, reflections and food.

ST CHAD'S, RUBERY *Kings Norton*



Funded by Community First we commissioned artists Jacqui and David Grange to work with the Rubery Youth Club. Together, they explored the borders and boundaries that exist in our community. The project resulted in two amazing, creative and thought-provoking arts events that took place under the A38 – the *Flash Floss Feast* and the *Funky Flyover Fandango!*

ST MICHAEL, HALL GREEN *Shirley*



To commemorate the the 100 years of the ending of World War One in November, St Michael's Church congregation worked with the many groups that meet on our site to host a Remembrance Weekend. We looked at the contribution of people from Hall Green and across the world during WW1 through art, remembrance and an open weekend.

THE WHITACRES, LEA MARSTON & SHUSTOKE *Catshill*



In this rural part of Birmingham, Harvest and Rogation are important. This year, we were altogether for Harvest in the Village Hall. Our Rogation Walk in May visited every church, praying for each village, that together we will bring the Kingdom ever nearer. *Footprints*, our toddler group, has grown tremendously and we've introduced a lunch club to address rural isolation.

ST JOHN THE EVANGELIST, PERRY BARR *Handsworth*



We are taking church to the community with a new outreach project called *Forgotten Corners*. Its volunteer chaplains bring God's love and Christ's presence to those working in industry in our parish. Successes include a request for a thanksgiving service and a partnership packing Christmas food parcels for local families. Please pray as we explore how best to bring the good news to those detained in the local police custody suite.

ST DAVID, SHENLEY GREEN *Kings Norton*



July 2018 saw the very first Shenley Green Summer Fayre. Born out of conversations with local shopkeepers and the Bournville Village Trust, we took over the 'Square' for a day. Local Groups and individuals joined in to create a carnival atmosphere amid the barbeque and bunting. St David's will never look back!

ST PETER & ST PAUL, WATER ORTON *Catshill*



The current 'in' word at St Peter & St Paul's is WELCOME and we encourage everyone to be as friendly as possible, especially to newcomers. A golden opportunity ensued – in October a brand new external War Memorial was dedicated on Orton Fell. For Remembrance in November, it seemed that the whole village turned out – we were able to welcome them to church later.

ST JOHN & ST PETER, LADYWOOD *Central*



"Intentionally intercultural intergenerational inclusive In Christ the Hope of Glory!" We continue our flourishing sports ministry in Ladywood partnering Youth For Christ. We have a growing number of Sudanese Christians in our congregation who have found welcome and opportunities to share their own stories and vibrant witness. Connect-18-35's from the community come together for Bible study and prayer.

* The narrative on the activities are shown here to give an overview of all Diocesan activities. However, the financial information of these entities is not included in the BDBF financial statements.



SAFEGUARDING

The safeguarding team of three officers has worked throughout the year to improve and increase the advice and support we offer to parishes with concerns, recruitment, policy, good practice and training. We've responded to new, national policies and consultations, attended training and continue to respond to IICSA when requested.

We commissioned a Learning Lessons Case Review into a past case that reported at the end of the year and are now implementing the learning from this review in our everyday practices, and we responded to a Subject Access Request under the new General Data Protection Act Regulations.

We've made substantial progress this year with the training and safer recruitment of ordained and lay ministers and officers and introduced some changes to our online Disclosure & Barring Service check process to improve our service to parishes. To increase awareness of our safer recruitment processes we've developed an online training pack for our parish identity verifiers.

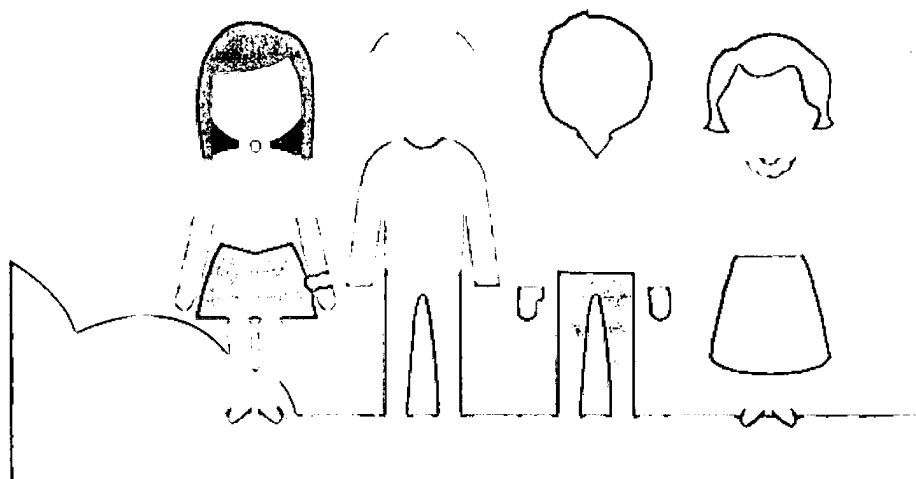
Our annual day for parish safeguarding co-ordinators helped them to develop their practice in keeping vulnerable adults safe and well.

In partnership with a small group of Parish Safeguarding Co-ordinators, we produced resources for parish volunteers and worked to summarise national guidance documents: *The Responsibilities of Church Bodies and Responding to Allegations Against Church Officers*.

Brief Guides for leaders and helpers on safeguarding children and young people, vulnerable adults, safeguarding ourselves in pastoral relationships and the categories of abuse are now available on our website. We have also developed a guide for children and young people to let them know how the adults who lead their activities should behave.

The team have visited more parishes than ever and reassured many churches about to begin a vacancy of the safeguarding support available for them. As well as visiting to help parishes with concerns, we've visited to help with governance and safe practice and we've developed induction packs for, and met with, new parish safeguarding co-ordinators and new incumbents to ensure they're briefed on safeguarding arrangements in our diocese.

We've also been visiting the religious communities, theological colleges and Bishop's Mission Order congregations in our area to agree how we can work together to keep everyone safe.





Diocesan Board of Education (DBE)

The Church of England – Birmingham has a wide range of church schools in five local authorities (Birmingham, Solihull, Sandwell, Warwickshire and Worcestershire). There are 42 primary schools, three infant schools, three junior schools, one first school and two secondary schools along with two affiliated schools.

There are a variety of structures for the church schools including voluntary controlled, voluntary aided and academies. The schools themselves are based in diverse areas that reflect the nature of the Diocese – urban, outer estate, suburban and rural – catering for pupils of all faiths and none.

The Education Team provides strategic support, advice and guidance for all church and church affiliated schools across the Diocese. Concerns and recommendations about schools and education matters are fed back to the Diocesan Board of Education.

Other aspects of the work of the Education Team include:

- Ensuring that the voice and influence of the Church of England is at the heart of educational debate and strategy formation, locally and nationally. The Team works to ensure that all church and church affiliated schools live out their Christian calling with integrity and contribute fully to the wider mission of the Church of England – Birmingham.
- Working closely with clergy (particularly those with church schools in their parish) to ensure schools are part of the mission agenda of the Church.
- Supporting and advising on the recruitment and training of governors and senior leadership roles within schools.
- Providing advice and guidance on governance structures such as academisation.
- Working with schools ensuring their admission policies are compliant and organising and running the admission appeals service.
- Providing advice on religious education for all our church schools, and guidance and training on Collective Worship.
- Giving advice, guidance and support for schools in how to access all Diocesan education services and meet their requirements as a church school or sponsored academy.
- Providing support on managing church school buildings.
- Supporting and challenging schools around school effectiveness and standards.



Highlights from the year

2018 has been the third and final year of the current Diocesan Board of Education (DBE). The board has three sub-committees; a curriculum and RE committee, a standards committee and a governor committee. These committees enable more in-depth discussion and feed into the main DBE agendas.

The board and its officers have led on a number of key projects. **Understanding Christianity**, a resource produced to support the teaching of RE in our schools, has been taken up by all of our schools alongside a series of training events to support its use. The National Church of England Office for Education have developed a new inspection schedule for Church Schools. Our lead officer, Jill Stolberg, has been involved in both attending and delivering training to our school leaders. This is a considerable change for our schools. The Board of Education has developed a strategic plan for supporting schools in their effectiveness across the diocese. This has enabled Charlotte Ward Lewis, the lead officer in this area, to prioritise resources. Schools have been very appreciative of her support and the impact she has been able to have. Schools continue to have difficulty in recruiting quality teachers; the board has taken this as a priority and have set up a subcommittee to find ways to support schools.

The **Birmingham Diocesan Multi Academy Trust** has grown to twelve schools, with an additional four set to join in 2019. The trust works in partnership with the DBE to provide a wide range of training opportunities and support for the Diocesan schools.

The Board has embraced the recently published **Valuing All God's Children** document which challenges our schools in their inclusion of all. We have produced some written guidance for schools with a position statement and expectations for all our church schools, to engage with the agenda of protecting children from transphobic, bi-phobic and homophobic bullying. We are very encouraged by the positive take up and engagement by our school leaders.

The Board of Education continues to work closely with the Department for Education in monitoring all our academies. We enjoy a positive relationship and continue with our plans to open a secondary Church of England Academy in September 2021.

We continue to support the wider diocesan mission of transforming church and are proud to say that approximately 15,000 children and young people experience a daily act of Christian worship through attending a Church of England School in Birmingham Diocese. Many of the transforming church goals are core to our work, and we are pleased to identify the contribution of the DBE towards this.

Peter French, our long serving Assistant Director of Education, left us at the end of December 2018 to take up a promoted post in Peterborough diocese. Peter has made a significant contribution to the support of our work over twelve years. The Board thanks him for his work.

www.cofebirmingham.com/schools

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*"Everyone has
a part to play."*

LAY ADULT EDUCATION & TRAINING

Church of England Birmingham places a high value on developing disciples who are confident and informed in their faith, and committed to serving others in the name of Christ with insight and skill. The key opportunities for lay people to learn and to train for ministry include:



3D and Growing Gifts

The Diocesan course for Developing Disciples is a mainstay for lay development, with around 140 participants in twelve learning communities across the diocese. This year-long course was commissioned at a joyful opening service in the Cathedral at which the Revd Dr Sharon Prentis preached. Those wanting to continue growing in faith and understanding engage in a range of opportunities through the **Growing Gifts** programme of study days and workshops, which have included *Soul Spark – Exploring Prayer & Spiritual Growth*, *Practical Workshops* and *Moses on Mount Sinai and the Life of Prayer*.



Pastoral Care and Community Skills

This scheme equips Lay Pastoral Ministry Teams made up of lay people commissioned to work with clergy and Readers in sharing in pastoral ministry, care and community outreach in parish community contexts. There are 42 lay pastoral teams across the diocese, trained by a network of volunteer tutors and supported by a steering group of CME Advisers and individuals with particular expertise: Allannah Brennan, Pauline Griffiths, Val Hicks, Jayne Crooks, Deb Buckley, Liz Howlett and Mark Pryce. Over 100 members from commissioned Teams gathered at the annual Away Day in March to reflect on *Caring for Ourselves... Caring for Others* led by Ruth Chatfield and Carol Wilson.

Learning for Discipleship

This programme runs in partnership with the Methodist Church, enabling participants to engage in a number of modules on a range of theological subjects, including *Hebrew Stage 2* led by Alison Thorne, *Earth Meets Heaven: Biblical Theologies of Tabernacle and Temple* led by Ann Conway-Jones, *Studies in a Gospel: Mark* led by Revd Liz Howlett and *Mission Through the Ages* led by Julian Phillips.



Readers' Training and Reader CME

Readers are lay ministers licensed by the Bishop for a ministry of preaching, teaching and pastoral work in a variety of contexts across the diocese. There are over 200 Readers licensed for ministry in Birmingham, and like their ordained minister colleagues they engage in regular Continuing Ministerial Development. Reader CME events in 2018 have included *Being Open to the Movement of God: Reader Vocations*, *Reader Ministries* led by Revd Canon Dr Mark Pryce, *Encouraging and Supporting Ourselves and Others in Ministry* led by Gillian Sheail, *Being Minister-in Charge of a Local Church* led by Revd Canon Dr Mark Pryce and *The Archdeacon of Aston* the Venerable Simon Heathfield and *Funeral Training* led by Revd Liz Howlett.

The Initial Training Programme for Readers takes place in weekly sessions based at 1 Colmore Row, with a variety of input from experienced practitioners and theologians, supported by experienced Reader Tutors Theresa Perry, Stephanie Hayton and Moira Johnson. There are fifteen trainee Readers in the 2018-19 cohort.

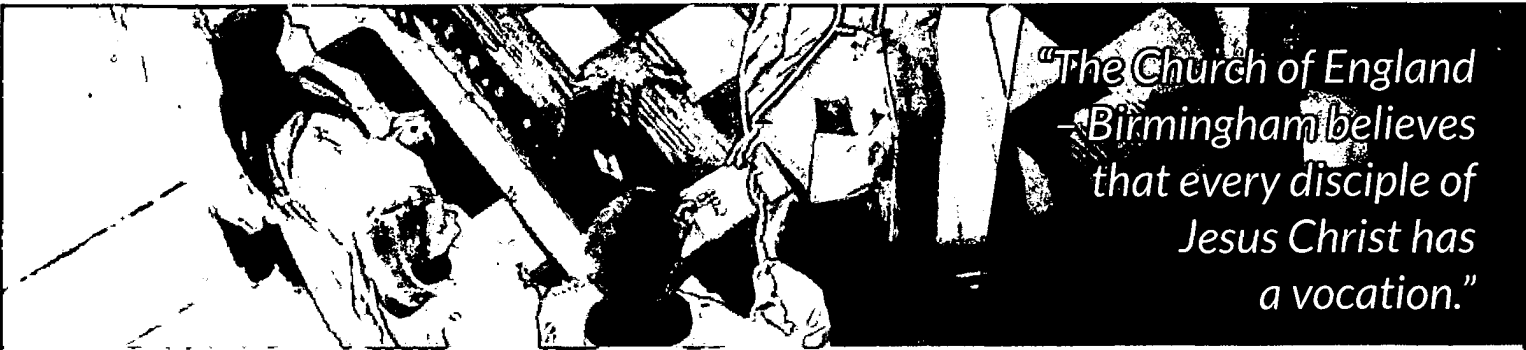
Following the successful completion of the External Review of Reader training in 2017, this year has seen the introduction of a number of developments in the initial Reader Training programme. These include a redesigned residential weekend focussing on the theology and practice of pastoral ministry. Also, a new placement element in the initial training, in which Readers spend extended time engaging with and reflecting on the ministry and mission of a parish different from their own sending church. This also involves preaching an assessed sermon to an unfamiliar congregation!

Readers in the early years of licensed ministry participate in the NEXT programme, led in 2018 by Canon Helen Hingley.

Farewell to The Revd Liz Howlett

At the end of 2018, Liz moved on from her role as Bishop's Adviser for Lay Adult Education and Training and Director of Reader Training. Her colleagues gathered with Liz's family and friends at a farewell Somerset Tea to celebrate her distinguished ministry in this vital area of diocesan life, including many of the volunteer tutors and contributors to the 3D, Growing Gifts, LFD and Reader Training programmes.

Liz also received tributes to her work from colleagues in the Church of England – Birmingham at a presentation and reception in 1 Colmore Row.



