Thank you for the conversation this morning regarding the attached 2 letters received when we attempted to file our 2021 accounts. I am also attaching a copy of our response to the first letter, which I think is fairly clear that we did not agree with the reasons for the rejection of the accounts.

I would be grateful if you could pass this matter to the policy team (as we discussed).

Having first filed these accounts in mid July, I am of course anxious that our filing date is 30 September and at the moment, I can see no reason why the accounts should have been rejected for the reasons stated. The company name has NEVER been Birmingham Diocesan Board of Finance (The).

I look forward to your response – my contact details are as below.

Karen Preece

TRANSFORMING CHURCH

Karen Preece
Director of Finance
Tel: 0121 426 0412 & 07760 707596

THE CHURCH OF ENGLAND BIRMINGHAM

The Church of England - Birmingham
Citadel, 190 Corporation Street, Birmingham B4 6QD
www.cofebirmingham.com

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THURSDAY
ABCL6HY8
A13 15/09/2022 #229
COMPANIES HOUSE

The Birmingham Diocesan Board of Finance

Annual Report

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 auditor's report of the charitable company – The Birmingham Diocesan Board of Finance (BDBF) for the year ended 31 December 2021. 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: *Page number*

Bishop's Foreword 4
Chairman's Statement 5

Annual Report of the Trustees comprising:

Strategic Report 6
Strategic and Operating Review 34
Summary information about the structure of the Church of England 41
Independent Auditor's Report 42
Financial Statements 43

It should be noted that the Annual Report gives narrative on the activities of Birmingham Cathedral, Birmingham Diocesan Trustees Registered, Church Schools, Thrive Together Birmingham and individual parishes to give an overview of all CofE Birmingham 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 41 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 2021 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 Steven Skakel
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 Jennifer Tomlinson
Chair of the Diocesan Synod House of Clergy
The Revd Canon Priscilla White
Chair of the Diocesan Synod House of Laity
Mr Trevor Lewis

CLERGY MEMBERS OF THE DIOCESAN SYNOD

The Revd Sarah Hayes *(from 1 January 2022)*
The Revd Geoff Lanham *(from 1 January 2022)*
The Revd Canon Douglas Machiridza *(until 31 December 2021)*
The Revd John Routh
The Revd Canon Louise Shaw *(from 1 January 2022)*
The Revd Bamidele Sotonwa
The Revd Becky Stephens
The Revd Claire Turner *(until 31 December 2021)*

LAY MEMBERS OF THE DIOCESAN SYNOD

Miss Jennifer Clark
Mr Jonathan Goll
Mrs Gill Gould *(until 31 December 2021)*
Mr Michael Hastilow *(until 31 December 2021)*
Mrs Deirdre Moll
Mr Anesu Muyambi *(from 1 January 2022)*
Mr Julian Phillips
Mrs Chrissie Price *(from 1 January 2022)*
Mrs Patricia Williams *(from 1 January 2022)*

NOMINEES

The Revd Jeremy Allcock *(from 1 January 2022)*
The Revd Alison Cozens *(until 31 December 2021)*
The Revd Canon Catherine Grylls
The Revd Chris Hobbs *(until 31 December 2021)*
Mr Guy Horden *(from 1 January 2022)*
Mr Geoff Shuttleworth *(until 31 December 2021)*

GENERAL SYNOD REPRESENTATIVES

The Rt Revd David Urquhart
The Revd Tim Bateman *(from 12 October 2021)*
The Revd Canon Catherine Grylls *(until 11 October 2021)*
The Ven Simon Heathfield *(until 11 October 2021)*
The Revd Canon Douglas Machiridza *(from 12 October 2021)*
The Revd Canon Priscilla White
Mrs Dawn Brathwaite *(from 12 October 2021)*
Mr Benjamin Hodson-Franks *(until 11 October 2021)*
Mr Guy Hordern *(from 12 October 2021)*
Dr Rachel Jepson
Mr Geoff Shuttleworth *(until 11 October 2021)*

DIOCESAN SECRETARY

Dr Jan Smart

COMPANY SECRETARY

Dr Jan Smart

DIOCESAN DIRECTOR OF FINANCE

Miss Karen Preece

DIOCESAN REGISTRAR

Ms Vicki Simpson

REGISTERED OFFICE

1 Colmore Row, Birmingham. B3 2BJ

AUDITOR

Haysmacintyre LLP,
10 Queen Street Place, London. EC4R 1AG

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 - *Clay Jars*

This year has demonstrated more than ever that 'we have this treasure in clay jars to show that the transcendent power is not of ourselves but of God'.

'But we have this treasure in clay jars,'so that it may be made clear that this extraordinary ***power belongs to God and does not come from us.' - 2 Corinthians 4:7***

The jars speak of vulnerability and fragility of which there has much evidence in a church and society ravaged by coronavirus, overshadowed by the dark clouds of war and threatened by escalating costs of living.

Overleaf you can read of the treasure of ministry and money that has been provided generously and stewarded carefully. Most valuable of all is the treasure poured out ***continuously in Jesus Christ, given because 'God so loved the world.' - John 3:16***

Following the encouraging words of the Chair of the Diocesan Board of Finance and the Bishop of Aston, this Report draws attention to many of the Church of England Birmingham's activities amongst the one and a half million people in the diocese and beyond.

Our commitment to Interfaith Presence and Engagement has spread wider and deeper. Racial Equity continues to be a keen priority. Climate change is being met with a robust programme of carbon reduction and further scrutiny. Partnership working with local authorities and other charities extends the reach of the Church's mission. This includes, as Bishop, my membership of Birmingham City Board and Convening the Lords Spiritual in Parliament. Schools play a vital part in the Church's impact. I am delighted that the ***first Bishop's Awards have been presented to three of our 52 schools in the past year. Our*** *international reach will be strengthened in 2022 through the Commonwealth Games to be held in the Midlands and the Lambeth Conference to which we will welcome our link bishops from Bolivia and Malawi.*

I am deeply grateful for the commitment and generosity of all who lead and participate both in the life of our communities and in God's mission through the Church.

+David Birmingham

The Rt Revd David Urquhart
Bishop of Birmingham

Chairman's Statement

It is not surprising that 2021 proved to be another challenging year, with the Covid-19 global pandemic still dominating our lives. Services in our church buildings resumed in fits and starts from mid-year, but unsurprisingly, the attendance picture was mixed. A consistent theme remains the generosity of committed giving, which has been remarkable throughout the pandemic.

Total Income of £11,687,000 shows a significant decrease of £569,000 compared to 2020. As in prior years, the headline numbers are significantly impacted by the disposal of redundant assets. Our single largest source of income, parochial contributions or 'Common Fund' from our parishes at £4,781,000, was ahead of our budget expectations but still 2.9% lower than 2020 and 14.8% lower than 2019. Against the continuing uncertainties of the pandemic, this outcome was reassuring.

Early indications for 2022 suggest that common fund contributions have started to stabilise; however, with much higher inflation than we have seen for thirty years and real incomes falling, there could still be further shocks to come. The officers manage the situation with the board's full support to keep expenses aligned with the reduced income level. This means that stipendiary clergy numbers are likely to remain at or around current levels until we see a sustained positive impact from our strategy of growing churches at the heart of each community. A review of our Transforming Church strategy commenced in April 2021 to look at our priorities and progress towards fulfilling our plans whilst achieving financial and environmental sustainability. This work continues in 2022.

Church of England Birmingham receives significant support from the national church. In 2021, the largest contributions were Lowest Income Communities funding based on the Index of Multiple Deprivation and Strategic Development and Capacity funding. Together, these represent £3,471,000 or 29.7% of our income. The Lowest Income Communities funding is reducing in real terms, and Strategic Development and Capacity funding reflect project-related activities. These funding streams are evolving, and expected changes in future contributions are factored into our long-range planning.

The pandemic has brought about its own stress to our operational model, and we are very grateful for the one-off sustainability funding grant of £1,000,000 that we were awarded in 2020 for use in 2020, 2021 and 2022. In summary, we are working in incredibly difficult circumstances; however, in God's grace, we remain optimistic, focused on Jesus and moving forward on our mission.

There is a tremendous amount of detail in our annual report, and I would draw your attention to the Strategic and Operating Review for a deep dive into the governance and financial information behind this short overview. My particular thanks to the officers and Directors who tirelessly and competently support the work of the Church of England Birmingham.

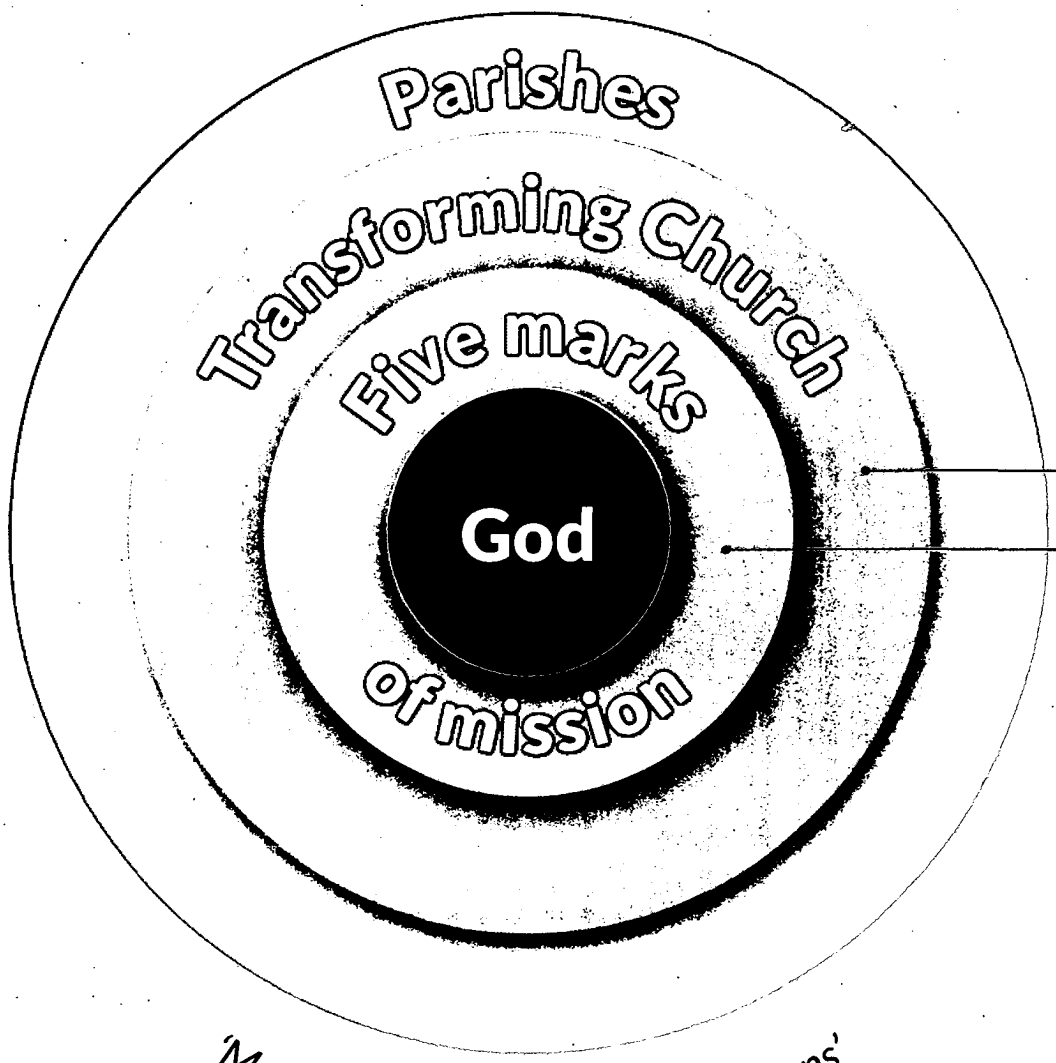
I would also like to thank the many volunteers throughout the Church of England Birmingham who equally give so much of their time both in the parishes and across the diocese.

Steven Skakel
Chair of Birmingham Diocesan Board of Finance

PROCLAIM AFRESH THE FA

VISION

Growing churches at the heart of each community



'More, and more confident Christians'

ITH IN EACH GENERATION

Church of England Birmingham

Transforming Church: Core Principles

- **Engage with children, youth, families and other missing generations to reflect the age profile of the wider population across the CofE Birmingham**
- Grow in number of disciples (more)
- **Grow in depth of discipleship (more confident)**
- Grow in partnerships and impact in the community
- See diverse worshipping communities (meaning representative of our communities) and accessible to all
- **See flourishing ordained and lay leadership that reflects the diversity of the** wider population across the CofE Birmingham
- **Achieve financial sustainability**
- Achieve environmental sustainability
- Underpin everything with a culture of prayer

National

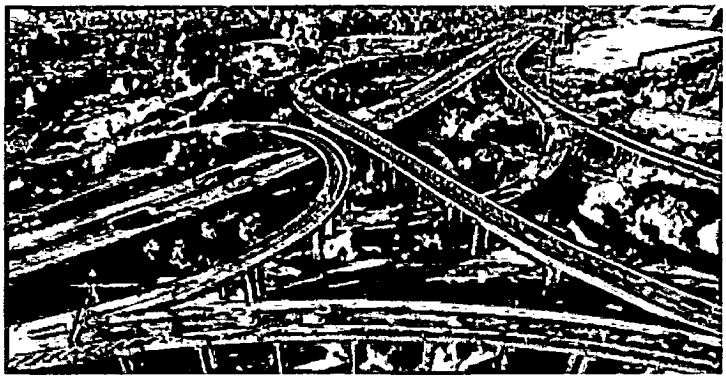
5 Marks of Mission

- To proclaim the Good News of the Kingdom
- To teach, baptise and nurture new believers
- To respond to human need by loving service
- To seek to transform unjust structures of society, to challenge violence of every kind and to pursue peace and reconciliation
- To strive to safeguard the integrity of creation and sustain and renew the life of the earth

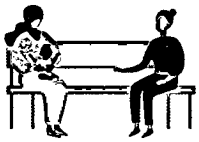
A View from the Aston Expressway

The Rt Revd Anne Hollinghurst
Suffragan Bishop of Aston

Living as I do in the northern reaches of the geographical area covered by Church of England Birmingham, I spend much of my life in non-pandemic times travelling to the city centre or south of it on the misnamed Aston expressway, which in my experience is anything but express at the best of times. During the worst of times and as we slowly emerged from Covid-19 restrictions but traffic flow remained low, it offered for a brief period a highway in the sky from which the city and region of Birmingham could be more clearly surveyed. As I drove over the complexity of interconnecting roadways that together form Spaghetti Junction, it became for me a metaphor for what 2021 was about in terms of mission and ministry across the CofE Birmingham over which I am privileged to have an overview.

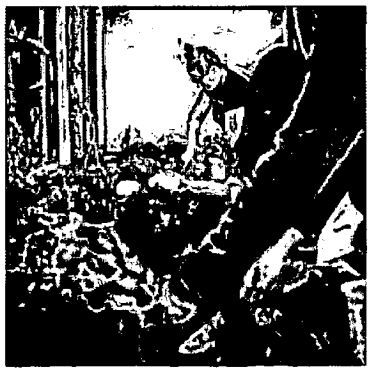


Emerging from testing times with some new perspectives and these further shaped through our strategic review begun in 2021, we were able to take a fresh look at our core priorities and some of those multiple intersecting strands of work came into clearer focus. God has been faithful and despite another challenging year spent partly in restrictions, mission and ministry across the CofE Birmingham saw remarkable encouragement and much change was admirably navigated...



- *through the superb support offered by our Parish Mission Support team as parishes sought next steps in recovery and outward-focused mission,*
- ***through the first cohorts entering the formation journeys of Way of Discipleship, Way of Servant Leadership or other learning journeys** through our growing Pathways platform,*
- ***through the first licensings and ordinations of our local ministers (lay** and ordained) furthering our People & Places vision of 'more ministry not less',*
- *through the new Reader cohorts and tutors engaging along with our **Warden of Readers and Head of Ministry Formation with a renewed** vision for Reader ministry in the CofE,*
- *through those involved with vocations work and Bishop's Advisory panels undergoing training for the new national discernment framework to come into play in 2022,*
- ***through the quiet but faith-filled preparations that were set in train** for new church plants and pioneering ministry – some being taken up in 2022,*
- *through new ventures embarked upon involving community partnerships - including the opening up of conversations with some of our Further Education Colleges to explore the possibilities of church / college collaboration and chaplaincy, as well as initial thinking about the urgent question of affordable / social housing and the part the CofE Birmingham might play / the partners we might seek as we **respond to our call to engage with the full five marks of mission.***

***All that gives only a flavour! You can read more in the reports by various** directors / diocesan staff but my thanks to each and every one who worked so hard in 2021 to lay with clarity of vision the next sections of the highway that in 2022 we look forward to embarking upon.*



Intercultural

INTERCULTURAL
LIFETOGETHER

We are grateful for Revd Canon Dr Sharon Prentis, Intercultural Mission Enabler and Dean of Black, Asian and Minority Ethnic Affairs's ministry, and for the work of our interns - Jody-Ann Frazer and Noluthando Sileya.

Between them, they developed online platforms, increased social media engagement and delivered Zoom-based Unconscious Bias and Intercultural Awareness training on Pathways. They created the Intercultural Church Criteria and Intercultural Health Check Questionnaire to help parishes identify where they are on their journey towards being intercultural. They also provided a resource for parishes for Racial Justice Sunday and to help mark George Floyd's anniversary.

The Uncut group of 15 young people and five leaders met regularly. Their aim is to build the leadership qualities and skills of young people of global majority heritage and they focused on the question, "Who is not being heard or invited to the table?"

Parish Mission Support

PARISH MISSION SUPPORT

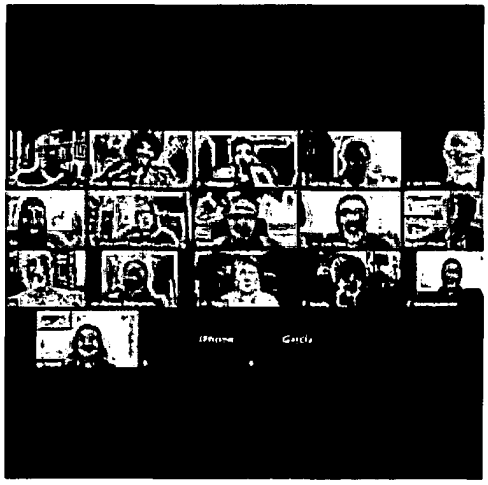
Parish Mission Support have continued to serve parishes in Transforming Church Action Planning and all aspects of intergenerational mission in a year that saw more Covid-19 challenges.

Supported by SDF funding, the youth and schools' projects have supported new expressions of youthwork across the CofE Birmingham, and developed innovative online support for parishes, hosting events such as the Epiphany Explorers online escape room and Easter Holiday Club.

The TCAP team have continued to support around 80 parishes in mission planning; working creatively with parishes in both online and face-to-face settings.

More learners have joined Flex, the intergenerational learning pathway, and recruitment has begun for the second cohort of Children and Families Missioners which will see a missioner for every deanery to support parish volunteer teams to connect with and encourage faith with children and their families.

Interfaith



During 2021, there were two online series of the Birmingham Conversations with speakers from six different religions which were attended by people of all faiths from across the region. This led to academic research into online interfaith dialogue which Andrew Smith, the Director of Interfaith Relations, is heading up with staff from Coventry University and the Dialogue Society.

Supporting parishes continued through the 'Presence and Engagement' mailing and discussion groups and the production of a video of children from different countries who live in Birmingham saying the Lord's Prayer. This will be made available to churches and schools in 2022. Andrew and Fr. Julian Sampson, the Catholic Lead on Interfaith Relations, continue to be active in civic engagement through the West Midlands Combined Authority and the West Midlands Police.

Community Regeneration

In a time of mounting financial pressure, the Community Regeneration and Thrive Together Birmingham team continues to 'encourage and support those who are inspired by faith to tackle poverty and build community'.

We believe that everyone has something to offer and can play a part in enabling change to happen.

With people, churches, community groups and organisations, we aim to:

- Enable: to inspire, encourage, support and equip to tackle poverty, build community and participate in helping their neighbourhood thrive
- Grow: to expand the number tackling poverty and strengthening their local communities
- Sustain: to strengthen and support the longevity of their activities
- Amplify: to enable the voices of people experiencing poverty, as well as those providing support, to be better heard by those in power so that there might be changes in systems, policy and resourcing.

Ministry Overview

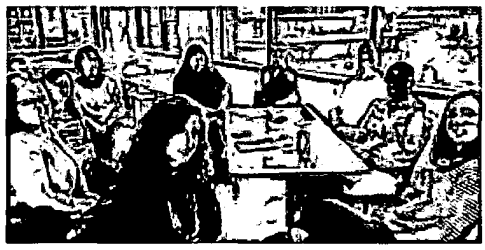
'Agile, Adaptable and Missional' sum up the approach to supporting licensed and commissioned ministries in 2021 as we emerged from pandemic to meet the missional challenges and opportunities of a new landscape.

Vocations Development and Discernment

Vocations continue to flow from a wide range of contexts and traditions in parishes and chaplaincies, supported by Director of Ordinands ('DDO'), the Revd Calvert Prentis, and a team of Vocation Advisers, expanded by the addition of Reader, Maggie Forknell, and Assistant DDOs, the Revd Denise Jones and the Revd Gary Birchall.

A key aspect of work in 2021 was preparing for the new CofE Shared Discernment Framework. **Ten people were recommended for training by the Sponsoring Bishop after attending a national Bishop's** Advisory Panel. There are currently 27 ordinands in Initial Ministerial Education Phase 1 training on a variety of residential and context-based pathways. In 2021, the Bishop ordained nine deacons and ten priests.

Initial Ministerial Education Phase 2 for Ordained Ministry



26 Curates have been placed with experienced training Incumbents in parishes in a range of contexts around the diocese for up to 42 months; their formation programme is overseen by the Revd Paul Hinton. Six Curates completed initial formation, moving to new posts of responsibility in Birmingham and other dioceses. Regular monthly training events for Curates included new sessions on *The Sacrament of Reconciliation* and *Church Planting and New Christian Communities*. Two new IME2 Associate Advisers, Revd Claire Turner and Revd Andi Thomas, joined the established team of fellow advisers, Revd Ivor Lewis, Revd Gary Birchall and Revd Hazel White.

Training for Reader Ministry

Seven Readers in Training, from diverse parishes, completed their first phase of formation (IME1) during 2021, with skillful tutoring by Readers Moira Johnson, Stephanie Hayton (now Lay Ministry Director in Bristol Diocese) and Ros Sheppard and new team member, Mary Charlton – working with the Revd Paul Hinton as Director of Reader Training. All were Admitted and Licensed in April 2021 by Bishop David. Formation Sessions were both online and in-person, including joint funeral ministry training with Curates and Local Ministers. The NEXT (IME2) programme for newly licensed Readers is co-ordinated by Revd Nick Ross and Revd Dr Sam Gibson. Readers engage in Continuing Ministerial Development events to strengthen their ministry of teaching, preaching and pastoral care as well as leading in parishes and chaplaincies.

Commissioned Lay Ministry Offering Pastoral Care and Community Skills

The scheme continues to equip Lay Pastoral Teams in parishes. Their pastoral work has been crucial through the pandemic and as churches emerge into the new landscape. Teams are supported by CME Advisers, Saskia Barnden, John Restall, Jayne Crookes and Jo Johnson. Much gratitude to Pauline Griffiths, Allannah Brennan and Val Hicks who stepped down after long service. More than 55 people joined the online Annual Away Day in June *A Long-Awaited Spring Time? Looking for Signs of New Life*, led by Revd Dr Sally Nash and Revd Dr Al Barrett.

Clergy Continuing Ministerial Development

CofE Birmingham supports the continuing ministerial development of clergy at every stage of their ministry, directed by Revd Canon Dr Mark Pryce.

Bishop's Study Mornings online and as hybrid events featured reflections on the Theology of Prayer by Dr Ash Cocksworth; introduction to the new CofE Shared Discernment Framework by DDO Revd Calvert Prentis and the new vision for Reader Ministry led by Warden of Readers, Revd Catherine Grylls and Reader colleagues; Dr Ruth Valerio of Tearfund led on justice themes in Luke's Gospel. A number of clergy enjoyed sabbaticals and extended study leave, and over 20 clergy received grants for retreats and ministry development courses. A redesigned 12-month hybrid course for first-time Incumbents attracted 26 participants from dioceses across the West Midlands.

Local Ministry Pathway

Leaders from inner urban and estate churches completed a second year of leadership training in the pilot formation pathway for Local Ministry, led by Revd Canon Andy Delmege and Revd Dr Sam Gibson, grant funded by Allchurches Trust.

Five participants were ordained deacon by Bishop David in the Cathedral to serve as leaders of local church communities. The discernment and formation of participants for service and leadership continues into 2022.

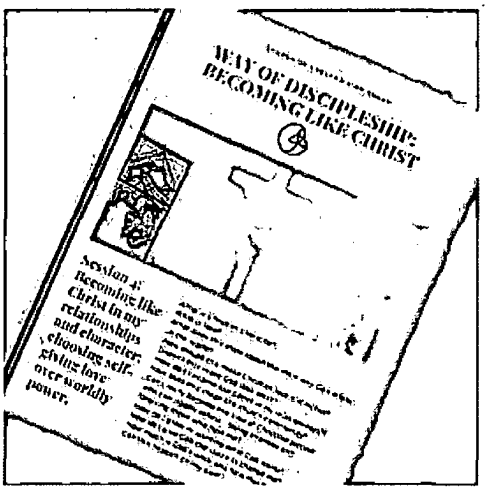
Anglican Religious Communities

The shared life of prayer, hospitality and service lived by the Community of St John the Divine at Marston Green, and the Franciscan SSF (Society of St Francis) brothers and CSF (Community of St Francis) sisters in Birmingham, continues as a source of spiritual support and encouragement in living the values of God's Kingdom.

Reader Ministry

Over 200 Readers in the CofE Birmingham share in leading God's people in mission and ministry. They bring an extraordinary range of gifts in Christ's name: preaching the Gospel, leading study groups, assisting in pastoral ministry, connecting a world of work and social need with worship, drawing on insights from their daily lives and varied experiences. During 2021, another thirteen people were Admitted and Licensed despite the complications of Covid-19 and another seven entered training. We are shaping a leadership team within the Reader Community that models collaboration between ordained and lay licensed ministers, and aims to encourage gifts and confidence in lay leadership. The Birmingham Readers' Association has been reshaped to better support Readers in ministry, and to contribute more effectively to the outworking of the Transforming Church vision and the embedding of the People & Places framework.