"The Church of England – Birmingham believes that every disciple of Jesus Christ has a vocation."

EXPLORING ORDINATION



The past year has been an exciting period of building upon all that has been done in the past and forging new paths in terms of the vocations of lay and ordained ministries.

Revd Calvert Prentis began in the role of Diocesan Director of Ordinands (DDO) and Vocation Development in March 2018. Recently there has been a marked increase in people enquiring and going on to explore the ordained ministry over the last twelve months. Officially there are approximately twenty people who are in the discernment process. In addition we have another ten candidates who are continuing preparing for national panels this year. We have a number of ordinands in training at six theological colleges across the country. It is a healthy sign that all ordinands in training would like to return to Birmingham to serve their curacies.

Having a new DDO in post, naturally provided a good opportunity to take a look at our approach to help people discern their vocation. The identification of a call to any type of ministry or vocation is a task carried out by many and involves patience, prayer and people.

Patience

Discerning lay and ordained vocations takes time in order to discern correctly. Much of that has already begun in a person's life way before meeting a Vocations Advisor, Champion or DDO. Many incumbents, ministers, chaplains and leaders of churches have journeyed with those enquiring an answer to the call on their lives for some time. A good guide for those considering a sense of call to the ordained ministry is that a period of discernment takes between nine and eighteen months from the point of meeting a DDO to attending a panel, if that is seen as appropriate. Much of this year has been adjusting our discernment process so that we are able to work within this timeline. Patience is required as the journey continues prayerfully with the diocesan vocations team as they listen and offer guidance.

Prayer

The vital component that undergirds the process is prayer. It involves trusting God by the enquirer, candidate, incumbent and the vocations team that the journey will always lead to the right outcome for an individual. The pursuit of a particular vocation is more than a 'job', but a way of life for those concerned so we are all encouraged to pray for God's mind.

People

The discerning of a call involves more than one person and it is a privilege to work with a committed vocations team of ADDO's (Emma Sykes & Paul Hinton), Young Vocations Champion (Lydia Gaston), Dean of Women Ministries (Becky Stephens), Dean of BAME heritage (Sharon Prentis), and a host of Vocation Advisors and Examining Chaplains who all form a vital and much appreciated part of the vocations process in the Church of England – Birmingham.

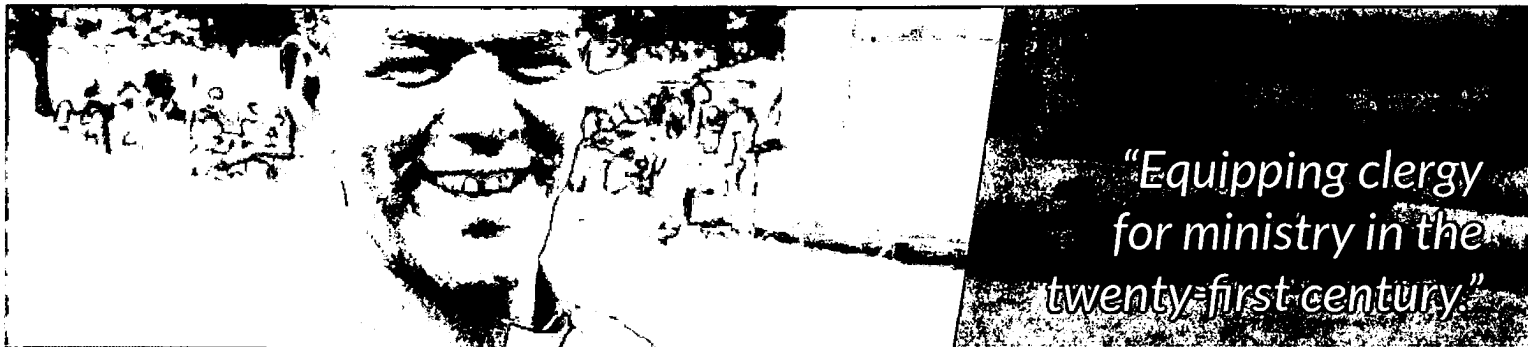
We were encouraged to see seven ordained deacon and eight ordained priest in the 2018 ordination service in June. They remain in our prayers for faithful and fruitful ministry.

Vocational Development

The annual Signpost course was held with a diverse group of people who met together to learn different vocations. As a result of the five week course, a number of them continued to explore their sense of vocation regarding a range of ministries.

Next year we will be giving more time to developing new discernment pathways to various vocations. There will be a monthly evening vocation session commencing in July 2019 aimed at journeying with people as they explore what it means to find their place and purpose in God's work.





CLERGY

Clergy and Readers-in-charge of parishes have benefitted from a range of stimulating and inspiring courses, lectures, and study grants across the year.

In the March Bishop's Study Morning there was a ground-breaking focus on Pastoral Ministry in Times of Tragedy, reflecting on the pastoral experience of ministering in the Grenfell Tower event and its aftermath by the local Vicar, Methodist Minister and Inter-faith Adviser at the Al-Manaar Cultural Centre & Mosque, Notting Hill. Their raw experience was complemented by general principles for ministry and self-care from the University of Exeter's Tragedy and Congregations project. The June Study Morning offered perspectives on the Blessings & Challenges of Religious Diversity led by Professor Gavin D'Costa of Bristol University. The November study morning on Luke's Gospel was led by Dr Cathy Ross, Canon Theologian of Leicester Cathedral and tutor at Ripon College Cuddesdon.

Our collaboration with partner dioceses in the West Midlands has continued to develop with a new course called *Stirring the Gift* which gives opportunity for clergy to give some sustained time to develop their personal artistic gifts in music, art, crafts etc. – often overlooked in busy ministry – with priest-poet Alan Everett as artist-in-residence. We also introduced a new event for clergy and clergy spouses to consider the implications of retirement, with practical input on housing, pensions and wills alongside personal and spiritual aspects of life beyond public representative ministry role.

In addition, over 35 grants from clergy CME funds helped clergy to go on retreat, make pilgrimages, including an inter-faith pilgrimage to the Holy Land and engage in study tours and mission visits including Bolivia, as well as developing ministry capacity in spiritual direction and in numerous other ways. Clergy continue to pursue theological study at a wide range of institutions including The Queen's Foundation Birmingham, Sarum College Salisbury, and Birmingham and Stafford Universities. We are delighted that three clergy have recently been awarded doctorates in studies which strengthen their ministry: The Revd Nick Tucker, The Revd Nick Drake, The Revd Canon John Barnett.

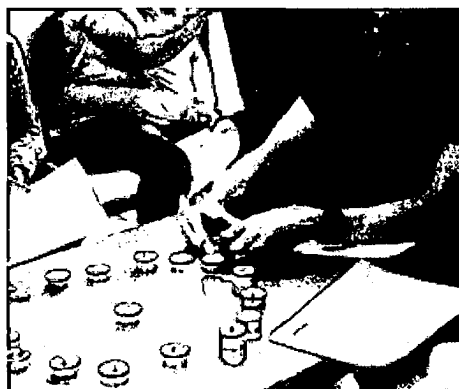
Among the regular monthly training events for Curates, one highlight was the annual Retreat at Holland House Cropthorne, taking a fresh look at Mary the mother of Jesus as she is represented in the New Testament, led by Canon Georgina Byrne of Worcester Cathedral. Curates and Training Incumbents are deeply appreciative of the wisdom The Revd Nick Ladd has brought to the role of Bishop's Adviser for Initial Ministerial Development and Clergy Formation. The insight and missional experience Nick has brought to the Curates' Programme and First Incumbents' residential in 2018 has been very valuable.

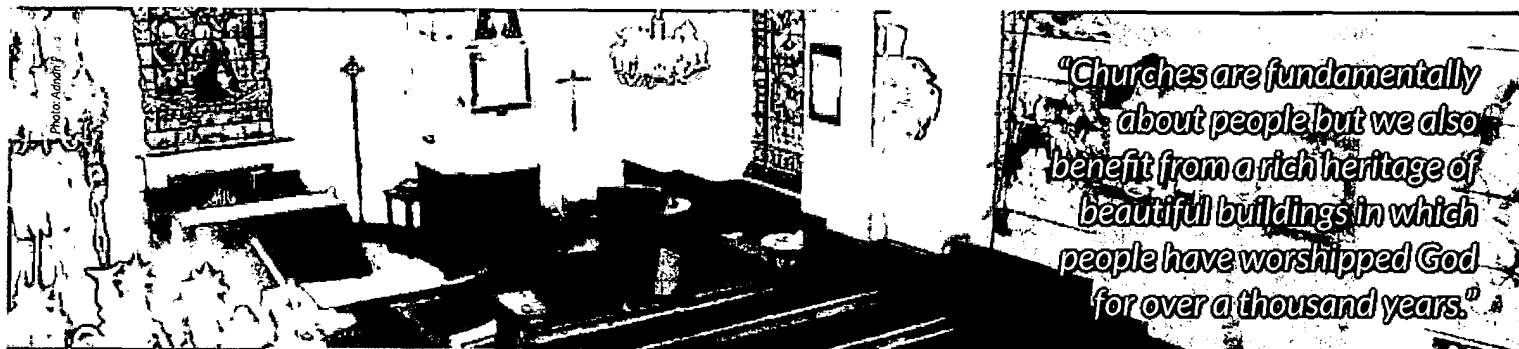
We continue to be grateful for a wealth of expertise and skill from Ministerial Development Review consultants and Curacy Assessors who support clergy in reflecting on their ministry and discerning areas in which they have scope for development.

Clergy wellbeing

The service offering pastoral care to clergy and their households has continued to be well used this past year. During a time of change and challenge, many find it helpful to seek out a space where issues and feelings can be voiced and thought about with an impartial other. Sometimes this might lead to some ongoing counselling or coaching; sometimes the one-off consultation is sufficient for some equilibrium to be regained. The service offers a range of types of counselling – including support for children and adolescents as well as couples counselling. It is a space to reflect upon wellbeing and sustainability in ministry, and to ensure that among the demands of the work, one's own needs are not forgotten.

*Towards the end of the year we said goodbye to **Heather McCartney** as Bishop's Adviser for Pastoral Care to Clergy and their Families. We are grateful for Heather's invaluable service in this vital area. We welcomed **Catrin Thorp** (pictured) to this role in December, initially on an interim basis before a permanent appointment.*





CHURCH BUILDINGS

The Diocesan Advisory Committee

The Diocesan Advisory Committee for the Care of Churches (DAC) provides advice to the Diocesan Chancellor and the Archdeacons on the effective stewardship and development of church buildings; church architecture, archaeology, art and history; conserving historic fabric and furnishings; and liturgy and worship.

The DAC is always available to engage with parishes working to maintain and grow their living church buildings as places of worship, mission and community engagement at all stages of a project, from discussing initial thoughts on possible initiatives to confirming final technical details for work to be carried out. For the Church of England to retain as much freedom over the development of its listed churches as possible, the essential requirement of its Faculty permission process is to achieve equivalence with civil consents in terms of due process, rigour, consultation, openness, transparency and accountability, while giving due regard to the mission and worship needs of parishes and congregations.

The DAC is constituted by experienced specialists, appointed by the Bishop's Council, who provide a senior consultant level of advice on a voluntary basis. It also includes the Archdeacons, two members of the Diocesan Synod and nominees from Historic England, the National Amenity Societies and a Local Government Association, giving each parish access to a very wide range of experience and input.



The Birmingham Diocesan Trust*

The land and property held by Parochial Church Councils (PCCs) and some Church of England schools is vested in the Birmingham Diocesan Trust, in addition to a PCC's charitable funds and endowments where the original capital cannot be spent. This is because a PCC is not able to hold these properties and endowments in its own name. However, the Trust acts as a legal custodian, only. The PCC is completely free to manage and develop its property and to deploy its funds and endowments, to support its mission and community engagement objectives. Sometimes, however, the trustees will need to agree to and sign formal legal documents alongside the PCC.

The Trust is made up of clergy and laity with experience in the law and the procedures relating to charities in general and the Church of England in particular. Six trustees are elected by the Diocesan Synod and five are appointed by the Bishop. All trustees offer their expertise to PCCs on a free and voluntary basis and are a very helpful source of guidance to parishes seeking to buy or sell land and property, and in managing their charitable funds.

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DAC highlights

In 2018, the Diocesan Chancellor granted 50 applications for works to church buildings, while 34 projects were given permission by the Archdeacons under List B. The DAC was involved in:

- 133 separate cases that covered everything from the installation of bicycle racks in the churchyard to the complete demolition and rebuilding of a church.
- Eight projects to reorder church spaces (of a wide variety of scales and at a full range of stages, from the formulation of initial ideas to approaching final completion) and develop the buildings as significant centres of worship, mission and community engagement. This included major projects at St Mary, Handsworth; St John the Baptist, Harborne; and St Philip, Dorridge.
- The restoration of a further three war memorials before the centenary of the end of the First World War, and the continuing initiative of the Commonwealth War Graves Commission to install signage at churchyards where war graves are located.
- Supporting major grant-funded repair projects, such as at St Alban the Martyr, Highgate and St Edburgha, Yardley.
- A wide range of everyday yet vital repair and improvement projects at churches, such as installing new heating systems, introducing new lighting, carrying out general building repairs and managing churchyard trees.

The DAC extended its particular thanks to Ben Smith for his hard work as the diocese's new Historic Places of Worship Support Officer, and to Adrian Mann, who left the diocese in early 2019 after serving for over eight years as DAC Secretary.



BDT highlights

The BDT was involved in:

- 19 separate cases for PCCs and schools, which covered everything from leasing church halls to provide community care facilities to the sale of houses to providing community care facilities, to selling houses to help fund major church building redevelopment projects.
- Supporting the Birmingham Diocesan Multi-Academy Trust in the further academisation of schools across the diocese and their inclusion within the diocesan trust.
- The transfer of an old alms house in the parish of St Peter, Maney to the local Young Men's Christian Association, for the provision of emergency accommodation to those in need across the wider area.
- Assisting PCCs in updating their management processes for charities and charitable funds held in their care.



TRANSFORMING COMMUNITIES



The Community Regeneration and Thrive Together Birmingham* teams support churches in their mission and ministry activities that connect them to their local neighbourhoods and challenge the impact of poverty and disadvantage on individuals and wider communities.

Many churches across the diocese are engaged in a multitude of activities that serve people experiencing poverty, such as foodbanks, money advice, refugee and asylum seeker groups and other local initiatives.

Our team has the responsibility for leading on a number of activities around the diocese, and for initiating new approaches, but also for raising the profile of the work that churches and Christians do, often in partnership with people of other faiths or people of goodwill. This work is crucial to the wellbeing of many people living in Birmingham and the wider West Midlands. Some of the activities we take a lead on are listed below. Most would not be possible without collaboration with other partners including local authorities, charities, businesses, faith organisations, local residents and community groups.

Places of Welcome From an idea generated in Birmingham in 2014 as part of Birmingham's Social Inclusion Enquiry, *Giving Hope Changing Lives*, a network of over 300 Places of Welcome has grown across the country. In Birmingham, Thrive has recruited a coordinator to grow the movement and as a result there are now about 70 Places of Welcome around the diocese.

Safe Spaces Recognising the lack of support and meeting places for many young people in Birmingham, Thrive is collaborating with Christian youth work organisations to encourage churches and Christian organisations to set up Safe Spaces for young people in neighbourhoods around the city. In effect, these are Places of Welcome specifically for young people hosted by Christian youth workers and volunteers.

Churches Winter Night Shelters The *Winter Night Shelter* programme ran smoothly for nearly four months with over 300 volunteers from eighteen churches and Christian organisations hosting twelve men who were homeless each night. This activity has been generously supported by churches and Christians across Birmingham, including a team from the Church of England - Birmingham who slept out at Edgbaston Cricket Ground to raise funds for the Winter Night Shelter, and St Basil's, who work with young people experiencing homelessness.

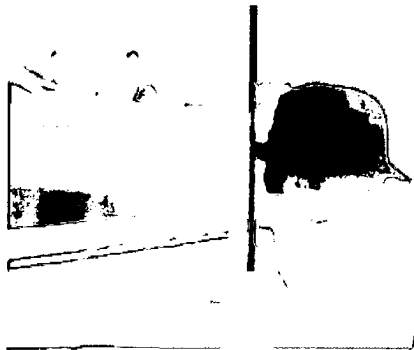
Body, Mind and Spirit Partnership Thrive manages the *Body, Mind and Spirit Partnership* (BMSP) which is a partnership of thirteen churches and Christian projects funded by a grant from Birmingham City Council to support older people around the city. Together

the partners facilitate activities for around 2,000 older people in neighbourhoods around Birmingham. Funding has been secured until October 2019 and the partners are working with council officers to develop plans for sustaining this important work for the future while also looking to expand the number of partner churches of different denominations who are engaged in prevention work with older people across Birmingham.

Poverty Truth Commission A key activity for Thrive this year has been hosting Birmingham's *Poverty Truth Commission*, enabling a group of commissioners - some of whom have lived experience of poverty - to meet fortnightly with others who have influence and power in the city. Together they have built friendship and shared experiences and perspectives of poverty in order to influence change. Key themes have emerged which have led to a focus on poverty and education, housing and mental health. These issues have been explored with senior people in the city and region who have leadership in these areas. Some positive actions have resulted and these will be followed up in 2019 as members of the Commission seek to raise the agenda of poverty in Birmingham.



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"Our focus remains on encouraging and supporting churches to connect to people in the neighbourhoods around them."

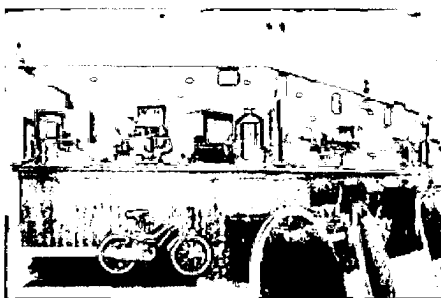


ECO-DIOCESE



Near Neighbours Funding from the government through the Department of Communities and Local Government has enabled us to sustain our *Near Neighbours* work bringing people with different backgrounds together to build friendships and community connections. Our Development Worker has delivered another small grants programme which has supported new groups to develop activities in their local neighbourhoods. Highlights this year have been an *International Women's Day* event delivered in partnership with Birmingham Museum and Art Gallery, a *Women in Leadership* programme bringing together women of different faiths to explore issues that are important to them, and discussion groups with a Civil Servant addressing issues of concern for particular communities in Birmingham whose voices are not normally heard.

Children and Families Thrive have been contracted through the NHS to contribute to Birmingham's new Early Years Partnership, *Forward Steps*. We are employing an Early Years Development Worker to visit and map church hosted Stay and Play groups around Birmingham and then help to develop a Community Stay and Play Network across the city. From this basis our worker will be offering support to churches and



faith groups who are interested in setting up Stay and Play groups.

Sandwell Churches Link Thrive continues to support *Sandwell Churches Link (SCL)* as they develop community activity across Sandwell. As an independent charity, Sandwell Churches Link have now become affiliated directly to the Church Urban Fund and funded as a recognised Joint Venture and equivalent to Thrive. This significantly helps their future sustainability. SCL continues to focus on creative responses to Food Poverty and Financial Inclusion as well as supporting churches in community development.

Supporting churches to connect to their local communities We are particularly keen to see churches and Christians participating alongside other local people and organisations; offering their assets – such as people, buildings and skills – to build stronger and more connected communities where residents are more likely to flourish. Over the last year members of the Thrive team have worked with numerous churches to help them think through how this might happen in ways that reflect their different contexts.

The highlight of the year has been achieving an Eco Diocese bronze award. Within two weeks in November four dioceses applied for the award and Birmingham was the third – fitting in with us being the third diocese to register in 2016. We were narrowly beaten by Salisbury and Guildford dioceses. It is a great result and has come about because so many congregations across the diocese were wanting to act out the fifth mark of mission in a practical ways and demonstrate their concern for the preservation of our planet.

Currently there are 35 churches who have registered their intent to become an Eco Church. Special thanks go to the churches who have gained awards enabling the diocese to reach Eco Diocese status:

Silver awards

- St Peter's, Maney
- United Church of St Paul, Balsall Heath

Bronze awards

- St Germain, Edgbaston
- St John the Evangelist, Perry Barr
- All Saints, Kings Heath
- St Barnabas, Kingshurst
- St John the Evangelist, Sparkhill
- St Mary, Wythall
- St Michael, Sutton Coldfield
- St George, Edgbaston

To reach a silver standard, we need 37 churches to be registered and 19 to have gained awards. Hopefully this number will be reached in the fairly near future!

In July, the *A Future for All...* environmental conference took place, organised jointly by Central England Quakers Low Carbon Commitment Forum and BACA (Birmingham Anglican Climate Action). Churches across the diocese were able to come together, learn and network with others who are also on the quest to gain Eco Church status.

LA ROCHE
Diocese of Birmingham





INTERFAITH

During 2018 the words often used to describe society were 'divided', 'polarised' and 'angry'.

This has made the backdrop against which churches are engaging with people of different faiths challenging, but hasn't dimmed their commitment to being God's faithful people amongst people of different faiths and beliefs. The Church of England – Birmingham has continued to support clergy and lay leaders in Presence and Engagement parishes through regular e-mails, training days and visits by the Director for Interfaith Relations for one-to-one consultations, preaching or speaking at midweek meetings. The Director continues to be supported by the *Presence and Engagement Team*, a group of clergy and lay workers who meet regularly to share insights, develop programmes of work and to build capacity enabling wider work amongst churches in this field.

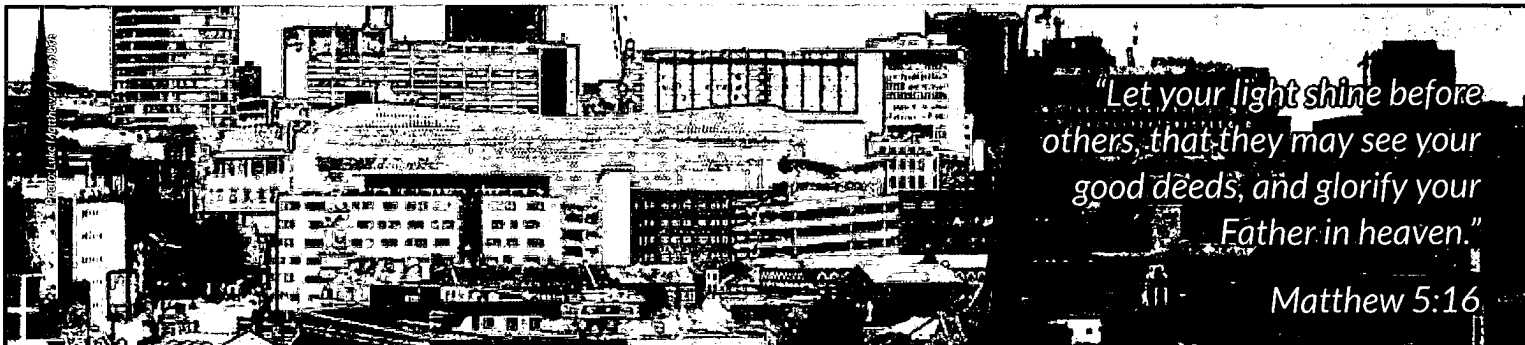
There have been some changes to the team this year and two key ones are worth mentioning. In May, Fr Julian Sampson was appointed to be vicar of All Saints, Small Heath and to be the Catholic Lead on Interfaith Engagement, one day a week. Working alongside the Director, he has a brief to encourage and support Anglican churches from the catholic tradition in Presence and Engagement areas. This is a very exciting appointment that will be of great benefit to these churches in the coming years. In September we said farewell to Revd Dr Richard Sudworth who has been appointed as Secretary for Inter-Religious Affairs to the Archbishop of Canterbury and National Inter-Religious Affairs Adviser for the Church of England, a key national appointment and one where, no doubt, his experiences from Birmingham will inform his work.

During the year the Director has continued to support the *Faithful Friends: On Tour* project from Smethwick which included an interfaith visit to India in January. Faithful Friends became the first Together for Hope project which is part of the reconciliation work of Coventry Cathedral and is a great endorsement of the many good interfaith projects in Sandwell. The *Faithful Friends: On Tour* project has now been written up as a simple 'how to' guide entitled *My Special Place* to encourage others to use the concept of visiting places to encourage good dialogue.

The Birmingham Conversations ran two short programmes during 2018. In March we partnered with the Birmingham Museum and Art Gallery to run three events that used art in the gallery as the springboard for discussions about the place of religion in public life. We also ran an event in partnership with St Philip's Cathedral as part of their *Divine Beauty* project to restore the Burne-Jones windows. People of different faiths were introduced to the windows and gave their own reflections on the designs. Considering the windows from the perspectives of other faith backgrounds brought about revealing and insightful conversations. The comments were recorded and will be used within the wider *Divine Beauty* project. Finally, the 2017 course *Living at Peace in a World of Conflict* has been written up and is available as a free download through the website: www.fncbham.org.uk

We also partnered with the Evangelical Alliance to produce a beautiful book entitled *Simply Eat* which includes stories, pictures and recipes to show how people use food and meal times as a space to share their faith with people of all faiths and backgrounds. The book has been well received and will continue to be made available to inspire and encourage others.





CHAPLAINCY*

Birmingham and Solihull are changing.

Cranes and construction sites pepper our region. Creativity, socio-economic justice and prosperity need to be held in communion. This was our message at the 2018 Annual Meeting with leaders from Birmingham and Solihull Councils. Faith organisations, including Chaplaincy, are part of the answer; and as CIGB Chaplaincy Volunteers grow in number and effectiveness, the interface spreads between the powerful in business and the values of faith.

CIGB Workplace Chaplaincy has been engaged with the ups and downs of the West Midlands economy for over 45 years, and has been part of the Church of England – Birmingham's engagement with the world of work. We thanked Hayward Osborne for his Chairing of CIGB for the last 13 years: it has been a period of growth and new projects. We are now a more diverse, volunteer-led ecumenical team, part-funded by the Church of England – Birmingham together with funding from other churches and donations from businesses.

Chaplaincy, with the structural changes of People and Places, is also changing the face of the church. Chaplaincy is a place to learn about doing Mission: "What are you doing here?" is a fairly common question to chaplains. Chaplains are living, visible signs that God is at work.

The diocese's parishes report 473 different chaplaincy ministries being exercised by members of our churches, following a 2018 audit. CIGB is but a small part of a growing Chaplaincy movement. A number of our Chaplains are exploring ordained ministry for the Church of England. Going out to love and serve the Lord is great joy.

A full report of our work can be found online:
www.cigb.org.uk/about-us/reports



Highlights from the year

- CIGB Chaplaincy is helping to bring life to the new Longbridge town centre. **God's Heart for Longbridge**, a partnership between churches and chaplains, is organising worship, social events and pastoral care in the town centre. The local Sainsbury's invited our **town centre chaplaincy** to lead their Remembrance prayers for the 100th anniversary of 1918; the **Bournville College chaplains** are key players in student and staff support, and every week the **residential care chaplains** lead Christian fellowship for over 40 elderly residents.
- While retail is struggling with challenges, our 26 **retail chaplains** are supporting staff who worry about their future. Likewise, our **Jaguar LandRover chaplains** are alongside the workers in the factories at Castle Bromwich and Solihull. Even small acts have a big impact – such as the chaplaincy's own Father Christmas giving out sweets on St Nicholas' Day to the German Market stallholders.
- Bosses at big organisations like NEC Group and Birmingham City Council are impressed by the chaplains' contributions to staff wellbeing. **Mindfulness Meditation** sessions are in big demand at the City Council.
- The belief that a faithful local economy is possible brings new people together through our social media channels, and also to our activities. We share events and have attracted people to join our chaplaincy teams. We support a Methodist project (www.adavu.org.uk) caring for victims of modern slavery; a terribly destructive, fast-growing economic crime. The first workshop of another project, **Ethical Money Church**, was well received; helping church people think through the connections between our beliefs and our use of financial power.

* The narrative on the activities are shown here to give an overview of all Diocesan activities. However, the financial information of these entities is not included in the BDBF financial statements.



"Celebrating our faith together and showing mutual support."

MALAWI PARTNERSHIP

Birmingham's partnership with Malawi began in 1966 but 2018 may prove one of the more significant years in this partnership.

New types of practical support In July, courtesy of St Michael's Boldmere, we invited Jesman Seva, a leading head teacher, to visit Birmingham and experience English education first hand. In October, when Malawi Partnership Officer Paul Bracher visited, he saw a host of new initiatives at Jesman's school. In summer 2019, this school will be used as the base for teacher skills share courses so that teachers from all over Malawi will be able to learn from this good practice.

In May / June, a member of St Hilda's Warley Woods offered training to leading people in Anglican institutions and dioceses on fund raising and writing contracts. He also drew up various legal templates and other documents to encourage good practice. These have now been disseminated all across Malawi.

Finally, throughout 2018, Birmingham, together with USPG and MACS, once again funded some internal auditing of Anglican institutions and dioceses so as to encourage better accounting practices.

We want to support Malawi financially – but we also increasingly want to support Malawi in practical ways.

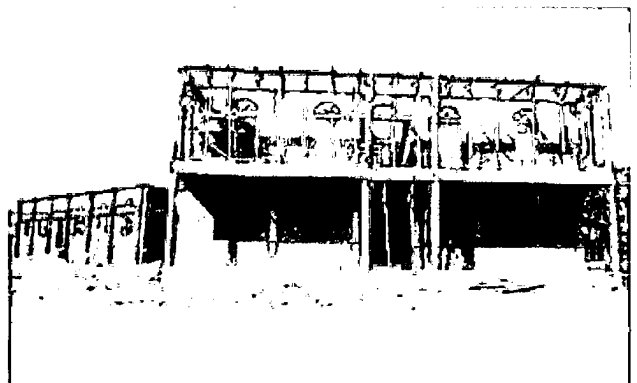
New ways forward Hitherto, Birmingham has given money to each of the four Malawian dioceses each year to spend on priestly ministry and running costs at their discretion. From now on, some of this will be earmarked for specific priests whom the dioceses cannot afford to pay because the parishes are either too poor or too new. Our website will have photos of these priests and updates on their parishes so we can be encouraged to pray as well as to give.