Learning for Discipleship and Mission



During last year, 'Way of Discipleship' and 'Servant-Leadership' courses were created, piloted and reviewed, offering formation designed to help nurture the culture which underpins Transforming Church.

17 modules have been run, with 125 participants. Feedback shows a significant impact in growth in confidence, understanding, equipping, everyday faith, and a sense of God changing participants: *"...this is undoubtedly one of the highlights of my week at the moment... I find the format very helpful as it includes listening, talking to others and personal reflection."*

Six intentional discipleship groups run every three to four weeks. These develop discipleship and leadership, providing a replicable model.

Three churches are participating in an Everyday Faith Learning Community, growing more into envisioning and supporting Christians in every area of life, and the ministry of all God's people.

World Community: Bolivia Link

A lively contact with our Bolivian partners has been maintained during this twelve-month period. Very encouraging Zoom meetings have linked congregations here with congregations in La Paz, Santa Cruz, Cochabamba and Tarija. Bishop Maurice participated in sessions of a national training programme where technology brought together participants across geographically separated cities.

With the impending retirement of Bishop Raphael Samuel, the Province of South America has confirmed his successor as the senior Bolivian ordained minister, Walter Toro. His consecration as bishop took place on 1st May 2022. Bishops David and Anne have sent a letter of greeting to be read out at this service. At a time of new opportunity in the partnership, it is encouraging that three more congregations in Birmingham have become actively involved in this link.

World Community: Malawi Link

Healthwise, Covid-19's impact on Malawi has remained reasonably small. However, Covid-19 has hit the economy and economic struggles have severely hit the church.

Floods again affected parts of Malawi in the last rainy season. 100,000 people were displaced. CofE Birmingham was able to send £5,805 to support the Malawian Anglican Church appeal.

Malawi Task Group member, Lucy Ward, started working for Lake Diocese Education Department in 2021, advising and supporting 101 schools. Amongst other things, she has organised and run a training conference for head teachers, which has focused on improving leadership as well as providing a real opportunity for networking across the Lake Diocese.

New Christian Communities

The New Christian Communities team have supported the development of fresh expressions and pioneer-based ministry, as well as focusing on strategic church planting opportunities. Notable, has been the work of the Langley Centre of Mission, which has begun to establish new worshipping communities. Similarly, support has been given to missional work in Frankley and Rubery. Other exciting activity has included a revitalisation project at St Mary the Virgin, Bearwood, which has partnered with St John's Harborne to establish a new family congregation. At the wider level, various strategic discussions have been held with Area Deans and Lay Chairs to highlight church planting opportunities. Finally, Bishop David outlined our hope and ambition for more New Christian Communities at a well-attended church planting awareness event held at St Martin's in the Bullring.

People & Places

People & Places

The positive impact of People & Places is clearly evidenced throughout this report, particularly in the Parish Stories to follow. The continued releasing of many different ministry gifts empowers the vision of 'growing churches at the heart of every community' whilst enabling a body wide ministry that shares resources, blesses communities and shows an abundance when we come together.

Whilst the global pandemic has caused significant delays, traction is being found once more as all Area Deans are now in post with Area Support Officers too. Good work has gone into communicating Oversight Areas and Ministry enabling collaborative discussions within Deaneries that are helping to shape the next phase of People & Places. Through the forming of these new relationships in Oversight Areas, we are seeing some exciting results that are aiding ministry focus to communities. For example, in Aston & Sutton Coldfield, some churches are ministering together through Music Traditions whilst others are employing a Children's and Families Missioner. A sense of shared mission and ministry is growing.

Racial Justice Reference Group

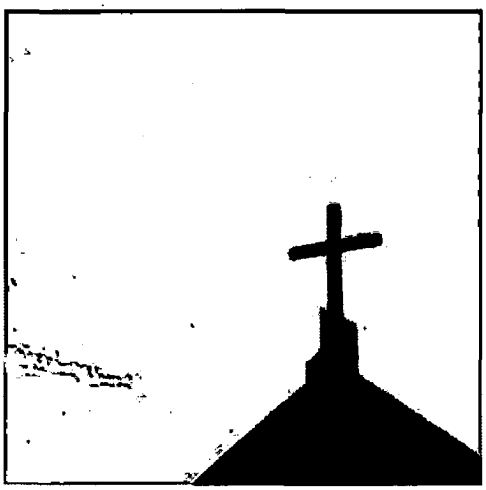
In 2021, the Church of England Birmingham continued with the quest of fulfilling its missional mandate to be a church welcoming to all, actively promoting racial equality and justice, through strategies and intentional actions aimed at eradicating racism and increasing diversity.

The Racial Equity Strategy (RES) for Church of England Birmingham was developed and proposed by the Revd Sharon Prentis and the Racial Justice Reference Group and this was adopted by the Bishop's Council and Diocesan Synod, with focus on the following areas:

- Capacity building
- Training and Mentoring
- Supporting the development of UKME Young People
- Governance structures
- Elimination of Racial Inequity
- The 2022 key priorities include effective implementation of 'From Lament to Action' report.

Property

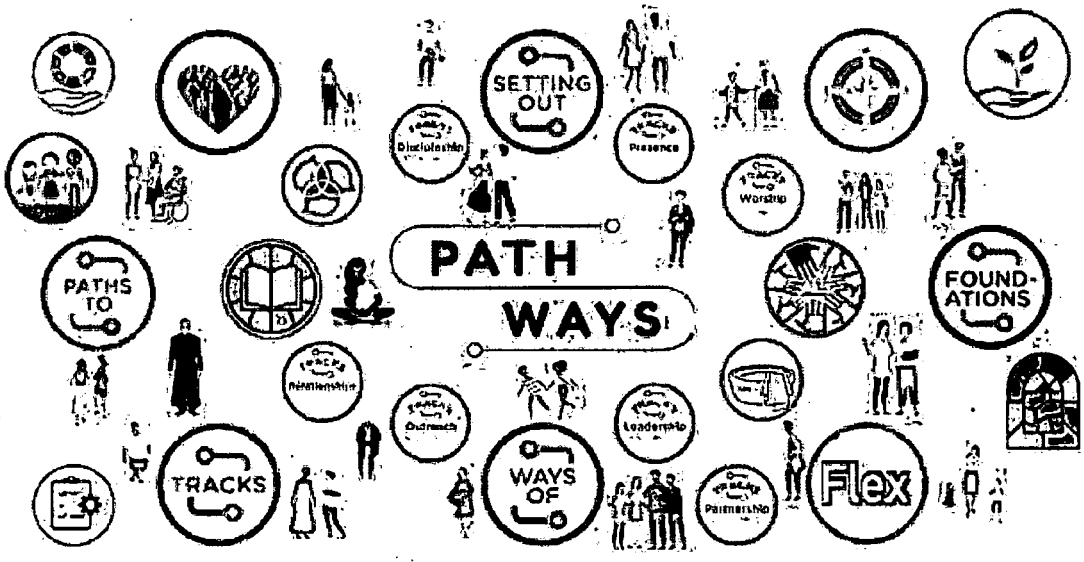
PROPERTY TEAM THE CHURCH OF ENGLAND BIRMINGHAM



The Property Team has been working with other members of the Net Zero Environment Group on developing a plan towards the achievement of the Church of England's target for all parts of the Church to become net zero carbon by 2030.

In 2021, the main focus was on gathering more data about energy usage for all CofE Birmingham properties, including church buildings and halls, clergy housing, schools and the Colmore Row office. The first annual carbon emissions report was developed last year, which provides an estimated total carbon footprint for the CofE Birmingham. The Property Team is currently developing a costed action plan considering in detail how to reduce carbon emissions to all CofE Birmingham properties so that they can become net zero carbon.

Pathways



Pathways supports ministry leadership development. Over 600 learners have registered and engaged with the Pathways platform and collaboratively the team have developed:

- 13 Pathways
- Signposts to 7 organisations or CofE courses
- 4 foundational pathways
- Over 30 stand-alone modules

Work is now in progress in key areas of ministry formation – local ministry, oversight ministry, Flex and pastoral care.

The Mindful Mentoring Space is an innovative introduction to mentoring and reflective practice accessed via a QR code. The first cohort of mentors have completed their training and three further training programmes are planned for 2022. Mentors are matched with those on leadership pathways to support their learning and supervision training is planned for 2022.

To date, 60 people have connected with the coaching training at some level, via 'Coaching 101', 'Resourcing Effective Conversations' and 'Transforming Conversations'. Those who have completed training take on coachees for support and development and Communities of Practice will be developed through 2022 and beyond.

Diocesan Board of Education (DBE)

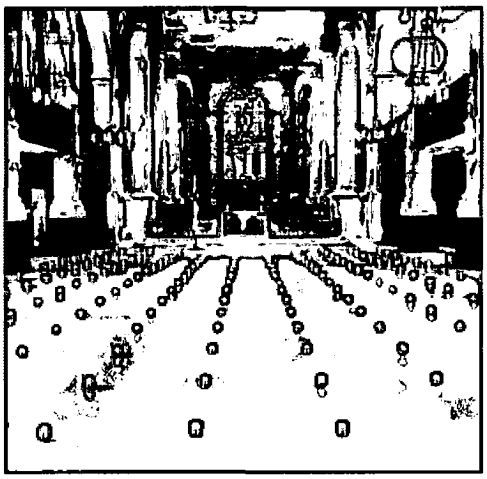
The Birmingham Diocesan Board of Education's work is driven by the DBE Measure, so that Church schools are sustained for coming generations.

Alongside the ongoing bespoke school support and advice given by officers, key pieces of work completed this year are:

- a focus on actions following publication of 'From Lament to Action'
- a programme of induction for headteachers leading Church schools
- providing guidance and support to embrace and embed diversity in all Church schools
- significant support in ensuring schools admission policies are compliant
- a suite of documents to support appointment of headteachers and governors

Nationally, the DBE Measure has been updated, and therefore the structure of the board has been redefined as a formal statutory committee of the BDBF, replacing its previous structure as an unincorporated board.

Birmingham Cathedral



Birmingham Cathedral is the Church of England cathedral church for the people and communities within the CofE Birmingham and is the seat of the Bishop of Birmingham.

One main theme of 2021 was Covid-19 Recovery. The cathedral livestreamed services daily throughout the year. In March, a Covid-19 Memorial Service was livestreamed on the first anniversary of lockdown. We employed new staff to improve visitor welcome, volunteer recruitment and increase donations. Our schools' visits programme, choir concerts and recitals resumed.

New missional opportunities included more work with Let's Feed Brum to serve homeless and other vulnerable people, a lecture series on Anglican Social Theology, and Cathedral Conversations, a forum for building partnerships.

Our year ended well with more carol services held than was possible in 2020 and a splendid Christmas Market showcasing local businesses and crafts.

Aston & Sutton Coldfield Deanery

Parish Story

St Chad's, Sutton Coldfield

On 9th October, 2021, we held our inaugural Deanery Eco Festival at St Chad's Sutton Coldfield. Churches and local groups from across the Deanery gathered to share ideas and celebrate eco diversity, environmental awareness, care for our local communities and the journey towards more sustainable and carbon neutral living.

Training for Reader Ministry

Sutton Coldfield and North Warwickshire parishes

Rob Rolfe trained in funeral ministry after licensing as a Reader; he has a pastoral ministry to bereaved families in Sutton Coldfield and North Warwickshire parishes.

Training for Reader Ministry

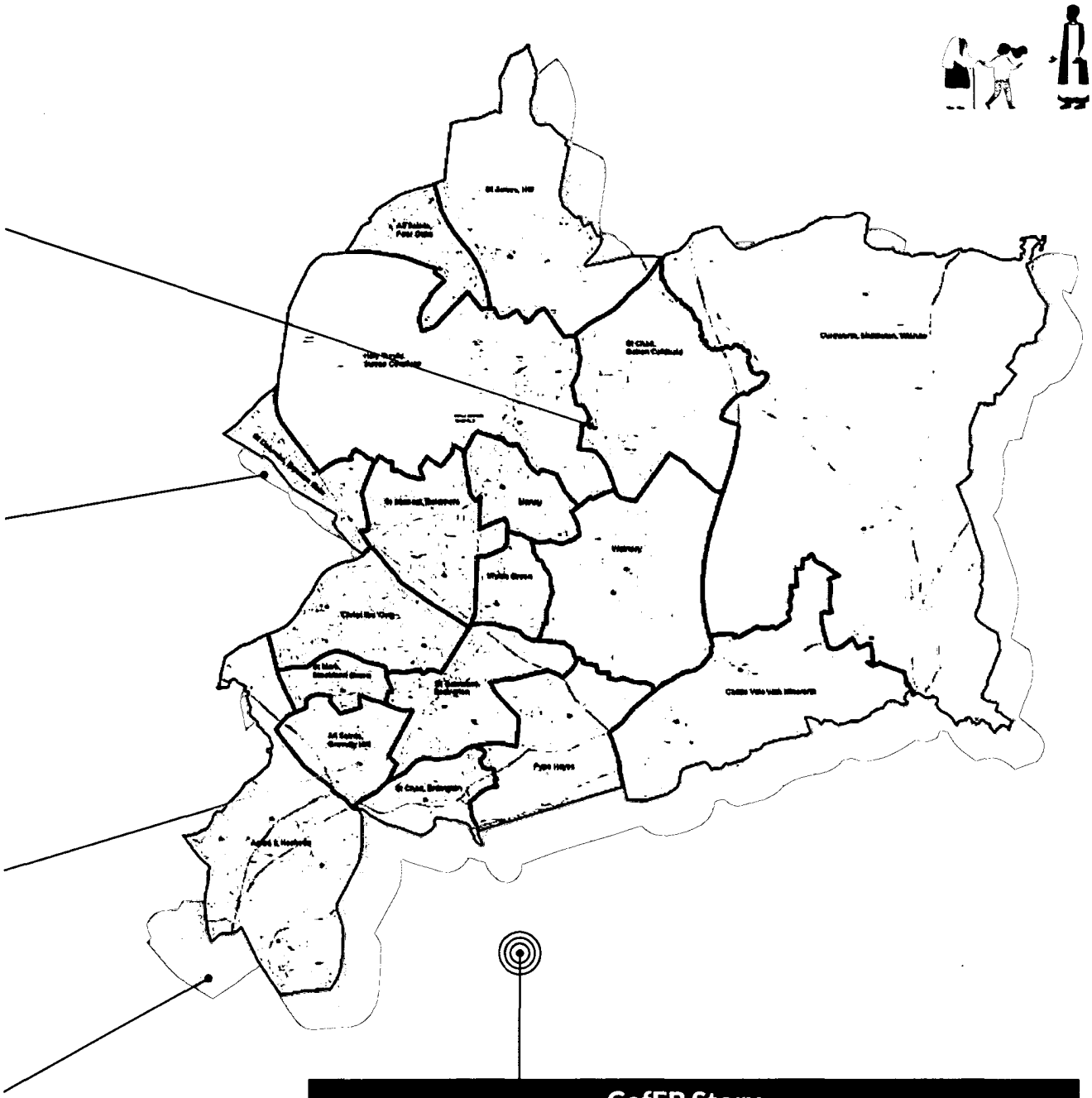
All Saints, Gravelly Hill

Christine Hibbert enjoys continuing ministerial development to nourish her ministry as Reader at All Saints, Gravelly Hill; she also works as a Housing Officer for over 55s.

Deanery Story

Rich conversations have been happening in the Deanery around the formation of Oversight Areas - in the Deanery Project Team, Chapter, Synod and in the parishes. Parishes have been encouraged to explore what their areas of mission and ministry focus are, and consider how they could collaborate on them. These conversations continue.

PARISH STORIES



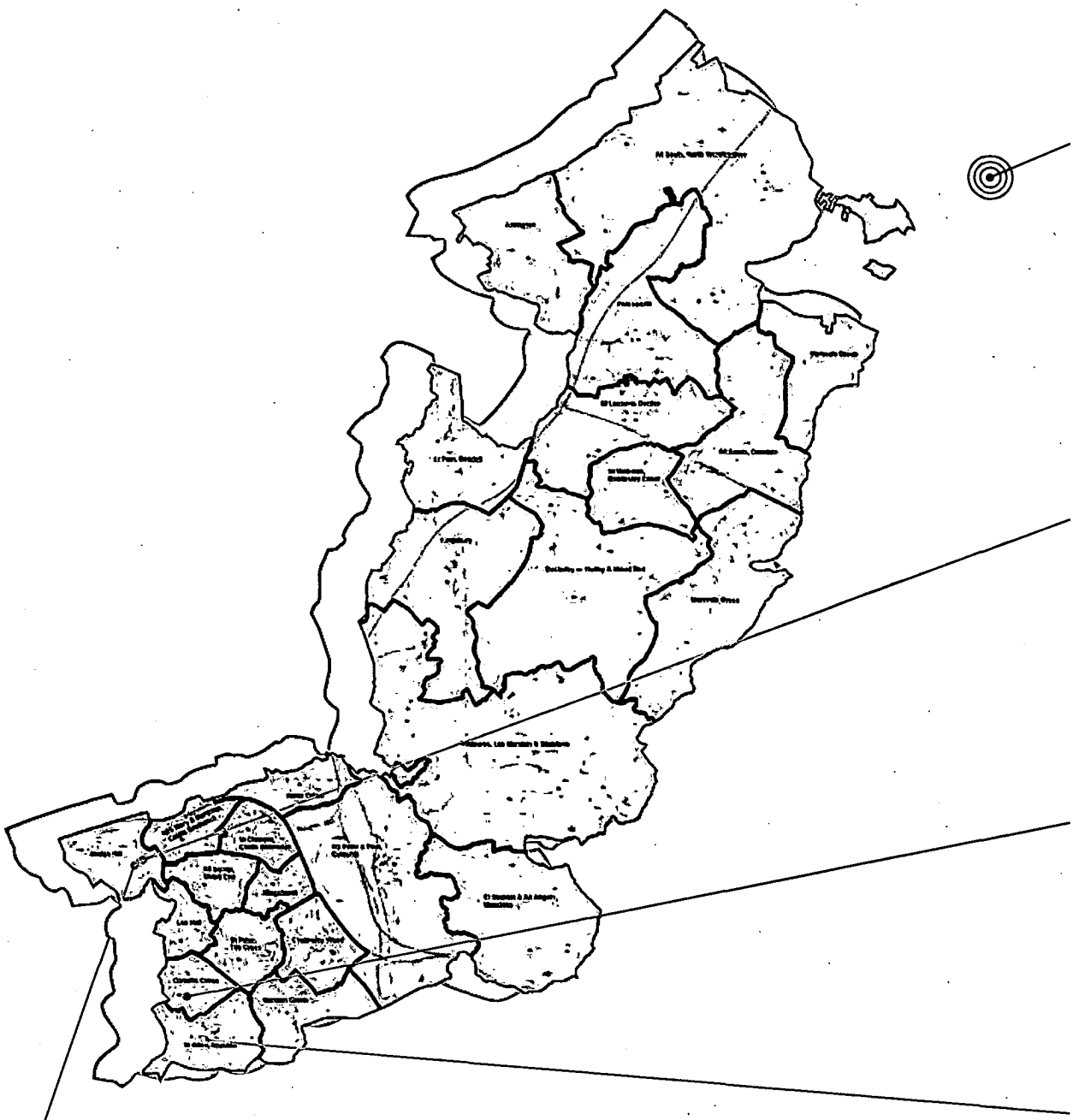
CofEB Story

Eco

ECO CHURCH

During 2021, CofE Birmingham's Environmental Board set up a project to deliver Eco Diocese silver level accreditation, and a project to establish a network of Deanery Environmental Champions (DECs) and Parish Environmental Contacts (PECs) across the diocese. The project planning for net-zero by 2030 continues. An Environmental Communications Plan delivered much fuller communications across the diocese.

Coleshill & Polesworth Deanery



Training for Reader Ministry

Hodge Hill

Ros Sheppard is a Reader Tutor, combining parish ministry with supporting trainee Readers in their formation for public ministry. Ros ministers at Hodge Hill Church.

CofEB Story

Healthcare Chaplaincy

2021 was again a very demanding year for healthcare chaplains, especially those supporting hospital staff through the continuing Covid-19 pressures, where the importance of self-care was a key feature of their ministry. The Chaplaincy will miss the work of Revd Canon Richard Wharton, Chaplaincy Manager at UHB, who is moving to a new post as vicar of St Francis' Bournville.

Commissioned Lay Ministry Offering Pastoral Care and Community Skills

Hodge Hill Church

The Revd Dr Sally Nash is a theological educator, leading a variety of retreats and events for clergy and lay ministers, including the **2021 Away Day for commissioned pastoral teams and Curates'** Retreat. Sally is also the Living in Love and Faith advocate for CofEB and SSM Associate Priest at Hodge Hill Church.

Parish Story

St Thomas, Garretts Green

During a year of Covid-19 restrictions, we met with children and young people online on Monday evenings – playing Pictionary, Five Gold Rings and even Hide and Seek!
And at the beginning of Lent, we delivered cooking equipment and ingredients to their homes, so that we could make and eat pancakes together.

Training for Reader Ministry

St Peter, Tile Cross

Sheila Williams is Reader at Tile Hill and Sheldon; she leads a junior youth club helping children to pray and learn more about God, as well as a range of community outreach groups. Since engaging in the funeral ministry training, Sheila is developing ministry to local bereaved families and military veterans.

Handsworth & Central Deanery

Training for Reader Ministry

Holy Trinity, Birchfield

Keith Rutherford is an engineer and also Reader at Holy Trinity, Birchfield. CME events help to sustain his ministry in the workplace and the parish.

Clergy Continuing Ministerial Development

Holy Trinity, Birchfield

The Revd Canon Eve Pitts, Vicar of Holy Trinity, Birchfield, is dedicating sabbatical time to making a journey around the slave ports of the UK for prayer, lament and spiritual acts of reconciliation.

Training for Reader Ministry

Bishop Latimer Church

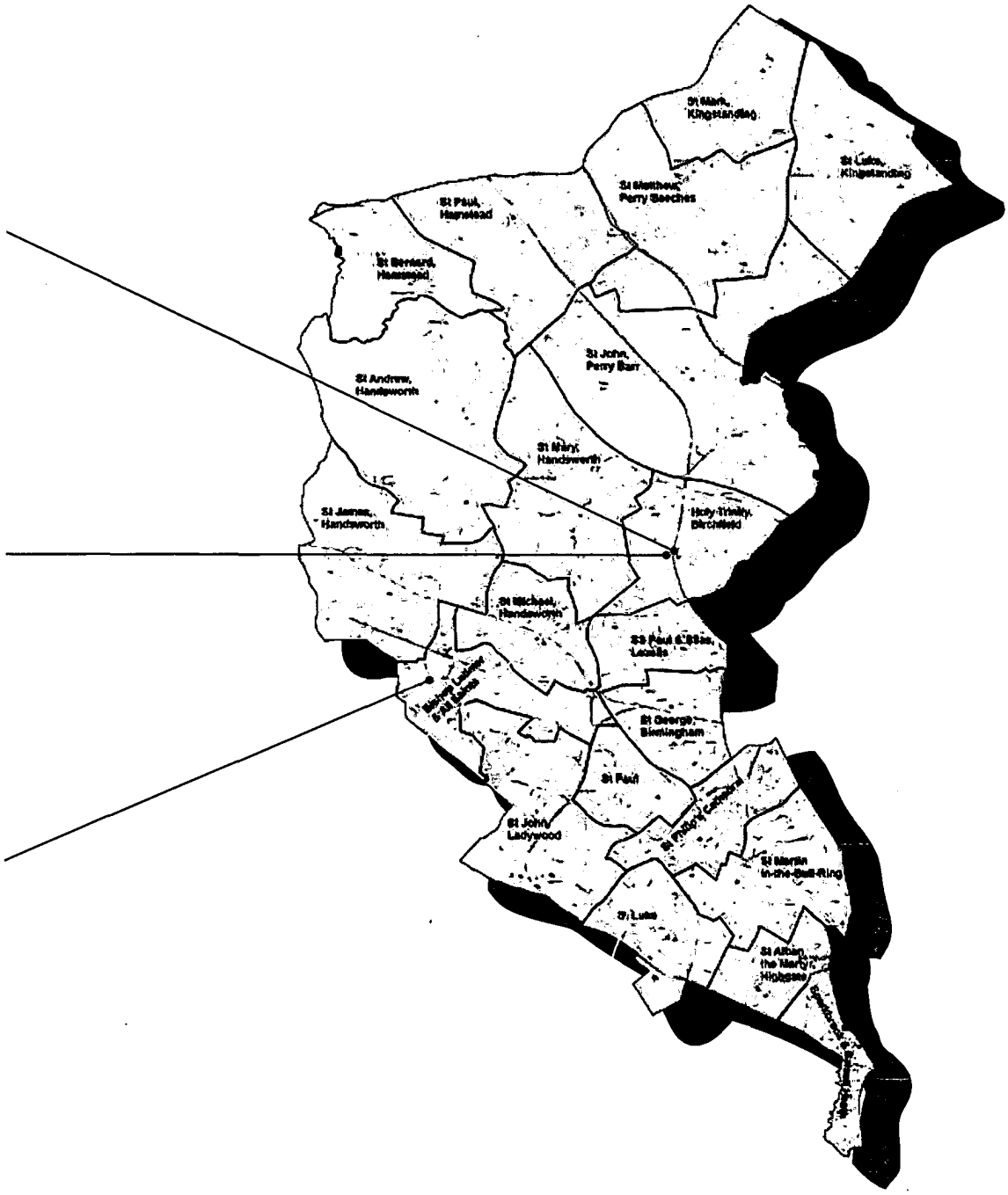
Chris Milton is a recently licensed Reader at Bishop Latimer Church; he also ministers in a prison and in an FE College.

Parish Story

St Michael's, Handsworth

St Michael's Church foodbank in Handsworth has grown organically over the last year and galvanised the community. With the cost of living rising dramatically during the pandemic, the foodbank has proven to be a priceless resource for many in the community, particularly those on the margins of society and from poorer and struggling families.