Also hitherto, Anglican dioceses and institutions (hospitals and schools) have tended to operate very independently from one another. One of Paul's aims in October was to encourage a much more co-ordinated approach, with some specific first steps suggested. In future Birmingham may therefore be supporting the Anglican Council of Malawi (financially and practically) so that it can take on a much more proactive co-ordinating role.

We want to support the church's ministry but we want to ensure our support is well-targeted.

New encouragements In many ways, Malawi and its church need support. In particular, as an institution, the Diocese of Upper Shire is in the midst of some very significant issues. However, just as importantly, there are also signs of God's presence in amazing ways. For example, Fr Andrew Banda's story: a Muslim convert who was nurtured by Christians when his family ostracised him and, with true visionary spirit, under the guidance of God, he opened a school whilst still in his twenties. Now he is a newly-ordained priest who has been given the brief of building up a brand new parish.

We want to support Malawi but we also need to learn from Malawi, not least from stories such as these!



How can people in Birmingham support the partnership?

- Please keep an eye on the newly revamped Malawi pages on the diocesan website: www.cofebirmingham.com/malawi.
- Please give to the Malawi Fund so we can support the people and purposes detailed on the site.
- Please use the website to pray.
- Please contribute to this year's container lorry which departed on 18th May.
- Please let the Task Group know if you have questions, if you would like to receive a presentation at your church or group, or if you are wondering if you could offer your services to the partnership in some way.

A huge thank you to all who have contributed in 2018!

"Go and make disciples of all nations, baptising them in the name of the Father and of the Son and of the Holy Spirit."

Matthew 28:19

BOLIVIA LINK

During this year there has been a further strengthening of the relationship between the Church of England – Birmingham and the Anglican Diocese of Bolivia.

Two congregations here have been added to those already actively committed to this relationship. Bishop David has given official status to a Task Group for Bolivia, and it now has a representative membership with potential to respond to new opportunities in the partnership. Undoubtedly the highlight in 2018 was a team visit to Bolivia.

At the invitation of Bishop Raphael Samuel, five clergy and three lay people from Birmingham made this visit from 10th to 28th August. We shared in activities in the local Anglican churches in Santa Cruz, Cochabamba, La Paz and Tarija. Notable among these were sessions on marriage enrichment, messy church in a crowded park, prayer walks in different districts, a visit to an impressive church plant initiative, consultations with government officials, and an interview on local television.

In three of the four team visits to Bolivia in the last five years we have shared in a diocesan training conference. This year the focuses of the sessions and workshops included these:

- Development of local leadership
- Team ministry based on the complementary gifts featured in Ephesians chapter four
- Hearing the voice of God and attentiveness towards him, Our daily walk with Christ, a 'taster' of the course on Intentional Discipleship being developed for churches in Bolivia and Birmingham, and more widely in South America
- Nigerian and Bolivian engagement in world mission

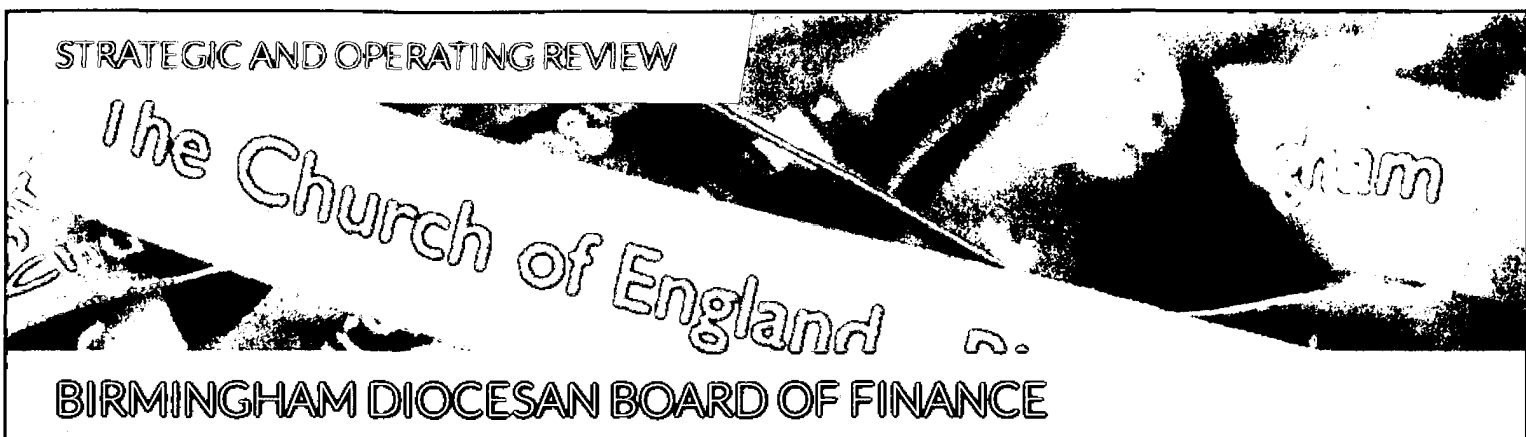
The experience of this conference and engagement on the local churches has prompted reflection on issues prominent in Bolivia but relevant too in Birmingham. We returned with these and other matters on our minds:

- The relationship between power and weakness in Christian ministry when by human calculation weakness is the most obvious?
- Clergy with overwhelming workloads getting sufficient rest
- The mobilisation of lay members through effective formation and training
- The question of whether a small minority church can seek to fulfil an ecumenical role and establish a national presence
- In a country where stability is under threat again, what expectations can Christians have regarding the future? How can Christian optimism and realism combine?

In the New Year we look forward to an interchange of experience with colleagues here in Birmingham relating particularly to Malawi and indeed with any and all engaged in intercultural mission and ministry. We also anticipate opportunities relating to pre-Lambeth 2020 hospitality.

Participants at the annual training conference in Cochabamba





Supporting the mission

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

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

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

Constitution

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

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

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

Delegation of day-to-day delivery The Trustees

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

Mr Andrew Halstead	Diocesan Secretary
Ms Melanie Crooks	Director of Finance
Mrs Sarah Smith	Director of Education
Mr Daniel Mayes	Property Director
Dr Jan Smart	Director of HR

Recruitment and training of trustees

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

Induction for new trustees consists of a one day course designed to ensure that all trustees are familiar with the BDBF's governing document and its aims and objectives. They are also given relevant literature which explains the role and obligations associated with their role as a director and trustee of the BDBF. Trustees then receive ongoing training as appropriate. This training is tailored to the individual needs of the trustees and may include introductions to church, company and charity law, an overview of current programmes and plans of the Diocese and an introduction to any special areas with which they will be working such as the Board of Education. Trustees are encouraged to visit Diocesan operations.

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

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

Management Structure

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

Board of Education The Diocesan Board of Education is a statutory body whose financial

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

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

Transforming Church Committee oversees the delivery of our strategic mission initiatives in line with our Transforming Church goals. This committee is in the process of being reconfigured in 2019 to align it with our developing strategic and operational arrangements.

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

Within the ministry of the Church of England in the Diocese of Birmingham, the BDBF plays an important role in co-operation with other persons and charities which form part of the Church. While the Bishop of Birmingham and his clergy have the cure of souls within the Diocese, the responsibility for the funding of clergy stipend costs, providing clergy housing, training clergy and other Diocesan costs falls to the BDBF. Some of these clergy are trustees of the BDBF and they are listed on page 3.

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

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

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

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

At local level key relationships include:

Parochial Church Councils (PCCs) which are the main income source for the BDBF through the Common Fund system. PCC's are independent charities and operate under the Parochial Church Councils (Powers) Measure 1956. They



"Supporting the mission of the Church of England in Birmingham!"

are able to influence decision making within the BDBF and at Diocesan Synod level through representation to those bodies and through the input of their Deanery Synods.

Church Urban Fund (CUF) Joint Venture which the Bishop of Birmingham, the BDBF and CUF are the founding members of a subsidiary of CUF "Thrive Together Birmingham". This is a company limited by guarantee with charitable status. The BDBF Director of Community Regeneration, an employee of BDBF, has oversight of the work of development workers who are employed by Thrive Together Birmingham.

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

Birmingham Diocesan Multi-Academy Trust which is the Diocesan multi-academy trust that was established during 2017. The six sponsored academies which were under the umbrella of The Diocese of Birmingham Educational Trust transferred to this multi academy trust on 1 September 2017. The trust grew to twelve schools during 2018.

Birmingham Cathedral with whom there is now an established pattern of close collaborative working, including the sharing of offices and associated resources.

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

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

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

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

Volunteers

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

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

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

Public Benefit

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

How our activities deliver public benefit

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

- **Clergy:** Providing parish and other clergy to offer Christian services and spiritual oversight.
- **Parochial Church Councils:** Assisting PCCs to provide churches, sacred spaces and worship services.
- **Parish Mission:** Assisting parishes particularly through the Transforming Church strategy and the Growing Younger initiative.
- **Education:** Contributing to the spiritual and moral education of children and young people in over 50 church schools.
- **Social action:** Contributing to and assisting in social action in parishes and elsewhere, such as food banks and night shelters.
- **Training:** Providing training and assistance in order that parishes have clergy and volunteers who are competent, for example,

to assist clergy in providing Christian services, visit the sick, and comfort the bereaved.

- **Grants:** Making grants to enable the national church institutions to function and have a positive wider influence.
- **World Mission:** In part through links with the Anglican Dioceses in Malawi and Bolivia.

Who benefits from our services?

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

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

Fundraising

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

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

Financial Review

The 2018 headline income figure of £11,386,000 shows an overall fall in income compared to £11,895,000 in the prior year. However, if we remove the impact of significant gains on the disposal of redundant assets in 2017 of £874,000, this gives us a prior year comparative income of £11,021,000 and conversely an apparent £365,000 increase in income. This is not the whole story and we need to dig deeper to understand the core underlying trends beneath the headlines.

The BDBF receives significant support from the Church Commissioners, as we noted last year the basis upon which funding is allocated to dioceses changed in 2017. Allocations are now derived from Lowest Income Communities funding based on the Index of Multiple Deprivation in each parish, together with more focus on strategic mission programmes within Strategic Development Funding. The level of Lowest Income Communities funding by the Church Commissioners reduces each year for the next 10 years with no inflationary increases – our first annual reduction in 2018 was £16,000 reducing our funding to £1,982,000. During this period of transition to the new funding allocation model, we have been able to access Strategic Restructuring funding of £232,000 from Church Commissioners for specific activities which has helped to cushion the financial result for the year.

We have continued to reap the financial benefits of Strategic Development funding through a full 12 months of activities under both the Growing Younger and Shaping the Future programmes contributing income of £810,000. However, these income sources are restricted in nature and can only be utilised for specific activities. A further £106,000 of restricted grant income has been received to support resourcing and planting church initiatives along with mission facilitators and our places of worship support officer role. We are immensely grateful to Church Commissioners, All Churches Trust, The Jerusalem Trust, Historic England and the many other donors who share our mission vision.

Underpinning our day to day diocesan finances is our single largest source of income – parochial contributions or “Common Fund” from our parishes. We recognise that this is a huge commitment from our parishes and again we are immensely grateful for their continued support. However, parishes were unable to increase their current year Common Fund and the budgeted Common Fund target was not met for the third year running. This is against a backdrop of a 1% increase in the diocesan stipend rate, in line with the rise in the national minimum stipend as promulgated by the National Church Institutions.

Remitted statutory fees from occasional offices (such as weddings and funerals) experienced a

further significant fall of 12% on the prior year with increasing competition from non-religious venues and also from other denominations and those of no faith. This was again a decrease for the third year running.

It is against this backdrop that we have undertaken a overhaul of the common fund methodology for 2019, to complement the work we are carrying out under the “People & Places” deployment framework.

Overall expenditure is £11,433,000 compared to £11,073,000 in 2017. The main areas of investment are within missional initiative programmes such as Shaping the Future, All Churches Trust Mission Apprentices, together with restructuring and historical places of worship support. All funded by restricted income sources. Expenditure in other core areas has been contained. Despite this, the general, unrestricted fund has recorded a net trading deficit of (£164,000) for the year which reflects the impact of static common fund and decreasing statutory fees incomes.

On an overall funds basis, there is a deficit for the year of (£47,000) (2017: £822,000 surplus) before considering unrealised losses on the year end revaluation of investments (£473,000) and a reduction in the clergy pension scheme deficit in the year yielding a further £342,000.

Work has continued developing a five-year and beyond, sustainable financial and organisation plan, informed from a broad review of:

- ministry deployment: ordained and lay, paid and unpaid, parochial and pioneer
- parish finances, including common fund contributions and parochial fees
- centrally organised parish support services
- an emerging buildings strategy
- possible additional funding streams

Significant Property Transactions

We have disposed of a surplus property and invested in a new parsonage during the year. As part of our continuing review of our estate's strategy, we have earmarked two further properties and a piece of glebe land for disposal in the next 12 to 24 months. During 2019, we are embarking on a 5-10 year development plan review.

Our property policy continues to be:

- To replace unsuitable properties;
- To accommodate the changing geographical deployment of clergy within the diocese;
- To realise development potential in some properties, thereby using our resources more effectively for the mission and ministry of the Church.

Balance Sheet position

The BDBF trustees consider that the balance sheet, together with details in note 21 to the financial statements show broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. While the net assets at the balance sheet date totalled £42,559,000 (2017: £42,737,000), it must be remembered that included in this total are properties, mostly in use for ministry whose value amounted to £23,951,000 (2017: £23,672,000). Much of the remainder of the assets shown in the balance sheet are held in restricted funds and cannot necessarily be used for the general purposes of the BDBF.

Factors that may impact on future financial performance

There are a number of factors which can impact on the BDBF's ability to meet its objectives, but which are outside its control. Most important is the collection of the Common Fund from the parishes. Any significant shortfall in that collected could have implications for our mission objectives and deployment.

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

As noted above, the BDBF receives significant support from the Church Commissioners and although we are one of the most economically deprived dioceses within the Church of England, the level of support based on economic need is reducing over the next 10 years, with no inflationary uplifts. This brings into focus our business planning activities as we “reimagine” the shape of mission and ministry for the next generation.

Reserves Policy

Free reserves are maintained for the following purposes:

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

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

“The BDBF aims to maintain the equivalent of at least 3 months operating expenditure in cash and readily liquid assets in the general unrestricted fund. This excludes all designated funds and loans. The policy is to be reviewed on an annual basis”

In arriving at the minimum amount, account has been taken of the Board's well established effective income raising and budgeting process. Most income is now received in a steady stream throughout the year and performance against budget is monitored regularly.

We held this position over the year.

The unrestricted reserve stands at £5,829,000 (when designated funds of (£1,539,000) deficit are considered). The overall net designated fund deficit includes the total clergy and church workers pension scheme liabilities of £3,016,000. An amount of £2,560,500 representing 3 months operating expenditure is retained as a general reserve to allow for any unexpected rises in expenditure or shortfall in income. The trustees believe that retaining such reserves will cushion the BDBF from short term revenue problems and will enable them to meet their legal requirements in case of serious financial problems.

Reserves tied up in fixed assets

The unrestricted general fund comprises of net assets amounting to £7,368,000 of which £5,895,000 is tied up in tangible fixed assets.