PARISH STORIES

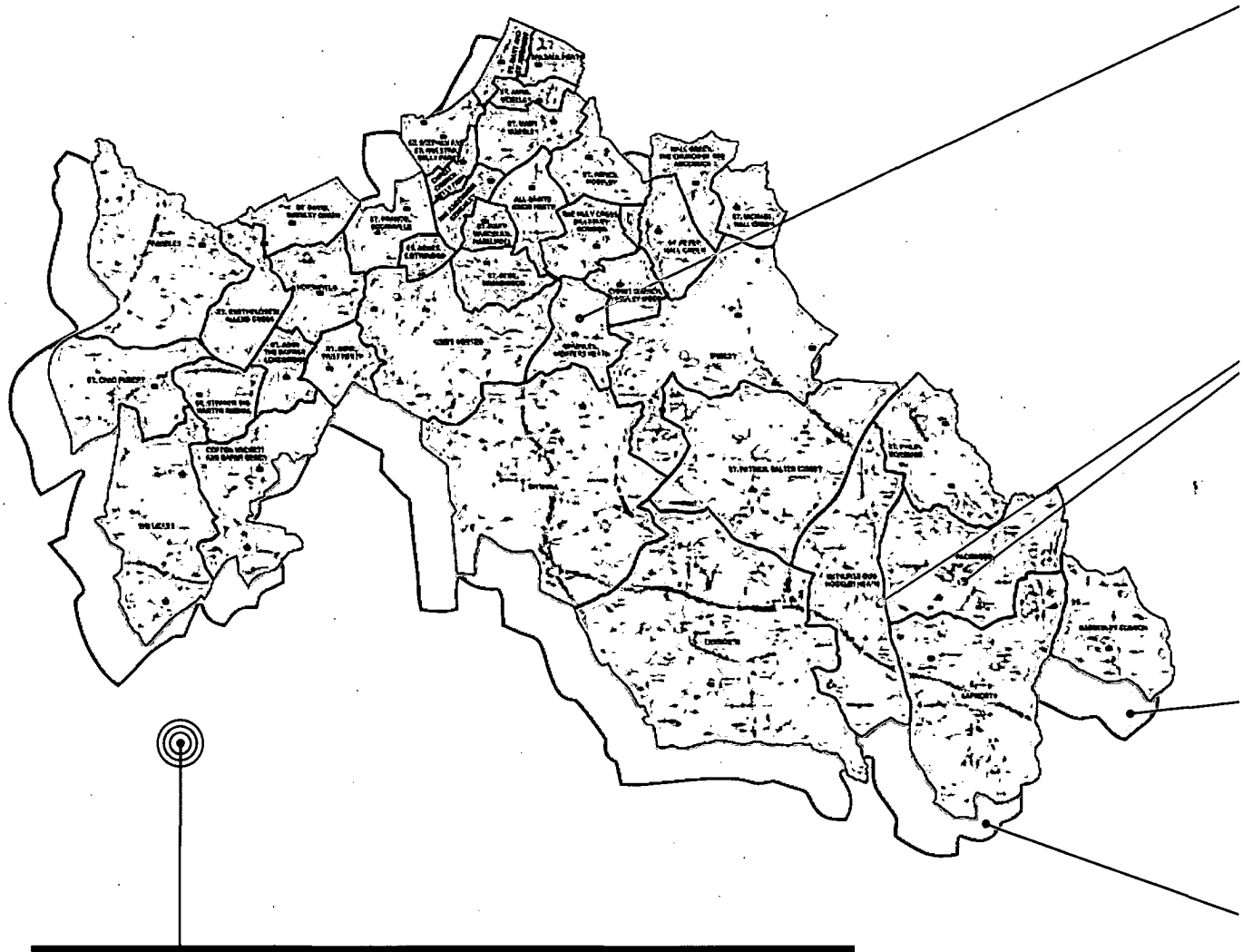


Parish Story

Gas Street

Gas Street Church have devoted focused energy and work to begin seeking Racial Justice. They embarked on a congregational learning process and look forward to seeing significant changes within their own leadership structures to reflect the diverse cultural backgrounds of their congregation.

Kings Norton, Moseley & Shirley Deanery



CofEB Story

Higher Education Chaplaincy

This year, we have begun to expand our chaplaincy provision to Birmingham's HE institutions. As the sector recovers, we have found new ways to reach out to students and staff, while maintaining in-person provision. 'The Well' has proven a popular initiative bringing together local parishes with University Chaplaincy to explore Christian spirituality.

Local Ministry Pathway

Immanuel, Highters Heath

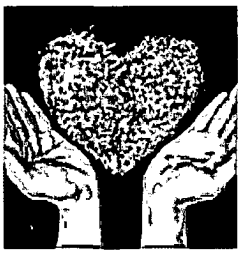
The Revd Sandra Langston was appointed Local Minister Ordained for Immanuel, Highters Heath, supported by the priest-in-charge Revd Debbie Collins.

Clergy Continuing Ministerial Development

Packwood parish and Hockley Heath and Nuthurst parish

The Revd Marc Catley, Vicar of Packwood, Hockley Heath and Nuthurst, used his Sabbatical for creative writing, musical composition and keeping a nature journal of Vicarage garden wildlife.

Deanery Story



This year, the KNMS Deanery Synod has been looking at the Marks of Mission and how we might creatively and energetically respond to them. Jo Chamberlain, National Environment Officer for the Church of England, was a guest speaker at our October synod, and we considered ways in which we could reduce our carbon footprint and champion the environment.

Deanery Story

KICK
TRANSFORMING LIVES

In February, Natalie Andrews, National Sport and Wellbeing Lead for the Church of England, and Joe Lowther, CEO of KICK – a charity which undertakes sports ministry in schools - encouraged us to think about how we can engage with our local communities through sports. We are hoping to appoint a CFM to work with schools in this area.

Warley & Edgbaston Deanery

Vocations Development and Discernment

St James, Rounds Green

The Revd Calvert Prentis is Director of Ordinands and Vocation Development; here he is celebrating with Revd Jill MacDonald, Local Minister Ordained for St James, Rounds Green.

Training for Reader Ministry

Resurrection Parish, Smethwick

Nick Ross combines ministry as SSM Associate Priest in the Resurrection Parish, Smethwick with leading phase 2 of Reader formation. Nick has expertise in professional development from his career in nurse education. He is a leader in developing inter-faith relationships and reconciliation in Smethwick.

Deanery Story

everyday faith

A dedicated team of voluntary ministers joined the two year 'Everyday Faith' diocesan led programme in order to progress the work of discipleship in our deanery.

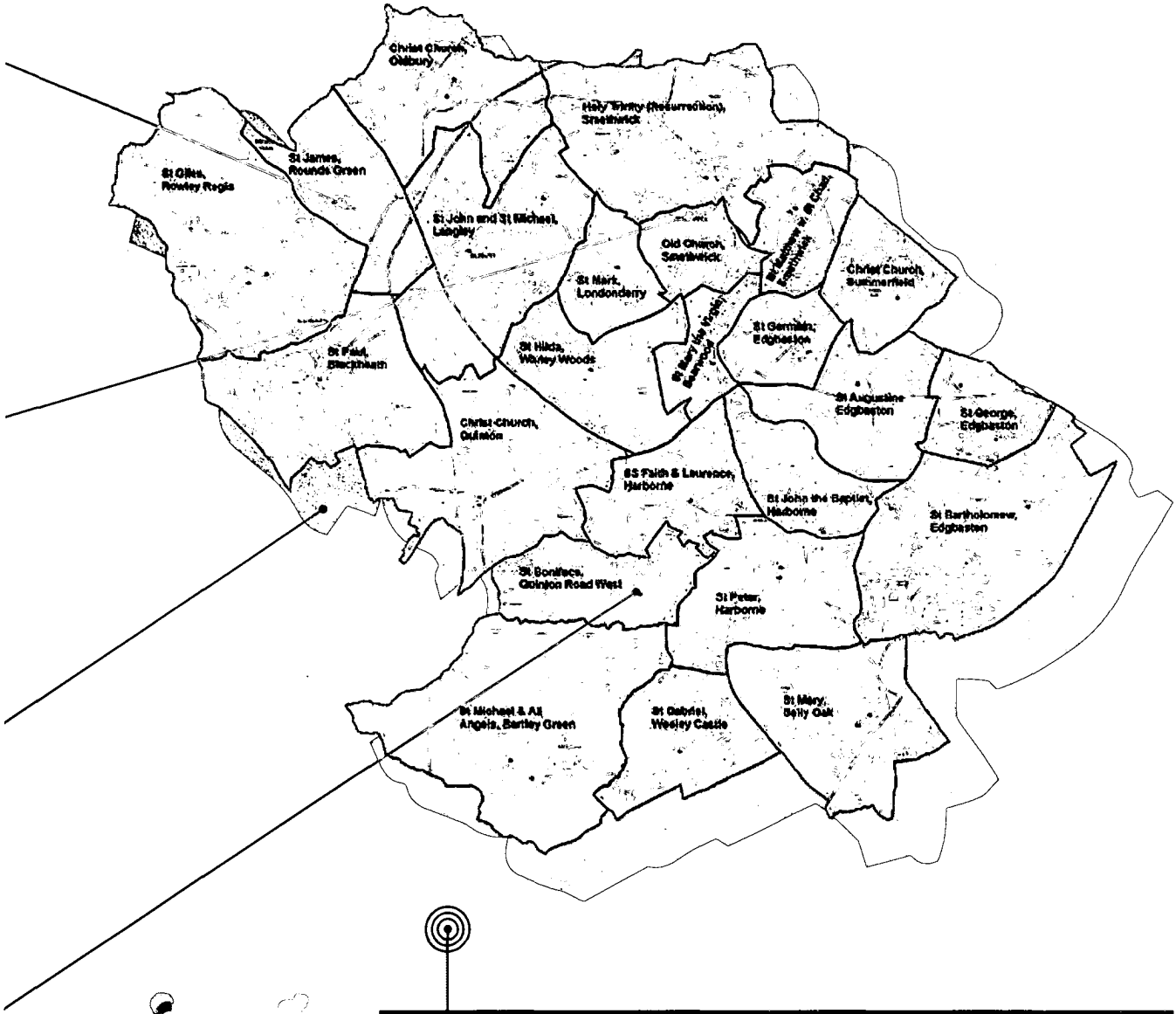
For Holy Week, one of the team shared a picture of the shadow of the Cross of Christ to reflect on, which reminded us that the cross we take up is but a shadow of that which Christ bore for us.

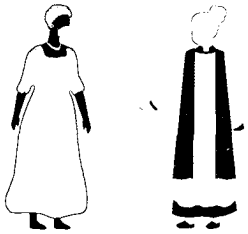
Deanery Story

An ecumenical group of 15 churches from the Edgbaston constituency of Preet Gill met with her in November at St Boniface, Quinton, to ask for greater urgency politically around climate action.

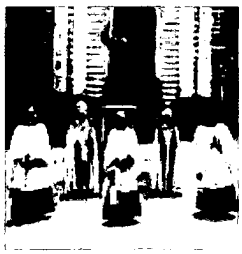
This led to greater collaboration between churches and community action groups around local projects, such as the Climate Coalition 'Show the Love' Green Hearts campaign and a green fayre planned for the autumn.

PARISH STORIES





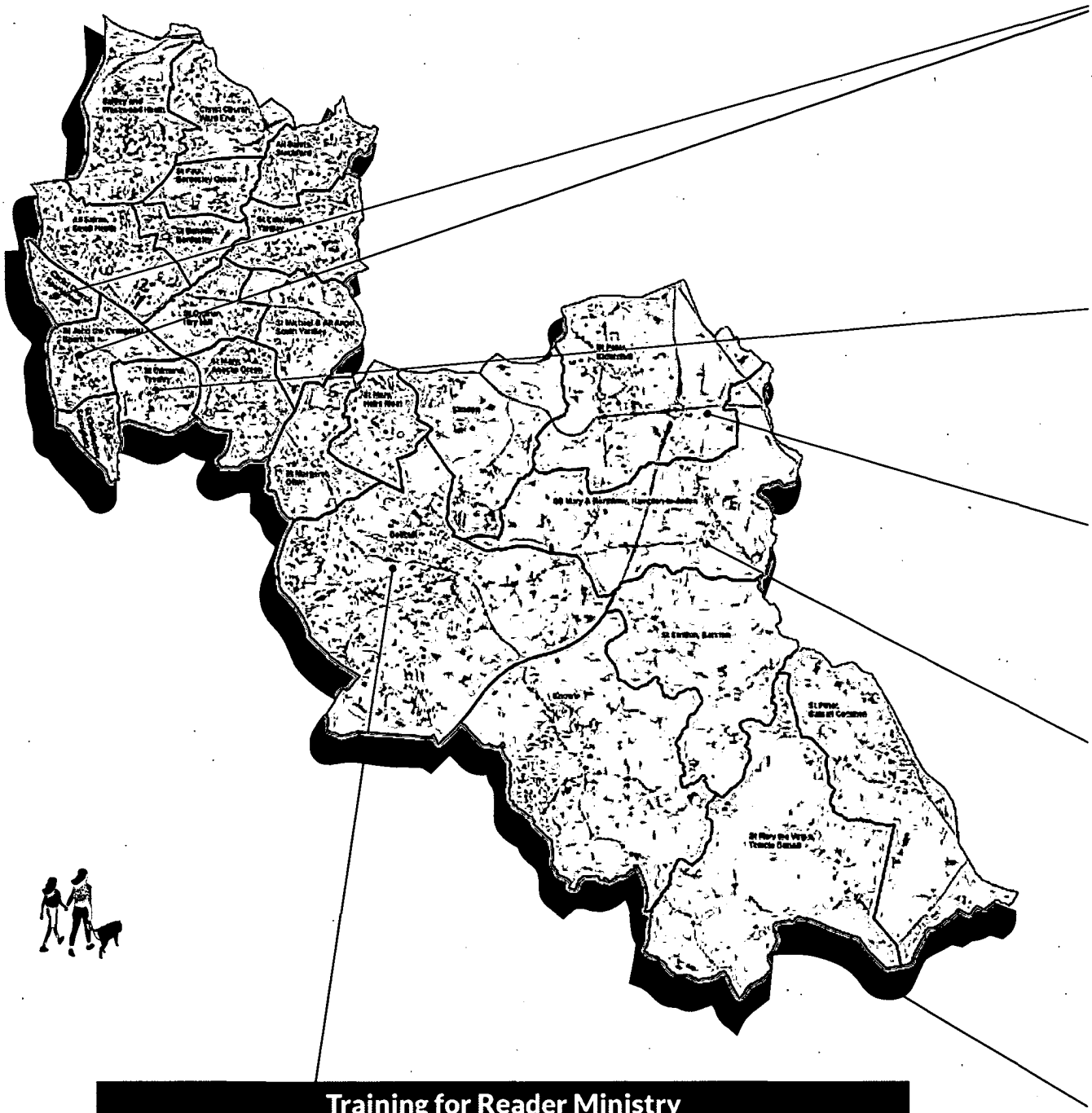
CofEB Story



Women's Ministry

2021 celebrated an all-woman cohort, last seen in 1994 as nine women were ordained deacon and began training for primary responsibility. It remains a significant priority to ensure women are equally represented at all levels of CofEB, with particular focus in 2022 as oversight ministers are appointed.