Designated funds

The BDBF may with the approval of the board, designate additional unrestricted reserves to be retained for an agreed purpose where this is considered prudent. Such designated reserves are reviewed on an annual basis and returned to the general fund in the event that the purpose of their destination is no longer considered adequate for their retention. A description of each reserve with the intended use of the reserve is set out in note 22. The most significant designated reserve is the full provision for the payment of deficit contributions to the clergy and church workers pension schemes over the period to 31 December 2027. This amounts to £3,016,000 as at 31 December 2018.

Restricted and endowment funds

As set out in note 22 the BDBF holds and administers a number of restricted and endowment funds. As at 31 December 2018 restricted funds totalled £8,213,000 (2017: £8,333,000) and endowment funds totalled £28,517,000 (2017: £28,881,000). Neither are available for the general purposes of the BDBF.

Investment Policy

The BDBF maintains a review of its investments through its FIPS subcommittee, which also monitors performance against market benchmarks and considers the adequacy of its investment mix.

A revised Statement of Investment Principles was adopted in 2014. The overarching investment principles are as follows:

- Implement a balanced asset allocation approach to the portfolio with a medium risk profile;
- Portfolio to be well diversified to provide an appropriate base for both long term capital and income growth. This has led to a reallocation of the portfolio against its constituent types of investment;
- Performance to in excess of the WM Balanced Index benchmark;
- Performance at least 2% better than the Retail Price Index;
- The Church of England Ethical Investment Forum guidelines will be complied with.

The portfolio is managed in the following manner:

- Direct property investments managed by Knight Frank Bruton Knowles thereafter
- Marketable investments actively managed by Smith & Williamson
- Remaining funds within CCLA/ CBF funds on a self-managed basis.

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

Investment performance on a total return basis has been challenging over the last 12 months with global markets nervous around US economic and political stances alongside the uncertainty of the UK Brexit withdrawal conditions. Performance against the WM Balances Index benchmark was 0.18% above the WM Balanced Index benchmark on a total return basis on a 12-month performance basis. However, both the fund and the benchmark displayed a negative year on year performance (being minus 4.57% and minus 4.75% respectively). Investment management advisor performance for both direct property and marketable investments will continue to be robustly monitored in the forthcoming year.

Grant making policy

The BDBF has established its grant making policy to achieve its objectives for public benefit (as detailed on page 23). We deliver our public benefit to the wider population in the Diocese by the work of our parishes. We support this work by grant programmes that help parishes to further engage and service their local communities. This may be mission activities, community regeneration, church maintenance, schools and world mission. All grant applications must be made in writing. Parish mission and delivery plans and available resources are taken into account in the distribution of available grants.

Remuneration of key management personnel

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

Principal risks and uncertainties

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

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

The trustees undertake an annual risk analysis exercise. The analysis includes a consideration of risks (financial/operational/reputational damage) which could impact seriously on the BDBF's operation and development. The Finance, Investment and Property subcommittee oversees the implementation of the recommendations arising out of this risk analysis exercise.

The risk analysis exercise identified five areas where the risk of either failure to act or the impact of the events is considered high. These areas and the associated mitigation strategies are shown on the table on the following page:

STRATEGIC AND OPERATING REVIEW

For year ended 31 December 2018 / Company Number: 440966

AREA	MITIGATION STRATEGIES
Non-payment of Common Fund.	<ul style="list-style-type: none"> Monthly review of payment profile assisted by proactive discussions with parishes. Monthly payment discount incentives.
Failure to grow the Church in its mission – specifically Shaping the Future, church planting and resourcing.	<ul style="list-style-type: none"> Oversight groups in place for effective monitoring of mission goals and financial impact consequences.
Future funding of clergy posts given the pressure from the national church to increase the number of stipendiary ordinands and clergy pensions.	<ul style="list-style-type: none"> Although difficult to mitigate at Diocesan level, it will influence our future clergy deployment and approach to ministry.
Failure to 're-imagine' mission and ministry structures within the People and Places Framework.	<ul style="list-style-type: none"> Dedicated Programme Director and Manager. Oversight group in place for effective monitoring of progress.
Litigation and associated legal costs, especially with respect to public scrutiny of safeguarding.	<ul style="list-style-type: none"> Comprehensive training programme for all parishes. Independent scrutiny group established. Safeguarding Management Group monitors Diocesan compliance.

Plans for future periods

Our vision to 'grow churches as the heart of each community' remains central to our plans for future periods. Over the last 18 months we have been listening, talking, praying and working across the diocese to discern the right framework of ministry and mission that is a good fit for our diverse city region. We want to:

- Grow a vibrant church
- Help Christians become more confident in their faith and mission
- Be sustainable
- Make sure resources are shared more fairly.

From this People & Places was born, as a new framework for church leadership, ministry and mission that will help us to meet these aims. It recognises that our pattern of ministry and mission needs to be relevant to each local context and will vary across locations. Underpinning this, is the roll-out of a revised Common Fund methodology that includes distinct intentional generosity amongst the diocesan family. The framework offers opportunities for all God's people to play a part in growing churches.

Director's Report

Going concern

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

Charitable and political donations

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

Taxation status

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

Trustees' Indemnity Insurance

Details of the trustees' indemnity insurance policy is included in note 13 to the financial statements on page 42.

Responsibilities of the trustees

The trustees are responsible for preparing the Trustees' Annual Report and the incorporated Strategic Report and the financial statements in accordance with applicable law and regulations.

A list of trustees who held office from 1 January 2018 to the date of this report is given on page 3.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the incoming resources and application of resources, including the income and expenditure of the charitable company for that period.

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

- select suitable accounting policies and then apply them consistently
- make judgments and accounting estimates that are reasonable and prudent

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

Statements as to disclosure of information to auditors

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

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

The Annual Report of the Trustees prepared under the Charities Act 2011, which also contains all information required in a Directors' Report by the Companies Act 2006, and the incorporated Strategic Report prepared under the Companies Act 2006 were approved by the Board of Trustees on 27 June 2019 and signed on its behalf by:

AW Halstead

Mr Andrew Halstead
Diocesan and Company Secretary

The Structure of the Church of England

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

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

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

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

The three National Church Institutions

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

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

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

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

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

The Diocese

The Cathedral Birmingham Cathedral is the Mother Church of the Diocese and legally is constituted as a separate charity currently exempt from Charity Commission registration and supervision. Copies of its trustees' report and financial statements may be obtained from the Cathedral Offices, 1 Colmore Row, Birmingham, B3 2BJ.

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

- consider matters affecting the Church of England in the Diocese
- act as a forum for debate of Christian opinion on matters of religious or public interest
- advise the bishop where requested
- deal with matters referred by General Synod
- provide for the financing of the Diocese.

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

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

The Bishop's Council

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

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

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

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

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

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

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

COMPANY NUMBER: 440966

Opinion on financial statements

We have audited the financial statements of Birmingham Diocese Board of Finance (the 'charitable company') for the year ended 31 December 2018 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 2018 and of its incoming resources and application of resources, including its 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 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report 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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Annual Report of the Trustees, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and Strategic Report included within the Annual Report of the Trustees have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic Report included within the Annual Report of the Trustees.

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

- adequate accounting records have not been kept, 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 statement of trustees' responsibilities set out on page 30, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

RJM UK Add Ltd
Philip Coleman Senior Statutory Auditor

For and on behalf of
RSM UK AUDIT LLP, Statutory Auditor

Chartered Accountants, St Philips Point,
Temple Row, Birmingham, B2 5AF

Date 27 June 2019

STATEMENT OF FINANCIAL ACTIVITIES

For year ended 31 December 2018 / Company Number: 440966

		Restricted funds		Unrestricted funds		Total funds 2018	Total funds 2017
		Endowment funds	Other funds	Designated funds	Undesignated funds		
		£'000	£'000	£'000	£'000		
Note						£'000	£'000
INCOME							
Income and endowments from:							
Donations:	2						
Parish contributions		-	33	-	5,589	5,622	5,631
Archbishops' Council		-	1,176	-	1,982	3,158	2,545
Other donations		-	129	30	796	955	1,283
Charitable activities	3	-	119	-	474	593	567
Other trading activities	4	-	-	-	312	312	294
Investments	5	11	202	15	492	720	701
Other income	6	26	-	-	-	26	874
TOTAL INCOME		37	1,659	45	9,645	11,386	11,895
EXPENDITURE ON							
Raising funds	7	10	-	-	179	189	159
Charitable activities	8	8	1,758	(197)	9,604	11,173	10,840
Other expenditure	9	-	-	45	26	71	74
TOTAL EXPENDITURE		18	1,758	(152)	9,809	11,433	11,073
Net (expenditure) / income before investment gains and losses		19	(99)	197	(164)	(47)	822
Net (losses) / gains on investments		(383)	(21)	(5)	(64)	(473)	712
NET (EXPENDITURE) / INCOME		(364)	(120)	192	(228)	(520)	1,534
NET MOVEMENT IN FUNDS							
Transfers between funds	22	-	-	(14)	14	-	-
Other recognised gains / (losses)	24	-	-	342	-	342	37
Gains / (losses) on revaluation of fixed assets		-	-	-	-	-	738
NET MOVEMENT IN FUNDS		(364)	(120)	520	(214)	(178)	2,309
Total funds brought forward		22	28,881	8,333	(2,059)	7,582	42,737
TOTAL FUNDS CARRIED FORWARD		22	28,517	8,213	(1,539)	7,368	42,559

Transfers between Funds

For analysis of Transfers between Funds see note 22

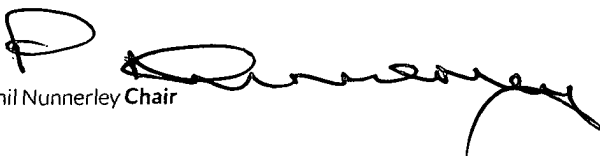
All activities derive from continuing operations.

BALANCE SHEET

For year ended 31 December 2018 / Company Number: 440966

	Note	2018		2017	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	15	24,162		23,907	
			24,162		23,907
INVESTMENTS	16				
Investment properties		5,023		5,038	
Other investments		11,320		11,772	
			16,343		16,810
TOTAL FIXED ASSETS			40,505		40,717
CURRENT ASSETS					
Current asset investments	17	1,311		1,880	
Debtors	18	858		998	
Cash at bank		4,366		4,410	
		6,535		7,288	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	19	(1,783)		(1,767)	
NET CURRENT ASSETS			4,752		5,521
TOTAL ASSETS LESS CURRENT LIABILITIES			45,257		46,238
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	20		(2,698)		(3,501)
NET ASSETS	22		42,559		42,737
FUNDS					
Restricted income funds			8,213		8,333
Endowment funds			28,517		28,881
Unrestricted income funds					
Designated			(1,539)		(2,059)
Undesignated	22		7,368		7,582
			42,559		42,737

The Statement of Financial Activities, Income and Expenditure Account, Cash Flow Statement and the Notes form part of these financial statements. The financial statements were approved by the Board of Trustees and authorised for issue on 27 June 2019 and signed on behalf of the Board by:


 Mr Phil Nunnerley Chair

INCOME AND EXPENDITURE ACCOUNT

For year ended 31 December 2018 / Company Number: 440966

	2018	2017
	£'000	£'000
Total incoming resources	11,349	11,885
Resources expended	(11,415)	(11,052)
Net income before (losses)/gains for the year	(66)	833
Net (losses)/gains on investments	(90)	211
NET (EXPENDITURE) / INCOME FOR THE YEAR	(156)	1,044
Other comprehensive income:		
Net assets transferred to endowments	-	-
TOTAL COMPREHENSIVE (EXPENDITURE) / INCOME	(156)	1,044

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

CASH FLOW STATEMENT

For year ended 31 December 2018 / Company Number: 440966

	2018	2017
	£'000	£'000
NET CASH (USED IN) / PROVIDED BY OPERATING ACTIVITIES	(964)	190
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends, interest and rent from investments	720	694
Interest paid	(2)	(4)
Proceeds from sale of:		
Tangible fixed assets for the use of the BDBF	496	874
Fixed asset investments	854	451
Investment property	41	-
Purchase of:		
Tangible fixed assets for the use of the BDBF	(320)	(647)
Fixed asset investments	(826)	(916)
NET CASH (USED IN) / PROVIDED BY INVESTING ACTIVITIES	963	452
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans repaid by BDBF	(101)	(335)
Loans repaid to BDBF	59	235
New loans made by BDBF	(1)	(56)
NET CASH (USED IN) / PROVIDED BY FINANCING ACTIVITIES	(43)	(156)
CHANGE IN CASH AND CASH EQUIVALENTS IN THE REPORTING PERIOD	(44)	486
Cash and cash equivalents at 1 January	4,410	3,924
Cash and cash equivalents at 31 December	4,366	4,410

1. PRINCIPAL ACCOUNTING POLICIES

Basis of accounting

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

Going concern

The trustees assess whether the use of the going concern is appropriate i.e. whether there are any principal uncertainties, related events or conditions that may cast significant doubt on the ability of the BDBF to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of the authorisation for issue of the financial statements and have concluded that the BDBF has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the BDBF's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

The principal accounting policies and estimation techniques are as follows:

Turnover

The BDBF does not undertake trading on its own account. There was a subsidiary company which gift aids its profits to the BDBF:

Birdbof Properties Limited – a wholly owned property investment company. This company has been dormant since 2 June 2016 and was struck off at Companies House on 1 August 2017.

Income

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

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

Grant income Income from the Archbishops' Council is accounted for on a receivable basis and represents the annual grant for Diocesan and parish mission, the funds for which originate in a block grant by the Church Commissioners to the Archbishops' Council. The annual grants from the Archbishops' Council may be used for either mission and ministry support for lower income communities (Lower Income Communities Fund), restructuring activities (Restructuring Fund) or the Growing Younger and Shaping the Future mission programmes

(Strategic Development Funding). Other grant income is recognised when receivable.

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

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

Birmingham Diocesan Endowment Fund income The income from this fund is restricted for purpose of clergy stipends. However the income is fully expended within the year of receipt and the legal restrictions therefore are satisfied. It is on this basis that the income and the (normally much larger) related expenditure are both included in the unrestricted column of the Statement of Financial Activities for the sake of greater clarity and simplicity in financial reporting.

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

Expenditure

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

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

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

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

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

Support costs Support costs consist of central management, administration and governance costs. These are costs which are not directly attributable to a specific charitable activity.

Pension costs and other post-retirement benefits The BDBF contributes to the Church of England Funded Pension Scheme for clergy and the Church Workers Pension Fund for other staff. Both these schemes are multi-employer pension schemes. The pension costs charged as resources expended represent the BDBF's contributions payable in respect of the accounting period, in accordance with FRS102. Deficit funding liabilities for the pension schemes to which the BDBF participates is recognised at the present value of contributions payable that arise from the deficit funding agreement. The liability is recognised in creditors distinguishing between contributions falling due within one year and after more than one year. Details of the schemes are given in note 24 to the financial statements.

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

Tangible fixed assets and depreciation

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

The BDBF has a policy of regular structural inspection, repair and maintenance, which in the case of residential properties is in accordance with the Repair of Benefices Buildings Measure 1972 and properties are therefore unlikely to deteriorate or suffer from obsolescence. In addition, disposals of properties occur well before the end of their economic lives and disposal proceeds are usually not less than their carrying value.