Yardley & Solihull Deanery



Training for Reader Ministry

St Alphege, Solihull

Ruth Marshall and Linda Hicks are Readers at St Alphege, Solihull, where Linda has lead responsibility for The Junction Fresh Expression for young families and Ruth is part of the worship team as well as a full-time music teacher in a secondary school.

PARISH STORIES

PARISH SUPPORT

Parish Story

Christ Church, Sparkbrook and St John's, Sparkhill

We have two outstanding DBE church schools, nine non DBE primaries and a secondary school nearby, and we work increasingly closely with several of these, including leading assemblies and RE.

In 2022, over 600 local children visited our interactive retelling of the death and resurrection of Jesus, hosted at St John's Church.

Local Ministry Pathway

St Edmund's Tyseley

The Revd Ann Knight and Mrs Dot Pooler are Local Ministers for St Edmund's, Tyseley, sharing leadership with the support of neighbouring priest, Revd Tom Thomas. Ann serves as an ordained minister and Dot as a licensed lay minister.

Deanery Story

St Peter's, Balsall Common

We have been working towards the Gold Eco Church Award in spite of slow progress due to the pandemic. We now have a wildflower garden and a new hedge while all the church lighting has been replaced with LED lamps. We have had a couple of climate specific services and are negotiating with neighbouring institutions about the possibility of a joint community heating project.

Training for Reader Ministry

Hampton-in-Arden

Mary Charlton is a Reader Tutor, combining parish ministry at Hampton-in-Arden with supporting trainee Readers in their formation for public ministry.

Deanery Story

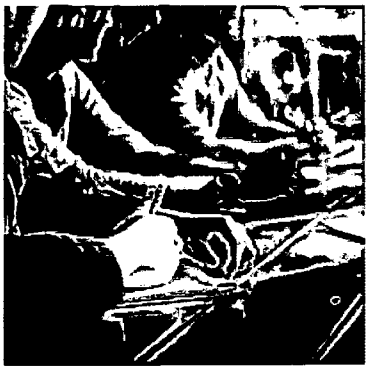
We held our Deanery Walk of Witness for Racial Justice on Sunday 13th March. There was strong participation and engagement from parishes right across the deanery and a strong sense that God's Spirit is at work changing us. Equally there is clear determination that this journey towards justice and mutual flourishing must continue.

Supporting the Ministry and Mission of CofE Birmingham

The DBF continues to employ a core staff to provide an accessible resource of specialist expert advice and to manage a number of significant collegiate affairs of the CofE Birmingham. This includes HR, Communications, Finance, Property and Administration teams and individuals.

These core staff are supplemented by a number of additional staff, engaged through strategic funding, to progress and support specific initiatives. A large body of these specifically skilled staff roles provide support for People & Places.

Responding to the financial landscape unfolding through the past year, and seeking to act towards the diocesan net-zero target, the central office space and diocesan meeting room provision has been reviewed and the Core DBF team, along with all CofEB colleagues will be moving to a new city centre location from Summer 2022. This new location known as 'Citadel', continues to afford excellent transport links and the substantial training and meeting room provision currently enjoyed at the Colmore Row site.



SAFEGUARDING

The Safeguarding team has worked throughout the year to improve and increase the advice and support offered to parishes.

We have continued to adapt our training and been able to resume some face-to-face training.

We have increased our accessibility through regular Parish Support Zoom meetings and Deanery Zoom drop-ins.

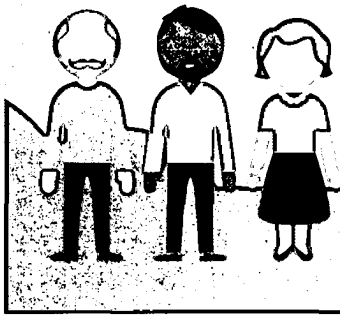
Our annual resource day was held via Zoom and was well attended.

The team have managed to continue with parish 'visits' via Zoom and have reassured those churches about to begin a leadership vacancy of the safeguarding support available to them.

Also to assist parishes, we have met with new parish safeguarding co-ordinators and new incumbents.

The team have continued with Past Cases Review (PCR2) and this will be concluded in 2022.

We continue to promote Safer Churches and this parish support service has been used several times this year.



Bishop's Safeguarding Adviser:
Steph Haynes
Tel: 07342 993 844 Email: StephH@cofebirmingham.com

Supporting the mission

The Church of England Birmingham through the Birmingham Diocesan Board of Finance (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 CofE Birmingham 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 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 key staff during 2021 were:

Dr Jan Smart ..... Diocesan Secretary
Miss Karen Preece ..... Director of Finance
Mrs Sarah Smith ..... Director of Education
Mr Daniel Mayes ..... Property Director

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 includes a one-day event to ensure that all trustees are familiar with the organisation and its vision and strategy and to provide an overview of trustees' responsibilities. In 2022, a trustees' development programme is being created to provide trustees with deeper knowledge and skills to further equip them for their role. They are also given relevant literature which explains the role and obligations associated with their role as a director and trustee of the BDBF. They will also receive 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'.

Charity Governance Code

The BDBF welcomes the 'Charity Governance Code' and is working on its application. The trustees had intended to undertake a 'self-audit' review but this was delayed due to Covid-19 and will now be undertaken with the new Board of Trustees in 2022/23.

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 Subcommittee (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 Roundtable Aims to facilitate multi-disciplinary collaborative working on strategic mission initiatives in line with our *Transforming Church* goals. This is delivered through proactive working groups who are accountable for delivery in specific strategic areas.

The Diocesan Advisory Committee for the Care of Churches (DAC) provides advice on the effective stewardship and development of church buildings whether listed or not; church architecture, archaeology, art and history; conserving historic fabric and furnishings; and liturgy and worship. The DAC works with parishes at all stages of a 'building' project. One of its key responsibilities is oversight of the Faculty process, which is the Church of England equivalent of the civil planning process. As well as representation from within the Church of England Birmingham and the wider church, membership includes experienced specialists, who provide consultancy advice on a voluntary basis.

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

Within the ministry of the Church of England Birmingham, the BDBF plays an important role in co-operation with other persons and charities which form part of the Church. Under the oversight of the Bishop of Birmingham, who shares the cure of souls with clergy and lay workers across the CofE Birmingham, the day by day responsibility for the funding of clergy stipend costs, providing clergy housing, training clergy and other CofE Birmingham 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. PCCs are independent charities and operate under the Parochial Church Councils (Powers) Measure 1956. They 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 – the Bishop of Birmingham, the BDBF and CUF are the founding members and equal partners of Thrive Together Birmingham ('Thrive'). This is a company limited by guarantee with charitable status. The BDBF Director of Community Regeneration, an employee of BDBF, is also the Chief Executive of Thrive, and oversees the work of development workers who are employed by that entity.

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 operates as a sponsor or co-sponsor of Church of England Academies in the CofE Birmingham 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 CofE Birmingham multi-academy trust 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 now has nineteen schools.

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 CofE Birmingham's most economically deprived parishes.

Other Christian Denominations with and through whom the BDBF resources 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 Trustees Registered (BDTR) which is the custodian trustee for properties and permanent endowments on behalf of parishes and schools. BDTR 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 CofE Birmingham 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* vision and associated core activity and strategic programmes.
- ***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, visiting the sick, and comforting 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 barrier to participation.

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 'voluntary income' 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 overview of the year

In March 2020, the daily life of The Church of England Birmingham was changed beyond recognition as a result of the Covid-19 pandemic. Throughout 2021, we saw periods when we returned to the same closed doors and it is now clear that as CofE Birmingham we will be continuing to feel the effects for some years to come. This annual report looks to give a flavour of how The Church of England Birmingham family has continued to respond to these challenges, either by changing the way that we do things or sometimes by doing less of things. But in the widest sense, there has continued to be a significant financial impact on our own resources as a direct result of the pandemic.

As CofE Birmingham our single largest source of income is parochial contributions – otherwise known as Common Fund. These funds are remitted to us by our parishes out of their income, which substantially comes from two key sources: voluntary giving and the rental of their church halls and other property. Both income streams were badly hit by both lockdowns and this had (and continues to have) a substantial and direct impact on our collection of Common Fund. The generosity of our parishes and congregations has been severely tested again over the last year; church and church hall closures have resulted in significant falls in cash giving and income through church hall and other lettings. This had a direct impact on their ability to meet their commitments and many more have dipped into their reserves this year to continue to meet their commitments.

We have continued to hold costs down wherever possible in order to make financial savings and continued to take advantage of government assistance through the Covid-19 Job Retention Scheme. The National Church has continued to provide support through early payment of agreed grants and we have been able to retain the unspent portion of the sustainability funding of £1,000,000 that we were awarded in 2020 for use in 2021 and 2022.

We have continued to work closely with our parishes to support them where we can in order to maintain our Common Fund income as far as possible. However, our experience in 2021 has demonstrated that it will be a long road to recovery for them. We implemented an interim common fund methodology for 2021 and 2022 to give certainty to parishes of our expectations of them and we have now extended this interim methodology for a further year into 2023.

Our 2022 budgets reflect a continuing financial operating shortfall of £635,000 – this is significantly less than our early expectations for 2021, but still continues to reflect our expectations around a slow recovery in common fund income. On a positive note, we still have funds available to us from the National Church sustainability funding received in 2020, which is expected to cover the budget loss. As a backstop, the Board has again made provision for the utilisation of currently unallocated Strategic Investment Fund monies of up to £500,000. Work will continue to minimise this re-allocation of funds and the planned programme of property disposals will continue to further increase this fund (and replace any funds utilised over the next few years) to ensure that the transformation programmes still deliver on our vision.

Financial review

The 2021 headline income figure of £11,687,000 shows an overall decrease in income of £569,000 compared to £12,256,000 in the prior year. However, if we remove the impact of significant gains on the disposal of redundant assets in 2021 (£332,000) and 2020 (£315,000), this gives us a greater real decrease in income of £586,000. As is always the case, we need to dig deeper to understand the core underlying trends beneath the headlines.

Underpinning our day-to-day CofE Birmingham finances is our single largest source of income – parochial contributions or 'Common Fund' from our parishes. To complement the work we are carrying out under the *People & Places* deployment framework, we implemented a new common fund methodology in 2019 that draws inspiration from St Paul's writing of two communities that need to share – Common Fund is a powerful, practical application of God's generosity. The first gift is that of faith – this then inspires them to give to others who they don't really know but with whom they share the faith. Under the new methodology, the core financial contribution aspect of Common Fund comprises a calculated Sum Requested based on a parish's ability to pay from their unrestricted income (based on the latest available parish annual statutory accounts) and a gift of intentional generosity towards others. The gift is prayerfully discerned by the parish.

After the difficulties of 2020, it became clear that the methodology that we had implemented in 2019 was not sufficiently robust to withstand the wide swings in income that our parishes were experiencing, and we therefore implemented an interim methodology for 2021 and 2022. This used the commitments made by each parish for 2020 as a base for giving. We then allowed parishes to take a more flexible approach to their offering – in general we accepted amounts between 75% and 100% of this original commitment, with conversations with those parishes that identified that this lower threshold would still be a problem. Our overall budget for 2021 was then set at 80% of the 2020 Commitment total (£4,597,000).

The total commitments made for 2021 were £4,936,000 plus pledged gifts of £511,000 – giving a total of £5,447,000 – this compares with a total of £6,021,000 in 2020. In 2021, our parishes actually contributed £4,781,000. This exceeded our original budget by £184,000 although this was only 87% of the commitments that had been made at the start of the year. On a positive note, gifts that were pledged were broadly delivered. Against the continuing uncertainties of the pandemic over 2021, we recognise that this outturn demonstrated the real commitment of our parishes and again we are immensely grateful for their continued support.

Counter-intuitively, this means that the budgeted Common Fund target was met for the first time in six years – by 4%. This is however against a backdrop of a 2% increase in the diocesan stipend rate (in line with the rise in the national minimum stipend), after this was deferred in 2020.