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

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

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

Redundant churches are included at no value.

Investment properties In accordance with FRS102, investment properties are carried at their fair value and this is considered by the Trustees annually and the aggregate surplus or deficit is recognised in the Endowment Fund and Glebe Fund. Investment properties were last professionally, independently valued as at 31 December 2015, the results of which are included in these financial statements. If an asset changes category in the period under review, then a professional valuation of the property is undertaken as the property changes category. The next professional valuation of properties is due as at 31 December 2020. No depreciation is provided on investment properties.

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

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

Computer equipment 3 years

Office furniture and fittings 10 years or the end of the property lease if relating to tenants improvements

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

Critical accounting estimates and areas of judgement

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

Valuation of investment properties The BDBF carries its investment properties at fair value, with changes in fair value being recognised in the Statement of Financial Activities. The BDBF engaged independent valuation specialists to determine fair value at 31 December 2015. Some of the key assumptions used to determine the fair value of these assets are based on the valuer's knowledge and experience of the market and values of similar properties, which could be deemed subjective.

Current assets held for resale The BDBF carries its current assets held for resale at fair value, which includes the estimated realisable proceeds net of costs associated with selling the asset. The estimated net proceeds are based on the "for sale" price and associated costs determined by an independent valuation specialist or an offer made by a buyer post year end.

Concessionary loans Concessionary loans (both made and received) are initially recognised at

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

Funds

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

Endowments

The Endowment Funds are those whose capital represent permanent endowment and are therefore not available for revenue expenditure.

For two of the funds, the income derived from the properties and other investments is available for meeting the costs of clergy stipends:

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

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

Details of the other two endowment funds are given in Note 22 to the financial statements, along with details of other major funds held by the BDBF.

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

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

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

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

Trade debtors which are receivable within 1 year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost being the transaction price less any amounts settled and any impairment losses.

Trade creditors payable within 1 year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less amounts settled.

NOTES TO THE ACCOUNTS

For year ended 31 December 2018 / Company Number: 440966

2. DONATIONS

Parish contributions:

Common Fund – current

Common Fund – prior

TOTAL COMMON FUND

Contributions to Malawi Fund

TOTAL PARISH CONTRIBUTIONS

Archbishops' Council:

Strategic Restructuring

Strategic Development

Lowest Income Communities Funding

Resourcing Ministerial Education Block Grant

TOTAL ARCHBISHOPS' COUNCIL

Other donations:

Stipend sources

All Churches Trust

Other donations to Malawi Fund

Historic England – Places of Worship officer

Resourcing Church – fabric

Jerusalem Trust – Growing Younger Facilitators

Other donations

TOTAL OTHER DONATIONS

Restricted funds		Unrestricted funds		Total funds 2018	Total funds 2017
Endowment funds	Other funds	Designated funds	Undesignated funds		
£'000	£'000	£'000	£'000	£'000	£'000
-	-	-	5,540	5,540	5,561
-	-	-	49	49	34
-	-	-	5,589	5,589	5,595
-	33	-	-	33	36
-	33	-	5,589	5,622	5,631
-	232	-	-	232	-
-	810	-	-	810	518
-	-	-	1,982	1,982	1,998
-	134	-	-	134	29
-	1,176	-	1,982	3,158	2,545
-	-	-	645	645	751
-	-	-	136	136	236
-	15	-	-	15	24
-	23	-	-	23	-
-	68	-	-	68	183
-	15	-	-	15	-
-	8	30	15	53	89
-	129	30	796	955	1,283

The annual grants from Archbishop's Council may be used for either specific parish mission and development projects or for clergy stipends. The Strategic Development Funding is restricted to the Growing Younger and Shaping the Future programmes of mission activities. The Resourcing Ministerial Education Block Grant is to be used for approved clergy training pathways. The Strategic Restructuring Funding is restricted to activities that support diocesan strategic development work.

3. INCOME FROM CHARITABLE ACTIVITIES

Statutory fees

Parish training events

Insurance proceeds

Schools training events and services

Payroll Bureau service

Interest receivable on parish loans

TOTAL

Restricted funds		Unrestricted funds		Total funds 2018	Total funds 2017
Endowment funds	Other funds	Designated funds	Undesignated funds		
£'000	£'000	£'000	£'000	£'000	£'000
-	-	-	384	384	436
-	-	-	24	24	11
-	-	-	20	20	-
-	114	-	-	114	68
-	-	-	16	16	10
-	5	-	30	35	42
-	119	-	474	593	567

4. OTHER TRADING ACTIVITIES

Housing income

Recharges to other Christian organisations

Recharges to Diocese of Birmingham Educational Trust

TOTAL

Restricted funds		Unrestricted funds		Total funds 2018	Total funds 2017
Endowment funds	Other funds	Designated funds	Undesignated funds		
£'000	£'000	£'000	£'000	£'000	£'000
-	-	-	301	301	252
-	-	-	7	7	8
-	-	-	4	4	34
-	-	-	312	312	294

NOTES TO THE ACCOUNTS

For year ended 31 December 2018 / Company Number: 440966

5. INVESTMENT INCOME

Dividends and interest

Rents

TOTAL

Restricted funds		Unrestricted funds		Total funds 2018	Total funds 2017
Endowment funds	Other funds	Designated funds	Undesignated funds		
£'000	£'000	£'000	£'000	£'000	£'000
11	192	15	274	492	479
-	10	-	218	228	222
11	202	15	492	720	701

6. OTHER INCOME

Gain on sale of fixed assets

Sale of closed school

TOTAL

Restricted funds		Unrestricted funds		Total funds 2018	Total funds 2017
Endowment funds	Other funds	Designated funds	Undesignated funds		
£'000	£'000	£'000	£'000	£'000	£'000
26	-	-	-	26	174
-	-	-	-	-	700
26	-	-	-	26	874

7. FUND RAISING COSTS

Investment management costs

Property rental costs

TOTAL

Restricted funds		Unrestricted funds		Total funds 2018	Total funds 2017
Endowment funds	Other funds	Designated funds	Undesignated funds		
£'000	£'000	£'000	£'000	£'000	£'000
-	-	-	29	29	29
10	-	-	150	160	130
10	-	-	179	189	159

8. EXPENDITURE ON CHARITABLE ACTIVITIES

Contribution to Archbishops' Council:

Training for ministry

National Church responsibilities

Mission agency pension costs

Retired clergy housing costs

Pooling of ordinands maintenance grants

TOTAL

Resourcing Ministry and Mission:

Parish Ministry:

Stipends and National Insurance

Pension contributions

Housing costs

Removal, resettlement and grants

Training for ministry tuition fees

Archdeacons, vocations, chaplaincy & other expenses

TOTAL

Mission grants

Support for parish ministry

TOTAL

Expenditure on Education:

Support for Church Schools

TOTAL

Restricted funds		Unrestricted funds		Total funds 2018	Total funds 2017
Endowment funds	Other funds	Designated funds	Undesignated funds		
£'000	£'000	£'000	£'000	£'000	£'000
-	-	-	184	184	182
-	-	-	162	162	160
-	-	-	2	2	1
-	-	-	61	61	60
-	-	-	(11)	(11)	(57)
-	-	-	398	398	346
-	-	-	-	-	-
-	397	-	3,799	4,196	4,141
-	36	(423)	1,282	895	817
-	-	-	1,189	1,189	1,023
8	15	-	167	190	230
-	120	-	-	120	28
-	28	-	352	380	336
8	596	(423)	6,789	6,970	6,575
-	53	5	31	89	126
-	702	221	2,187	3,110	3,284
-	755	226	2,218	3,199	9,985
-	-	-	-	-	-
-	407	-	199	606	509
8	1,758	(197)	9,604	11,173	10,840

NOTES TO THE ACCOUNTS

For year ended 31 December 2018 / Company Number: 440966

9. OTHER EXPENDITURE

Interest payable on other loans
Loss on sale of property
Interest charge on pension liabilities

TOTAL

Restricted funds		Unrestricted funds		Total funds 2018	Total funds 2017
Endowment funds	Other funds	Designated funds	Undesignated funds		
£'000	£'000	£'000	£'000	£'000	£'000
-	-	-	2	2	4
-	-	-	24	24	15
-	-	45	-	45	55
-	-	45	26	71	74

10. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

RAISING FUNDS

Charitable activities

Contributions to Archbishops' Council
Resourcing parish ministry
Education
Other

	179	-	-	179
	-	398	-	398
	9,032	253	894	10,179
	220	205	181	606
	71	-	-	71
	9,502	856	1,075	11,433

	Activities directly undertaken	Grant funding of activities	Support costs	Total 2018
	£'000	£'000	£'000	£'000
RAISING FUNDS	159	-	-	159
Charitable activities				
Contributions to Archbishops' Council	-	346	-	346
Resourcing parish ministry	8,592	126	1,267	9,985
Education	277	92	140	509
Other	74	-	-	74
	9,102	564	1,407	11,073

11. ANALYSIS OF SUPPORT COSTS

Support for Schools
Administration and premises
Church Workers Pension Scheme
Synod and Diocesan Advisory
Committee Support
Governance:
Auditors – external audit
Auditors – other services
Registrar and Chancellor

TOTAL

Restricted funds		Unrestricted funds		Total funds 2018	Total funds 2017
Endowment funds	Other funds	Designated funds	Undesignated funds		
£'000	£'000	£'000	£'000	£'000	£'000
-	181	-	-	181	140
-	-	-	741	741	841
-	-	(26)	-	(26)	316
-	23	-	99	122	68
-	-	-	17	17	16
-	-	-	2	2	-
-	-	-	38	38	26
-	204	(26)	897	1,075	1,407

12. ANALYSIS OF GRANTS MADE

	Number	Individuals	Institutions	2018 Total	2017 Total
		£'000	£'000	£'000	£'000
From unrestricted funds for national church responsibilities:					
Archbishops' Council	5	-	398	398	346
From unrestricted / designated funds:					
PCCs for mission	2	-	13	13	12
PCCs re: pastoral account activities	7	-	28	28	44
Ordinands in training	22	92	-	92	89
Sundry clergy grants	35	25	42	67	28
TOTAL	66	117	83	200	173
From restricted funds:					
Malawi Partnership dioceses and projects	4	-	47	47	78
PCCs for project workers (Action in the City)	-	-	-	-	8
Church Schools	1	-	205	205	92
PCCs for project workers (Growing Younger)	1	-	5	5	4
PCCs for mission initiatives	1	-	1	1	-
TOTAL	7	-	258	258	182
TOTAL GRANTS PAYABLE	78	117	739	856	701

13. STAFF COSTS

	2018	2017
	£'000	£'000
Employee costs during the year (excluding clergy pay):		
Wages and salaries	2,068	1,620
Social security costs	202	168
Pension costs	218	188
Pension costs – Church Workers Pension Scheme deficit contributions*	26	316
Redundancy costs	31	-
TOTAL	2,545	2,292
Average number of people employed during the year:	No.	No.
Parish mission support	54	43
Discipleship and Ministry support	14	12
Administration and financial management	9	10
Property	2	2
Education	5	5
TOTAL	84	72

*The deficit contributions paid in 2018 have been charged against the provision in note 24.

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

	2018	2017
	No.	No.
In the band £60,000 – £65,000	2	2
In the band £65,000 – £70,000	1	1
In the band £85,000 – £90,000**	1	1

**This individual relinquished their right to employer pension contributions and their emoluments were adjusted as appropriate.

The total amount of employer defined contribution pension contributions paid on behalf of these employees were £23,331 (2017: £23,165).

Key management (employee) personnel are deemed to be those having authority and responsibility delegated to them by the trustees, for planning, directing and controlling the activities of the diocese. During 2018 they were:

Diocesan Secretary and Company Secretary	Andrew Halstead	Property Director	Daniel Mayes
Director of Finance	Melanie Crooks	Human Resources Director	Jan Smart
		Director of Education	Sarah Smith

NOTES TO THE ACCOUNTS

For year ended 31 December 2018 / Company Number: 440966

Remuneration and pensions for these 5 FTE employees amounted to £413,779 (2017: £410,131 for 5 FTE employees)

None of the directors received any remuneration as directors. The BDBF in 2018 has an overarching insurance policy that includes trustees' indemnity insurance however the premium attributable to the trustees' indemnity insurance element is not separately identifiable (2017: £1,225).

The clergy and clergy stipends are not included within the BDBF's staff costs, as they are not employees of the BDBF. The BDBF is merely responsible for the central administration and payment of the stipends on behalf of the parishes. However the BDBF paid an average of 140 (2017: 143 stipendiary clergy as office holders holding parish or diocesan appointments in the diocese, and the costs were as follows:

	2018	2017
	£'000	£'000
Stipends	3,902	3,978
National Insurance contributions	307	314
Apprenticeship Levy	17	15
Restructuring costs	35	-
Pension costs – current year	974	920
Pension costs – deficit funding provided	423	504
TOTAL	5,658	5,731

14. NET EXPENDITURE BEFORE TRANSFERS AND OTHER RECOGNISED GAINS / (LOSSES)

	2018	2017
	£'000	£'000
Net expenditure is stated after charging:		
Depreciation – owned assets	65	48
Gain on disposal of fixed assets	2	174
Smoothing of rent free period on land and building operating lease	108	84
Auditor's remuneration – audit of financial statements	17	16
Auditor's remuneration – other services	2	-

15. TANGIBLE FIXED ASSETS

	Freehold Properties (see analysis below)	Computer equipment	Office equipment	TOTAL
	£'000	£'000	£'000	£'000
COST / DEEMED COST				
At 1 January 2018	23,672	140	306	24,118
Additions	279	23	18	320
AT 31 DECEMBER 2018	23,951	163	324	24,438
ACCUMULATED DEPRECIATION				
At 1 January 2018	-	109	102	211
Charge for the year	-	20	45	65
AT 31 DECEMBER 2018	-	129	147	276
NET BOOK VALUE				
At 31 December 2018	23,951	34	177	24,162
At 31 December 2017	23,672	31	204	23,907

All the above assets are used for charitable purposes.

15. TANGIBLE FIXED ASSETS (CONTINUED)

	2018 cost or deemed cost	2017 cost or deemed cost
	£'000	£'000
FREEHOLD PROPERTIES		
Endowment funds:		
Benefice houses fund:		
Parsonage houses	17,598	17,598
Glebe funds:		
Housing of team vicars, curates and others	660	660
Unrestricted funds:		
Corporate property:		
Housing of senior clergy, curates and others	1,801	1,522
Other corporate property	3,892	3,892
TOTAL FREEHOLD PROPERTIES	23,951	23,672

16. INVESTMENT HELD AS FIXED ASSETS

	Glebe	Endowment fund	Unrestricted fund	Total
	£'000	£'000	£'000	£'000
a) INVESTMENT PROPERTIES				
At 1 January 2018	1,188	940	2,910	5,038
Additions	-	-	1	1
Disposals	(16)	-	-	(16)
AT 31 DECEMBER 2018	1,172	940	2,911	5,023

Properties were valued by Knight Frank (Chartered Surveyors) on an open market existing use basis as at 31 December 2015. The BDBF's policy is to seek formal professional valuations of its investment properties every 5 years with trustee review in the intervening period.