Remitted statutory fees from occasional offices (such as weddings and funerals) experienced a further fall of 8% on the prior year. This was a decrease for the sixth year running although we have seen more weddings this year, albeit not a return to pre-pandemic levels.

We have continued to proactively let empty parsonages during parish vacancies although our housing rental income has fallen by £51,000 year on year and we have experienced some difficulties in recovering properties at the end of the lets. Elsewhere, our investment income over the year has fallen by £43,000 mainly due to lost investment property rental income.

The BDBF continues to receive significant support from the Church Commissioners in the form of Lowest Income Communities funding based on the Index of Multiple Deprivation for each parish. We received £1,991,000 of this funding in 2021 – we were the recipients of an additional grant of £50,000 from the Oxford Diocese Mutuality Fund in addition to our expected grant of £1,941,000. The Strategic Ministry Fund (via Church Commissioners) is enabling us to increase the number of curates that we train – we received a new three-year grant for three starters in 2021 (in addition to our base of 6) meeting 90% of the cost of each of the three additional curates, in addition to ongoing funding for the two funded starters in 2020.

We have continued to reap the financial benefits of Strategic Development and Capacity funding through a full twelve months of activity for the *Shaping the Future* programme, the *People & Places* framework and resourcing and planting church initiatives, contributing income of £1,480,000. However, these income sources are restricted in nature and can only be utilised for specific activities.

Our other restricted grant income to support our places of worship support officer and new Giving Advisor role is significantly reduced at £56,000 – this reflects the end of the Mission Apprentices programme during 2020. We remain immensely grateful to Church Commissioners, Allchurches Trust, Historic England and the many individual donors who

share our mission vision and support our activities more widely.

Our 2021 income this year has been boosted by two key one-off items; we received an unrestricted legacy of £100,000 (£20,000 of which has been designated for the development of a Communications Hub in our new offices) and £132,000 of income from the Sutton Coldfield Rectory Act Trust (for use to support stipends in that area). In addition, we received £25,000 (2020: £191,000) of Job Retention Scheme income from the Government to cover salary costs for staff furloughed during the year, before the end of the scheme.

In summary, our 2021 income has again been severely impacted by the pandemic (both through lost common fund and other trading income) which has been partially offset by one-off income totalling £307,000 although we have continued to attract more restricted income for new projects than in 2020.

The 2021 headline expenditure figure of £11,514,000 when compared to the prior year figure of £10,990,000 shows an increase in expenditure of £524,000. As noted within our income commentary, we need to again dig deeper to understand the core underlying trends beneath the headlines.

As noted in our key financial indicators below, we have experienced again this year a high (though managed) parish clergy vacancy rate, as well as the impact of a 2% increase in stipends and lay salaries (which were deferred in 2020), which had implications for our ministry costs. We were unable to maintain the savings that we made in 2020 by deferring our planned maintenance and improvement works to our clergy housing for a second year, but we still delivered non-salary/stipend savings across most areas because of the level of activity that was still taking place virtually for much of the year.

Outside of clergy costs, our main areas of expenditure have again been within our restricted grant income resourced *People & Places* framework and missional initiative programmes such as *Shaping the Future*, Church Planting together with restructuring and historical places of worship support.

KEY PERFORMANCE INDICATOR	2021 ACTUAL	2021 BUDGET
Common Fund collection rate on Sum Requested amount %	**87.0%**	80%
Common Fund collection rate on Pledged Gifts amount %	**100%**	100%
Common Fund overall collection rate on Budgeted amount %	**103%**	100%
Common Fund overall % rise year-on-year in cash terms	**(0.3)%**	(16.8)%
Parish clergy establishment posts	**102**	117
Dividend yield on Smith & Williamson investment portfolio %	**13.6%**	12.5%
Dividend yield on CCLA investment portfolio %	**3.3%**	3.6%
Reserves policy met	**Yes**	Yes

On an overall funds basis, there is a surplus for the year of £173,000 (2020: £1,266,000 surplus) before considering the year end revaluation of investments (£1,500,000) and other recognised gains on disposal of £42,000 giving a net surplus for the year of £1,667,000.

The significant increase of £1,500,000 in the valuation of our investment portfolio year on year does not reflect the turbulence in worldwide stock markets over 2021 , although not all of it is expected to be retained into 2022. There have been no pension scheme actuarial valuations finalised during the year, which means that there has been limited adjustments to the financial statements in this financial year – a charge of £24,000 compared with the 2020 income of £10,000. Both of these items are year-end financial statement adjustments which have no impact on the day-to-day running of and cash flows of the BDBF.

Work has continued developing a five-year and beyond, sustainable financial and organisation plan. This has been made especially difficult as we seek to assess the longer-term impacts of the pandemic as outlined in our risk assessment. However, it continues to be informed by a broad review of the key factors impacting on the BDBF financial outcomes:

- 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

Balance Sheet position

The BDBF trustees consider that the balance sheet, together with details in note 20 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 £47,741,000 (2020: £46,074,000) it must be remembered that included in this total are properties, mostly in use for ministry whose value amounted to £23,230,000 (2020: £23,701,000). 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.

Significant Property Transactions

During the year, we have completed the sale of one surplus house owned by the BDBF together with two land disposals; one of some vacant glebe land in Kings Heath, which has allowed us to bring the vicarage up to the expected standard and the other under a compulsory purchase order by HS2 – net unrestricted proceeds were £1,018,000. In 2019, Bishop's Council decided to place proceeds from significant unrestricted property disposals into the Strategic Investment Fund, which is a fund designated by the BDBF for intentional strategic mission investment over the next five years. It is still intended that the BDBF continues to reinvest such funds into mission and ministry, subject to the need for funds to maintain the operations of the BDBF as a result of the pandemic.

We also made progress on our long-term property estate development plan, which aims to:

- Replace or upgrade unsuitable properties (aiming to be more carbon neutral where possible)
- Accommodate the changing geographical deployment of clergy within the CofE Birmingham
- Establish a base-line energy usage report across our portfolio and to create an action plan to achieve our net-zero carbon objective by 2030
- Realise development potential in some properties thereby using our resources more effectively for the mission and ministry of the Church

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 the amount collected could have implications for our mission objectives and deployment, as has been evidenced over the course of the pandemic. Actions such as the deferral of works to properties and delays in recruitment of stipendiary clergy will continue alongside general cost savings to be implemented to offset ongoing significant shortfalls in the collection of Common Fund arising from the ongoing financial impact of the pandemic on parish financial stability.

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 ten 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 three 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. As at 31 December 2021, the reserves policy target is £2,608,000 representing three months unrestricted operating expenditure as budgeted for the forthcoming year. The trustees believe that such a reserves target will cushion the BDBF from short term revenue problems and will enable them to meet their legal requirements in case of serious financial problems.

The total unrestricted reserve stands at £10,414,000 and £6,151,000 for undesignated unrestricted reserves. However, the undesignated unrestricted reserve includes £5,015,000 of non-readily realisable fixed assets, which leaves the BDBF with apparent free unrestricted reserves of £1,136,000, which would be below the target of £2,608,000 as at 31 December 2021. The Board recognises that it needs to take a more holistic view of unrestricted reserves in its assessment of "free" reserves to take into account designated reserves that are currently unallocated. It will therefore continue to hold its designated reserves, with funds being undesignated when there is an intentional decision to do so. Bishop's Council has already formally approved in principle that the necessary funds can be un-designated when they are required.

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 21. There are three significant designated funds, the first being 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 £599,000 as at 31 December 2021. The second is the strategic investment fund totalling £2,617,000 as at 31 December 2021, which has been created using the proceeds for unrestricted property disposals since 2019. The fund will be used for intentional strategic mission investments such as further implementation of context ministry and match funding for our Church Commissioner grant funded *Shaping the Future* and *People & Places* strategic programmes. However, as noted above, Bishop's Council approved a proposal in 2020 to un-designate such funds as are deemed necessary in order to deliver a balanced unrestricted outturn in light of the pandemic. To date, no use has been made of this provision. The third is the Sustainability Grant, which represents the balance of the funding received in 2020 amounting to £637,000, which was not required to bridge the 2020 and 2021 funding gap and has been held over for use under the same circumstances in 2022.

Restricted and endowment funds

As set out in note 21 the BDBF holds and administers a number of restricted and endowment funds. As at 31 December 2021 restricted funds totalled £7,779,000 (2020: £7,157,000) and endowment funds totalled £29,548,000 (2020: £29,096,000). Neither are available for the general purposes of the BDBF.

Investment policy

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

The overarching investment principles embedded in our Statement of 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
- Performance to be in excess of the APCIMS Balanced Index benchmark with specific income target as agreed with the trustees
- 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 Bruton Knowles
- 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.

The Covid-19 pandemic together with Brexit and other uncertain political scenarios has meant that investment performance through 2021 has again been turbulent. Despite this uncertainty, our investment portfolio reflected a significant gain on investment valuations of £1.5m for the year. Unsurprisingly, investment performance on a total return basis over the last twelve months was 13.6% compared with 3.2% in 2020 (but still not back to the 2019 level of 18.1%), although this was only 1.1% higher than the performance of our benchmark portfolio. To put this in some context, the UK equities market was 19.6% up against 2020 – regaining the 13.2% lost in 2020 and more. This obviously reflects the real turbulence in the markets during 2021 (which is of course continuing into 2022).

Over 2021, concerns have arisen with regard to the impact of climate change on our planet and how we can make a difference through our choices around our investment portfolio. We have begun work to establish how reliant we are on investment income (and increases in valuation) arising from shareholdings in fossil fuels in particular, especially as the holdings that we do have are consistently high performing stocks for us. We have limited direct investment in entities directly engaged in fossil fuel activities – at the end of 2021, 4.3% (£257,000) of our total listed investments are held in three key fossil fuel companies (Shell, BP and BHP), although we are aware that there will undoubtedly be companies operating in these markets represented within the funds and unit trusts that the BDBF has holdings in. Our fund managers have started to assess our overall investment portfolio in terms of carbon risk and performance against the various ESG screening tools that are now available. This is a first step to the BDBF moving to a 'greener' portfolio.

The review of our published Statement of Investment Principles planned for 2021 will now take place in 2022. As well as a wider review of our approach to investment management and our investment managers, this review will also consider the impact of climate change on our investment strategy – in particular the area of fossil fuel and related investments. Once this has been agreed, steps will be taken to move out of any unacceptable funds and investments in a managed way, in order to ensure

that there is no significant financial loss to the BDBF.

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 35). We deliver our public benefit to the wider population in the CofE Birmingham 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 and five-year financial plan approved by the trustees.
- Regular consideration of both financial results and other performance indicators.
- Delegation of authority and segregation of duties.

As part of this responsibility, the trustees are also required to ensure that effective and adequate risk management is in place to manage the major risks to which the BDBF is exposed. They have a clear mechanism for obtaining assurance on the management of risks. The trustees agree the approach to risk including overseeing the process to identify and assess key risks and understanding how those risks are managed and mitigated.

To support the identification and evaluation of the BDBF's key risks, a risk assessment model has been developed which incorporates our activities towards the achievement of our strategic CofE Birmingham goals through the *Transforming Church* strategy alongside day-to-day operational activities. Risks are considered and presented as either Strategic or Operational risks within an active risk register. Strategic risks are significant risks that influence the achievement of the BDBF's strategic aims. These may include major internal risks, such as financial sustainability or compliance risks. Or they may be external events with high impact which the BDBF cannot control and for which the BDBF needs to develop response mechanisms. All strategic risks are mapped back to our ten *Transforming Church* goals and seven Areas of Transformation. During 2021, the trustees have continued to assess the significant strategic risks arising as a result of the Covid-19 pandemic. Principally this has involved the detailed assessment of the financial impacts on the sustainability of the BDBF as well as the impact of the changes in patterns of worship, engagement and mission arising from the closure of churches once again for much of the year. Operational risks are day-to-day risks and more likely to be internal, within the BDBF's control and with a higher level of probability of the risk event happening. The BDBF's focus of attention on these risks relates to how it can control, manage or transfer the risk to a third party.

Individual risks are then assessed using a scoring mechanism, with respect to the inherent likelihood of occurrence, severity of impact on the BDBF, the steps in place to mitigate the risk and the resulting impact on residual risk. Residual risks are ranked using a 'traffic light' scheme (red/amber/green). Each risk is allocated to a board committee who will oversee the management of that risk and the risk register notes the source of assurance that they will receive in respect of that risk management.

To embed risk management as an active and continuous process, risk is formally considered at each board and sub-committee meeting, with changes and progress noted within the risk register. The Finance, Investment and Property sub-committee oversees the detailed risk management process.

The strategic risks which are currently assessed as scoring highest, and the outline mitigating strategies to address them, are shown in the table below.