	1 January 2018	Sales	Purchases	Change in market value	31 December 2018
	£'000	£'000	£'000	£'000	£'000
b) OTHER INVESTMENTS					
Endowment funds					
Listed investments	4,103	(662)	645	(323)	3,763
Unlisted investments	523	-	-	(11)	512
	4,626	(662)	645	(334)	4,275
Other restricted funds					
Listed investments	276	-	-	(31)	245
Unlisted investments	4,274	(6)	-	10	4,278
	4,550	(6)	-	(21)	4,523
Unrestricted funds					
Designated funds:					
Unlisted investments	109	-	-	(5)	104
Undesignated funds:					
Listed investments	1,135	(186)	181	(102)	1,028
Unlisted investments	1,352	-	-	38	1,390
	2,596	(186)	181	(69)	2,522
TOTAL	11,772	(854)	826	(424)	11,320

Unlisted investments consist of freely marketable shares in The Central Board of Finance Investment Fund and COIF administered by the CCLA Fund Managers. The historic cost of listed investments as at 31 December 2018 was £4,251,638 (2017: £4,198,356) and £5,102,479 (2017: £5,107,933) for unlisted investments.

NOTES TO THE ACCOUNTS

For year ended 31 December 2018 / Company Number: 440966

17. CURRENT ASSET INVESTMENTS

	2018	2017
	£'000	£'000
Property asset held for resale		
Carrying value as at 1 January 2018	1,880	635
Transfer from fixed assets	-	458
Transfer from investment properties	-	489
Disposal	(520)	(635)
Revaluation to fair value	(49)	933
CARRYING VALUE AS AT 31 DECEMBER 2018	1,311	1,880

The current asset property investment for the year ended 31 December 2018 relates to 3 properties that were deemed surplus to requirements (2017: 4 properties).

18. DEBTORS

	2018	2017
	£'000	£'000
Receivable within one year		
Parish loans (concessionary loans)	58	60
Other loans (concessionary loans)	9	21
Prepayments and other debtors	648	704
Accrued income	80	52
	795	837
Receivable after one year		
Parish loans (concessionary loans)	47	99
Other loans (concessionary loans)	16	62
	63	161
TOTAL DEBTORS	858	998

Parish loans in 2018 include an amount of £19,480 (2017: £32,337) due from parishes in respect of "back-to-back" loans made to parishes from funds made available to the BDBF by the Central Board of Finance. The corresponding liability, being the amount repayable by the BDBF to the Central Board of Finance, is included within other loans in notes 19 and 20 below. Interest was payable and receivable at the same rate, being 0.55% above the CBF deposit rate.

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£'000	£'000
Other loans – Church Commissioners (concessionary loan)	33	33
Other loans – Gloucester Diocesan Board of Finance (concessionary loan)	68	68
Trade creditors	87	113
Other creditors	494	545
Pension fund deficit – church workers pension scheme	39	39
Pension fund deficit – clergy pension scheme	464	508
Accruals and deferred income	598	461
	1,783	1,767

Included within accruals is the following deferred income in relation to grant monies received in advance for 2019.

	2018
	£'000
Deferred income at 1 January 2018	30
Released in the year	(30)
DEFERRED INCOME AT 31 DECEMBER 2018	-

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

The loan from the Gloucester Diocesan Board of Finance is a restricted purpose loan for the building works in connection with the Resourcing Church project. The loan is an interest free, unsecured arrangement with repayments over a 5 year period.

20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Pension fund deficit – clergy pension scheme
Pension fund deficit – church workers pension fund
Other loans – Church Commissioners (concessionary loan)
Other loans – Gloucester Diocesan Board of Finance (concessionary loan)

2018	2017
£'000	£'000
2,231	2,938
282	277
117	150
68	136
2,698	3,501

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

Between one to two years
Between two to five years
In five years and more

2018	2017
£'000	£'000
95	101
60	135
30	50
185	286

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

The parish "back to back" loans are unsecured in nature and their repayment maturity matches that of the respective parish loan debtor to the BDBF.

The loan from the Gloucester Diocesan Board of Finance is a restricted purpose loan for the building works in connection with the Resourcing Church project. The loan is an interest free, unsecured arrangement with repayments over a 5 year period.

21. ANALYSIS OF ASSETS AND LIABILITIES BETWEEN FUNDS

	Restricted funds		Unrestricted funds		Total funds 2018	Total funds 2017
	Endowment funds	Other funds	Designated funds	Undesignated funds		
	£'000	£'000	£'000	£'000	£'000	£'000
Tangible assets:						
Other fixed assets	18,258	9	-	5,895	24,162	23,907
Investments – fixed:						
Investment properties	2,112	1,515	-	1,396	5,023	5,038
Other	4,275	4,523	104	2,418	11,320	11,772
Investment – current	886	-	-	425	1,311	1,880
Debtors:						
Due within one year	2	65	8	720	795	837
Due after one year	-	54	-	9	63	161
Cash at bank	2,984	2,606	1,372	(2,596)	4,366	4,410
Creditors						
Due within one year	-	(491)	(510)	(782)	(1,783)	(1,767)
Due after one year	-	(68)	(2,513)	(117)	(2,698)	(3,501)
NET ASSETS	28,517	8,213	(1,539)	7,368	42,559	42,737

NOTES TO THE ACCOUNTS

For year ended 31 December 2018 / Company Number: 440966

22. MOVEMENTS IN FUNDS

	1 January 2018	Income	Expenditure	Transfers	Capital movements	31 December 2018
	£'000	£'000	£'000	£'000	£'000	£'000
ENDOWMENT FUNDS						
Glebe Fund*	5,470	26	(10)	-	(96)	5,390
Birmingham Diocesan Endowment Fund*	5,176	3	-	-	(234)	4,945
Parsonage Houses Fund	18,008	-	-	-	(49)	17,959
Bishop Brown Legacy Endowment Fund*	227	8	(8)	-	(4)	223
	28,881	37	(18)	-	(383)	28,517
OTHER RESTRICTED FUNDS						
Sites and Buildings Fund	963	5	-	-	-	968
Church Schools Fund*	5,301	298	(407)	-	(30)	5,162
Action in the City Fund*	49	3	-	-	2	54
Malawi Partnership Fund*	354	63	(60)	-	7	364
Growing Younger Fund (1)	-	250	(250)	-	-	-
St Luke's at Gas Street – Fabric Fund	1,492	68	-	-	-	1,560
soul[food]	34	-	(3)	-	-	31
Strategic Restructuring Fund	-	232	(232)	-	-	-
Training for Ministry Fund	-	134	(134)	-	-	-
Shaping the Future (1)	33	562	(581)	(4)	-	10
Shaping the Future match (2)	-	1	-	4	-	5
All Churches Trust Mission Apprentice Fund	100	3	(52)	-	-	51
Empowering Disciples	7	2	(1)	-	-	8
Jerusalem Trust – Growing Younger Facilitators	-	15	(15)	-	-	-
Historic England – Places of Worship Officer	-	23	(23)	-	-	-
	8,333	1,659	(1,758)	-	(21)	8,213
UNRESTRICTED FUNDS						
Designated funds:						
Pastoral Fund*	1,048	15	(28)	-	(5)	1,030
Pensions Reserve	(3,762)	-	404	-	342	(3,016)
Transforming Church Fund	82	-	(5)	-	-	77
Growing Younger Fund (2)	531	30	(219)	-	-	342
Curate fund	42	-	-	(14)	-	28
Undesignated funds:						
General Fund*	7,582	9,645	(9,809)	14	(64)	7,368
	5,523	9,690	(9,657)	-	273	5,829
TOTAL	42,737	11,386	(11,433)	-	(131)	42,559

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22. MOVEMENTS IN FUNDS (CONTINUED)

	1 January 2017	Income	Expenditure	Transfers	Capital movements	31 December 2017
	£'000	£'000	£'000	£'000	£'000	£'000
ENDOWMENT FUNDS						
Glebe Fund*	5,580	3	(15)	(240)	142	5,470
Birmingham Diocesan Endowment Fund*	4,969	1	-	-	206	5,176
Parsonage Houses Fund	17,598	-	-	240	170	18,008
Bishop Brown Legacy Endowment Fund*	208	6	(6)	-	19	227
	28,355	10	(21)	-	537	28,881

OTHER RESTRICTED FUNDS						
Sites and Buildings Fund	960	1	2	-	-	963
Church Schools Fund*	4,439	940	(307)	-	229	5,301
Action in the City Fund*	52	3	(8)	-	2	49
Malawi Partnership Fund*	360	74	(92)	-	12	354
Growing Younger Fund (1)	-	339	(416)	77	-	-
St Luke's, Gas Street - Fabric Fund	1,309	183	-	-	-	1,492
soul[food]	25	17	(8)	-	-	34
LyCiG	11	3	(33)	19	-	-
Training for Ministry Fund	-	29	(32)	3	-	-
Shaping the Future	-	189	(137)	(19)	-	33
All Churches Trust Mission Apprentice Fund	-	100	-	-	-	100
Empowering Disciples	-	2	-	5	-	7
	7,156	1,880	(1,031)	85	243	8,333

UNRESTRICTED FUNDS						
Designated funds:						
Pastoral Fund*	1,080	13	(44)	-	(1)	1,048
Pensions Reserve	(3,932)	-	133	-	37	(3,762)
Transforming Church Fund	95	-	(13)	-	-	82
Growing Younger Fund (2)	581	99	(196)	47	-	531
Curate fund	28	-	-	14	-	42
Undesignated funds:						
General Fund*	7,065	9,893	(9,901)	(146)	671	7,582
	4,917	10,005	(10,021)	(85)	707	5,523

TOTAL	40,428	11,895	(11,073)	-	1,487	42,737
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The funds denoted with * include the following revaluation reserves:

	2018	2017
	£'000	£'000
Within endowment funds:		
Glebe Fund	1,239	1,414
Birmingham Diocesan Endowment Fund	508	801
Bishop Brown Legacy Endowment Fund	39	42
	1,786	2,257
Within restricted funds:		
Church Schools Fund	1,423	1,453
Malawi Partnership Fund	18	13
Action in the City Fund	6	5
	1,447	1,471
Within designated funds:		
Pastoral Fund	(195)	(190)
	(195)	(190)
Undesignated funds:		
General Fund	1,281	1,922
TOTAL	4,319	5,460

22. MOVEMENTS IN FUNDS (CONTINUED)

Details of the major funds are as follows:

Endowment Funds

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

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

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

Parsonages House Fund represents the carrying value of all of the benefice houses (parsonages) in the diocese.

Restricted Funds

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

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

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

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

Growing Younger Fund (1) This fund relates to our "Growing Younger" strategic programme which is being part funded by a Strategic Development Funding grant from Church Commissioners with match funding from our own resources. This fund relates to the restricted monies from Church Commissioners and other external funding sources.

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

Strategic Restructuring Fund This fund relates to transitional monies received from Church Commissioners in respect of restructuring activities necessitated by changes in Church Commissioners allocation methodology for the funding of dioceses.

soul[food] Fund This fund relates to the monies raised by donations for the **soul[food]** social media mission initiative.

Shaping the Future Fund (1) This fund relates to our "Shaping the Future" strategic programme which is being part funded by a Strategic Development Funding grant from Church Commissioners with match funding from our own resources. This fund relates to the restricted monies from Church Commissioners.

Shaping the Future Fund (2) This fund relates to our "Shaping the Future" strategic programme which is being part funded by a Strategic Development Funding grant from Church Commissioners with match funding from our own resources. This fund relates to the restricted monies from other external funding sources.

Training for Ministry Fund This fund relates to the Resourcing Ministerial Education Block Grant that the BDBF receives from Archbishop's Council to fund training costs of ordinands.

All Churches Trust Mission Apprentices Fund This fund relates to the Mission Apprentices Programme which is being funded by the All Churches Trust.

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

Jerusalem Trust - Growing Younger Facilitators Fund This fund relates to funding provided by Jerusalem Trust to extend the work of our Growing Younger facilitators.

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

Unrestricted funds

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

income in the year of receipt. Where the BDBF has used the funds to purchase or improve properties in its corporate capacity, these have been included as fixed assets in these financial statements.

Pensions Reserve This represents a designated or "earmarked" fund in respect of possible BDBF obligations in respect of pension scheme arrangements.

Transforming Church Fund This is a designated fund to help with parish growth initiatives.

Growing Younger Fund (2) This fund relates to our "Growing Younger" strategic

programme which is being part funded by a Strategic Development Funding grant from Church Commissioners with match funding from our own resources. This fund relates to our own resources that we have designated towards the programme.

Curate Fund This is a designated fund to help finance curate posts in future years.

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

Details of inter fund transfers in the year are as follows:

	Unrestricted general	Unrestricted designated	Restricted	Endowment	Total
	£'000	£'000	£'000	£'000	£'000
Curate Fund to General Fund ^①	14	(14)	-	-	-
TOTAL	14	(14)	-	-	-

^① This represents the transfer of early curacy end stipend savings previously saved to help fund 2018 curacies

23. COMMITMENTS

At 31 December 2018 the BDBF had capital commitments of £nil which were contracted for but not provided in the financial statements (2017: £265,000).

The BDBF had approved a grant up to £300,000 towards the establishment of the diocesan multi academy trust – Birmingham Diocesan Academies Trust if required. This was disclosed as a commitment in the financial statements for the year ending 31 December 2017. As at 31 December 2018, BDAT had drawn down £180,000 of this amount (2017: £90,000) and the BDBF had agreed to pay a further £90,000 in 2019 taking the grant amount to £270,000. This is now included in creditors due within 1 year.

24. PENSION COSTS

Employees – Church Workers Pension Scheme

The BDBF participates in the Church of England Defined Benefits Section ('DBS') of the Church Workers Pension Fund (the Fund), a pension scheme administered by the Church of England Pensions Board to provide benefits to lay employees based on final pensionable salaries. The assets of the fund are held separately from those of the employer. For funding purposes the DBS is divided into sub pools in respect of each participating employer as well as a further sub-pool, known as the Life Risk Pool. The Life Risk Pool exists to share certain risks between employers, including those relating to mortality and post retirement investment returns. The division of the DBS into sub pools is notional and is for the purpose of calculating ongoing contributions. This does not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided. From time to

time, a notional premium is transferred from employers' sub pools to the Life Risk Pool and all pensions and death benefits are paid from the Life Risk Pool.

It is not possible to attribute the scheme's assets and liabilities to specific employers, since each employer, through the Life Risk Pool, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102 and as such contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged in the year include contributions payable towards benefits and expenses accrued in that year (2018: £6,033, 2017: £nil), plus any impact of deficit contributions payable, giving a total charge of £25,975 for 2018 (2017: £316,000).

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool and the Actuary so

recommends, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board on the advice of the Actuary.

A valuation of the DBS is carried out once every three years, the most recent having been carried out and finalised as at 31 December 2016. In this valuation, the Life Risk Section was shown to be in deficit by £2.6m and £2.6m was notionally transferred from the employers' sub-pools to the Life Risk Pool. This increased the Employer contributions that would otherwise have been payable. The overall deficit in the DBS was £26.2m.

Following the valuation, the BDBF has entered into an agreement with the Church Workers Pension Fund to pay expenses of £6,500 per year. In addition, deficit payments of £38,963 per year have been agreed for 10 years from

NOTES TO THE ACCOUNTS

For year ended 31 December 2018 / Company Number: 440966

24. PENSION COSTS (CONTINUED)

1 April 2018 in respect of the shortfall in the Employer sub-pool. This obligation has been recognised as a liability with the BDBF financial statements. Section 28.11A of FRS102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out below:

	2018	2017
	£'000	£'000
Balance sheet liability at 1 January	316	-
Deficit contributions paid	(26)	-
Impact of change in discount rate used to value the balance sheet liability	31	316
BALANCE SHEET LIABILITY AS AT 31 DECEMBER	321	316

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions, set by reference to the duration of the deficit recovery payments:

Discount rate	31 December 2018	2.3% pa
	31 December 2017	4.0% pa

The legal structure of the scheme is such that if another employer fails, the employer could become responsible for paying a share of that employer's pension liabilities. The next valuation of the scheme will be carried out as at December 2019.

It was agreed that from April 2012 to make all future non clergy pension arrangements through the Pension Builder section of the Church Workers Pension Scheme administered by the Church of England Pensions Board.

For eligible salaried employees who commenced employment after 1 January 2006 the BDBF participates in the Church of England Pension Builder Scheme (PBS) within the Church Workers Pension Fund, which is administered by the Church of England Pensions Board.

The PBS is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefit schemes. However, The Pension Builder Classic section is deferred annuity based and the Pension Builder 2014 section is cash balance based. The BDBF contributes to the Pension Builder Classic section. The Pension Builder Classic provides a pension for members payable from retirement, accumulated from contributions paid and converted into a pension benefit during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Bonus may also be declared, depending upon the investment returns and other factors.

Pension contributions are recorded in an account for each member. This account may have bonuses added by the Board before retirement. The bonuses depend on investment experience and other factors. There is no requirement for the

Board to grant any bonuses. The account, plus any bonuses declared, is payable from members' Normal Pension Age.

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the Statement of Financial Activities in the year are contributions payable.

A valuation of the scheme is carried out once every three years. The most recent scheme valuation completed was carried out as at 31 December 2016. This revealed a deficit of £14.2m on the ongoing assumptions used. At the most recent annual review, the Board chose not to grant a discretionary bonus, which will have acted to improve the funding position. There is no requirement for deficit payments at the current time.

The pension cost for the year shown in the financial statements is equal to the total contributions. The total contributions for the year were £211,287 (2017: £180,570).

The BDBF also contributes to a Group Personal Pension Plan organised by Friends Life for certain employees. This is defined contribution, money purchase arrangement. The pension cost for the year shown in the financial statements is equal to the total contributions. The total contributions for the year were £963 (2017: £632).

Stipendiary Clergy

The BDBF participates in the Church of England Funded Pensions Scheme

for stipendiary clergy. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the Statement of Financial Activities in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions.

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at 31 December 2015. A valuation at 31 December 2018 is currently under way, but the results of this are yet to be determined. The 2015 valuation revealed a deficit of £236m, based on assets of £1,308m and a funding target of £1,544m, assessed using the following assumptions:

- An investment strategy of:
 - For investments backing liabilities for pensions in payment, an allocation to gilts of 33% from the valuation date until 31 December 2019 and thereafter, increasing linearly to 70% by 31 December 2030 and
 - For investments backing liabilities prior to retirement, a 100% allocation to return seeking investments.

- Investment returns of 2.6% pa on gilts and 4.6% pa on return seeking assets;
- RPI inflation of 3.2% pa (and pension increases consistent with this);
- Increase in pensionable stipends 3.2% pa; and

- Mortality in accordance with 80% of the S2NFA and S2NMA tables, with allowance for future improvements in mortality rates in line with the CMI 2015 core projections, with a long term annual rate of improvement of 1.5%. Following the valuation of the

Scheme as at 31 December 2015, a recovery plan was put in place until 31 December 2025 and the deficit repair contributions payable (as a percentage of pensionable stipends) are as set out in the table below.

% of pensionable stipends	2016 to 2017	2018 to 2025
Deficit recovery contributions	14.1%	11.9%

For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme rules. Section 28.11A of FRS102 requires the agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out in the table below:

	2018	2017
	£'000	£'000
Balance sheet liability at 1 January	3,446	3,932
Deficit contributions paid	(423)	(504)
Interest cost	45	55
Impact of change in discount rate used to value to balance sheet liability	(373)	(37)
BALANCE SHEET LIABILITY AS AT 31 DECEMBER	2,695	3,446

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions, set by reference to the duration of the deficit recovery payments.

	Discount rate	Price Inflation	Increase in pensionable payroll
31 December 2016	1.5% pa	3.1% pa	1.6% pa
31 December 2017	1.4% pa	3.0% pa	1.5% pa
31 December 2018	2.1% pa	3.1% pa	1.6% pa

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

25. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2018 the charity was committed to making the following payments under non-cancellable operating leases:

	Land and buildings 2018	Other 2018	Land and buildings 2017	Other 2017
	£	£	£	£
Operating leases which expire:				
Within one year	191,208	-	191,208	-
Within one to two years	191,208	-	191,208	-
Within two and five years	286,533	-	477,741	-
	668,949	-	860,157	-

The Birmingham Cathedral and the Birmingham Diocesan Multi-Academy Trust contribute to the above operating lease commitments in respect of shared offices.

26. RECONCILIATION OF NET EXPENDITURE TO NET CASHFLOW FROM OPERATING ACTIVITIES

	2018	2017
	£'000	£'000
NET (EXPENDITURE) / INCOME FOR THE YEAR ENDED 31 DECEMBER	(520)	1,534
Depreciation charges	65	48
Dividends, interest and rent from investments	(720)	(701)
Interest on payable loans	2	4
Interest on clergy pensions liability	45	37
(Gain) / loss on sale of fixed assets	(2)	174
Decrease / (increase) in debtors	82	168
(Decrease) / increase in creditors	(389)	(362)
Change in fair value of investments	473	(712)
NET CASH (USED IN) / PROVIDED BY OPERATING ACTIVITIES	(964)	190

NOTES TO THE ACCOUNTS

For year ended 31 December 2018 / Company Number: 440966

27. ANALYSIS OF CASH AND CASH EQUIVALENTS

	At 1 January 2018	Cash flow	At 31 December 2018
	£'000	£'000	£'000
Cash in hand and at bank	1,305	246	1,551
Cash held on deposit	3,105	(290)	2,815
	4,410	(44)	4,366

Cash held on deposit is that with notice of less than 3 months to access.

28. RELATED PARTY TRANSACTIONS

No trustee received any remuneration for services as a director. One trustee received travelling and out of pocket expenses totalling £115 (2017: £nil).

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

	Stipend	Housing
The Bishop of Aston	No	Yes
The Archdeacon of Birmingham (until 27 September 2018)	Yes	Yes
The Archdeacon of Aston	Yes	Yes
Rev. Canon Martin Stephenson (until 27 September 2018)	Yes	Yes
The Revd Julian Francis	Yes	Yes
The Revd Chris Hobbs	Yes	Yes
The Revd Douglas Machiridza	Yes	Yes
The Revd Claire Turner	Yes	Yes
The Revd Nigel Traynor (until 8 March 2018)	Yes	Yes
The Revd Priscilla White	Yes	Yes
The Revd Madhu Smitha Prasad (until 14 June 2018)	Yes	Yes

The stipend of the Suffragan Bishop was funded by the Church Commissioners. The annual rate of stipend funded by the BDBF, paid to Archdeacons in 2018 was in the range of £35,400 to £36,760 (2017: £34,700 to £36,040) and for other clergy who were trustees the diocesan stipend rate was £25,620 (2017: £25,365). The Archbishops' Council has estimated the value to the occupant, gross of income tax and national insurance, of church provided housing in 2018 at £11,297 (2017: £10,850).

The Cathedral shares office space with the BDBF and an amount of £23,250 (2017: £23,250) was payable for this space for the year ended 31 December 2018.

The Cathedral paid Common Fund of £40,000 to the BDBF for the year ended 31 December 2018 (2017: £40,000).

The Birmingham Diocesan Multi-Academy Trust ("the Trust") shares office space with the BDBF and an amount of £9,000 (2017: £3,000) was payable for this space for the year ended 31 December 2018. The Trust also purchased at cost the services of the Diocesan Board of Education School Improvement Officer and Education Support Manager for clerking duties. This amounted to £39,847 for the year ended 31 December 2018 (2017: £3,200). The Diocesan Board of Education (as incorporated within the Diocesan Board of Finance) made a grant of £90,000 to the Trust during the year ended 31 December 2018 and agreed to provide a further £90,000 to be paid in 2019 (2017: £90,000) to facilitate the establishment of the Diocesan Multi Academy Trust. As noted in note 23, the remaining grant payable is included in creditors due within one year.

The BDBF contributed £3,000 (2017: £3,000) towards the office costs of Thrive Together Birmingham, the Church Urban Fund joint venture with the Bishop of Birmingham and BDBF.

Two clergy trustees received continuing ministerial development grants to support study and development needs totalling £1,060 (2017: £2,819 for 6 clergy trustees) during the year ended 31 December 2018. These grants were unconnected with their role as BDBF trustees.

29. FUNDS ADMINISTERED AS AGENT

	2018	2017
	£'000	£'000
Government grants received in respect of school capital projects	1,290	1,224
Contributions from Church School governors for school capital projects	158	82
Total received in	1,448	1,306
Amounts paid out on school capital projects	(1,458)	(1,113)
NET POSITION FOR THE YEAR	(10)	193

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

The BDBF holds and manages on behalf of its parishes parsonage decoration funds. The monies do not belong to the BDBF and as such the receipts and payments into and out of the funds are not treated as incoming resources or resources expended in the Statement of Financial Activities. Any monies held at the balance sheet date are recognised within the balance sheet as a creditor. The funds as at 31 December 2018 stood at £95,968 (2017: £95,366).

30. FINANCIAL INSTRUMENTS

	2018	2017
	£'000	£'000
FINANCIAL ASSETS		
<i>Debt Instruments measured at amortised cost</i>		
Loan Commitments receivable within 1 year	67	81
Loan Commitments receivable outside 1 year	63	161
Other	544	572
Instruments measured at fair value through profit or loss	11,320	11,772
TOTAL	11,994	12,586
FINANCIAL LIABILITIES		
<i>Debt Instruments measured at amortised cost</i>		
Loan Commitments receivable within 1 year	101	101
Loan Commitments receivable outside 1 year	185	286
Other	1,049	942
TOTAL	1,335	1,329

31. PRIOR YEAR COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

	Restricted funds		Unrestricted funds		Total funds 2017
	Endowment funds	Other funds	Designated funds	Undesignated funds	
	£'000	£'000	£'000	£'000	£'000
INCOME					
<i>Income and endowments from:</i>					
Donations:					
Parish contributions	-	36	-	5,595	5,631
Archbishops' Council	-	547	-	1,998	2,545
Other donations	-	340	30	913	1,283
Charitable activities	-	69	-	498	567
Other activities	-	-	-	294	294
Investments	6	188	82	425	701
Other income	4	700	-	170	874
TOTAL INCOME	10	1,880	112	9,893	11,895
EXPENDITURE ON					
Raising funds	-	-	-	159	159
Charitable activities	6	1,031	65	9,738	10,840
Other expenditure	15	-	55	4	74
TOTAL EXPENDITURE	21	1,031	120	9,901	11,073
Net income / (expenditure) before investment gains and losses	(11)	849	(8)	(8)	822
Net gains on investments	331	243	(1)	139	712
NET INCOME / (EXPENDITURE)	320	1,092	(9)	131	1,534
Transfers between funds	-	85	61	(146)	-
Other recognised gains / (losses)	-	-	37	-	37
Gains / (losses) on revaluation of fixed assets	206	-	-	532	738
NET MOVEMENT IN FUNDS	526	1,177	89	517	2,309
Total funds at 1 January 2017	28,355	7,156	(2,148)	7,065	40,428
TOTAL FUNDS AT 31 DECEMBER 2017	28,881	8,333	(2,059)	7,582	42,737

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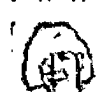
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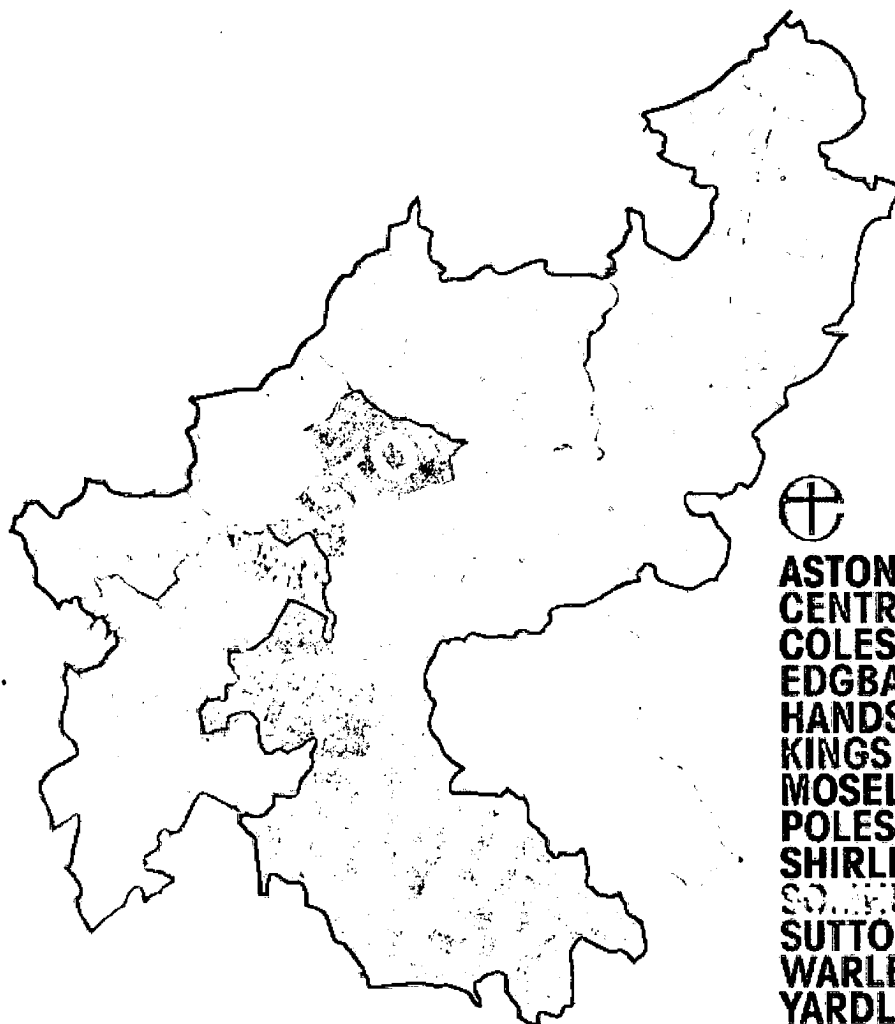


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