RISK	MITIGATION STRATEGY
The impact of Covid-19 pandemic results in a significant and longer-term financial loss for the BDBF that it is unable to sustain	• *Cashflow (and outturn) forecasts based on latest information to identify pinch points* • *Engagement with parishes to establish sustainability of Common Fund contributions* • *Additional grant funding from National Church* • *Longer term plans including re-evaluation of designated reserves and a programme of property disposals to provide bridge funding to cover forecast deficit on unrestricted fund activity in 2022*
Failure to effectively embed the new Common Fund methodology leading to non-payment of Common Fund for reasons other than affordability	• *Clear biblical foundation to methodology with a clear and effective communication, generosity and discipleship plans* • *Discount incentives for regular monthly payments* • *Monthly review of contribution profile assisted by proactive discussions with parishes* • *Review of effectiveness of methodology in a post-Covid-19 world ongoing - new approach to be implemented from 2024*
The People & Places framework for mission and ministry does not deliver the required culture change in a timely manner	• *Full-time Area Deans in place to facilitate culture change supported by Project teams comprising local laity and clergy* • *Increased focus and support on Transforming Church Action Planning* • *New approach to clergy and lay learning and development* • *Effective monitoring and evaluation processes*
Failure to grow the Church in its mission, especially at the speed required by Church Commissioners funding streams	• *Governance structures in place for effective monitoring and evaluation of mission goals and financial impact consequences* • *Development of 'New Christian Communities Strategy' to drive increased growth in numbers of worshippers* • *2021 Strategic Review outcomes to be rolled out in 2022 - with a clearly defined focus on mission growth*
Dependency on Church Commissioners funding for missional growth support activities	• *Effective management and delivery mechanisms on existing Church Commissioners funded programmes to ensure trust and confidence in delivery capacity to support further funding bids* • *Sustainability plans* • *Identify other income streams*
Reputational and financial risks associated with safeguarding of young people and vulnerable adults	• *Comprehensive training programme throughout CofEB* • *Independent scrutiny group established* • *Safeguarding Management Group monitors CofEB diocesan compliance with national safeguarding requirements*
The CofE Birmingham is unable to meet its commitment to Diocesan Synod for net zero emissions by 2030	• *Environmental Group (steered by Bishop) to drive this work* • *Net Zero Carbon group now working to develop a costed plan for works required to the property portfolio.* • *Investment strategy review to be completed in 2022. This should identify and enable managed divestment of investments that do not meet zero carbon criteria*

STRATEGIC AND OPERATING REVIEW

Plans for future periods

Our vision to ***"grow churches at the heart of each community"*** continues to be central to our plans for future periods. 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

We recognise that our pattern of ministry and mission needs to be relevant to each local context and will vary across locations. In 2022, the key activities that we will be focusing on include:

- Continuing the embedding of the *People & Places* framework for reimagining ministry and associated culture change
- To continue to ensure all clergy appointments fit within the P&P Framework and support its strategic priorities in the parishes
- To further develop a strategic approach to the development of New Christian Communities and the continued identification of new opportunities
- Continuing to embed our new Deaneries including the implementation of a structure of oversight ministry
- Focus on *Transforming Church* Action Planning to support churches to engage with their local communities and play their part in the transformation of their neighbourhoods
- Continuing the roll-out of our new approach to learning pathways for leadership and discipleship that is accessible to all
- Continued reimagining of ministry and discipleship, particularly to encourage the deepening of everyday faith
- Collaboration with the DBE to further deepen and promote the Christian Distinctiveness of our schools
- To scope and plan our response to our goal to achieve net zero emissions by 2030
- Further embedding an ethos of diversity, inclusivity and generosity into everything that we do

Directors' report

Going concern

Covid-19 is continuing to have a significant impact on the financial affairs of the BDBF and the wider CofE Birmingham. The second lockdown during 2021 has made it harder for parishes to start to rebuild their finances than we might have thought, which has had a continuing negative impact on Common Fund collection during 2021. It is now clear that the impacts of the pandemic will be felt, especially on Common Fund, beyond 2022, and almost certainly into 2023.

As the key unrestricted income stream for the BDBF, this has again required the Directors to consider the question of going concern in significantly more detail than it would have done before the pandemic. The 2022 budget has been prepared on the basis that common fund income will be only slightly higher than 2021 – although at a level some 15% below the 2019 level. Reductions in overhead costs in some areas are reflected in the budget where deliverable, but there is little to be gained in some of the key cost heads (including clergy stipends). The agreed 2022 budget will use the balance of the Sustainability Grant funding of £637,000 to cover the projected operating deficit for that year. Bishop's Council has already formally approved the principle of un-designating funds within the Pastoral and Strategic Investment funds to balance the operating outturn where necessary. Such transfers would be intentional transfers agreed as part of budget-setting to reflect our progress towards balanced budgets as the CofE Birmingham and its parishes recover from the pandemic and the CofE Birmingham implements changes to our Common Fund methodology and the structures underpinning ministry over the next few years. The planned property disposal programme to replace any designated funds used to fund unrestricted core activities is progressing as planned. As at the end of 2021, it has not so far been necessary to use any of these designated funds in order to balance the outturn. Restricted activities are expected to continue as per their agreed programmes, although some delivery timescales have been stretched as a result of the pandemic. An outline 2023 budget and cash flow forecast has been prepared as part of an updated five-year financial plan to reflect latest expectations in relation to unrestricted income (particularly Common Fund) and overhead costs.

Based on the above, 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).

Responsibilities of the trustees

The trustees are responsible for preparing the Trustees' strategic report and the financial statements in accordance with applicable law and regulations.

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.

Appointment of auditors

A resolution to re-appoint Haysmacintyre LLP will be proposed at the forthcoming annual general meeting.

The Board of Trustees approve their Annual Report and, in their capacity as company directors, also approve the Strategic Report incorporated therein on 30 June 2022 and signed on its behalf.

Steven Skakel

Mr Steven Skakel
Chair and Director of Birmingham Diocesan Board of Finance

APPENDIX SUMMARY INFORMATION

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 co-operation both with the Archbishops' Council and with the Church Commissioners.

The CofE Birmingham

The Cathedral Birmingham Cathedral is the Mother Church of the CofE Birmingham 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 CofE Birmingham is Diocesan Synod which is made up of broadly equal numbers of clergy and lay representatives elected from across the CofE Birmingham 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 CofE Birmingham

Deanery Synod There is a Deanery Synod in each of the CofE Birmingham'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 CofE Birmingham 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 Archdeaconries 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 THE BIRMINGHAM DIOCESAN BOARD OF FINANCE

Opinion

We have audited the financial statements of the Birmingham Diocesan Board of Finance for the year ended 31 December 2021 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2021 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Annual Report (which includes the strategic report and the directors' 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 strategic report and the directors' report included within the Annual Report 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 Annual Report (which incorporates the strategic report and the directors' report).

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

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

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 40, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to safeguarding vulnerable beneficiaries, health and safety, and employment (including taxation), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011 and Church of England Measures.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fund accounting, including transfers between funds, and revenue recognition. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal postings by unusual users or with unusual descriptions;
- Challenging assumptions and judgements made by management in their critical accounting estimates;
- Testing transfers between funds; and
- Cut-off testing in respect of revenue.

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.

Adam Halsey (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP,
Statutory Auditor
5th July 2022
10 Queen Street Place, London EC4R 1AG

Statement of financial activities

FOR YEAR ENDED 31 DECEMBER 2021
COMPANY NUMBER: 440966

	Note	Restricted funds		Unrestricted funds			
		Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2021	Total funds 2020
		£'000	£'000	£'000	£'000	£'000	£'000
INCOME							
INCOME AND ENDOWMENTS FROM							
Donations:	2						
Parish contributions		-	23	-	4,781	**4,804**	4,953
Archbishops' Council		-	1,901	-	1,991	**3,892**	4,410
Other donations		-	105	3	1,039	**1,147**	980
Charitable activities	3	-	57	-	394	**451**	431
Other trading activities	4	-	6	-	430	**436**	499
Investments	5	13	186	8	418	**625**	668
Other income	6	-	-	-	332	**332**	315
TOTAL INCOME		**13**	**2,278**	**11**	**9,385**	**11,687**	**12,256**
EXPENDITURE ON							
Raising funds	7	27	-	-	92	**119**	175
Charitable activities	8	1	2,270	(35)	9,156	**11,392**	10,803
Other	9	-	-	2	1	**3**	12
TOTAL EXPENDITURE		**28**	**2,270**	**(33)**	**9,249**	**11,514**	**10,990**
Net (expenditure) / income before investment gains and losses		(15)	8	44	136	**173**	1,266
Net gains / (losses) on investments		449	674	(4)	381	**1,500**	(27)
Net gains on investment property		18	-	-	-	**18**	533
NET INCOME		**452**	**682**	**40**	**517**	**1,691**	**1,772**
Transfers between funds	21	-	(60)	599	(539)	**-**	-
Other recognised (losses) / gains	23	-	-	(24)	-	**(24)**	10
NET MOVEMENT IN FUNDS		**452**	**622**	**615**	**(22)**	**1,667**	**1,782**
Total funds brought forward	21	29,096	7,157	3,648	6,173	**46,074**	44,292
TOTAL FUNDS CARRIED FORWARD	21	**29,548**	**7,779**	**4,263**	**6,151**	**47,741**	**46,074**

Transfers between funds

For analysis of transfers between funds, see note 21. All activities derive from continuing operations.

FINANCIAL STATEMENTS

Balance sheet

FOR YEAR ENDED 31 DECEMBER 2021
COMPANY NUMBER: 440966

	Note	2021 £'000	2021 £'000	2020 £'000	2020 £'000
FIXED ASSETS					
Tangible assets	15	23,295		23,828	
			23,295		23,828
INVESTMENTS:	16				
Investment properties		2,570		2,606	
Other investments		14,115		12,680	
			16,685		15,286
TOTAL FIXED ASSETS			39,980		39,115
CURRENT ASSETS					
Debtors	17	1.858		1.759	
Cash at bank		8,003		7,553	
		9,861		9,312	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	18	(1,846)		(1,796)	
NET CURRENT ASSETS			8,015		7,516
TOTAL ASSETS LESS CURRENT LIABILITIES			47,995		46,630
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	19		(254)		(556)
NET ASSETS	21		47,741		46,074
FUNDS					
Restricted income funds			7,779		7,157
Endowment funds			29,548		29,096
Unrestricted income funds:					
Designated			4,263		3,648
Undesignated			6,151		6,173
	21		47,741		46,074

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 30 June 2022 and signed on behalf of the Board by:

Steven Skakel

Mr Steven Skakel **Chair**

Income and expenditure account

FOR YEAR ENDED 31 DECEMBER 2021

	2021 £'000	2020 £'000
Total incoming resources	11,674	12,252
Resources expended	(11,486)	(10,955)
Net income before gains for the year	188	1,297
Net gains / (losses) on investments	1,051	(59)
Net gain on investment property	-	207
NET INCOME FOR THE YEAR	**1,239**	**1,445**
Other comprehensive income:		
Net assets transferred to endowments	-	-
TOTAL COMPREHENSIVE INCOME	**1,239**	**1,445**

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 2021

	Note	2021 £'000	2020 £'000
NET CASH (USED IN) / PROVIDED BY OPERATING ACTIVITIES	25	(1,015)	238
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends, interest and rent from investments		630	687
Interest paid		(1)	(1)
Proceeds from sale of:			
Tangible fixed assets / current assets for the use of the BDBF		964	375
Fixed asset investments		54	1,082
Other investments		653	563
Purchase of:			
Tangible fixed assets for the use of the BDBF		(175)	(16)
Other investments		(581)	(508)
NET CASH PROVIDED BY INVESTING ACTIVITIES		1,544	2,182
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans repaid by BDBF		(108)	(7)
Loans repaid to BDBF		29	29
New loans made by BDBF		-	(50)
NET CASH (USED IN) / PROVIDED BY FINANCING ACTIVITIES		(79)	(51)
CHANGE IN CASH AND CASH EQUIVALENTS IN THE REPORTING PERIOD		450	2,392
CASH AND CASH EQUIVALENTS AT 1 JANUARY		7,553	5,161
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	26	8,003	7,553

NOTES TO THE ACCOUNTS

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. The financial statements are presented in Sterling (being the functional currency for all of its activities) rounded to the nearest £'000.

The BDBF meets the definition of a public benefit entity under FRS102.

Company status

The company is limited by guarantee, incorporated and registered in England and Wales (no. 440966). The members of the company are the Trustees named on page 3. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company. The company's registered office is 1 Colmore Row, Birmingham, B3 2BJ.

Going concern

The trustees assess whether the use of the going concern principle 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 worldwide Covid-19 pandemic had a significant impact on the work and the finances of the BDBF during the financial year and this is expected to continue into 2022. The Directors' Report on page 40 sets out the response of the BDBF to this unexpected and unprecedented change to the activities of the charity, and in particular the unrestricted income of the charity. The report briefly sets out the mitigating actions that have been taken and will continue to be taken to ensure that the BDBF can continue as a going concern. The trustees make this assessment in respect of the 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:

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 CofE Birmingham 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 (Lowest Income Communities Fund), restructuring activities (Restructuring Fund) or a range of strategic development activities including the key *People & Places* and *Shaping the Future* mission programmes (Strategic Development Funding).

Other grant income is recognised when receivable. This includes a one-off Sustainability Grant from the Archbishops' Council, which has been made available to bridge the gap between the expected unrestricted outturn and the actual unrestricted outturn, arising from the impact of the Covid-19 pandemic on the DBF financial position. The total funds allocated and received have been held within a designated fund and any amounts not required for 2021 have been held within the designated fund for similar purposes in 2022.

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 (i.e. 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 fund investments, plus the costs associated with letting the vacant parsonages and investment properties.

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 CofE Birmingham.

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 CofE 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. They are allocated to categories of expenditure (resourcing ministry and mission, raising funds and education) on the basis of the proportion of staff time spent on each area of 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 in 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 23 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 nil value.

Investment properties In accordance with FRS102, investment properties are carried at their fair value - 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 valued as at 31 December 2020, 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 2025. 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 tenant's improvements

Financial investments

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

Critical accounting estimates and areas of judgement

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year.

Accounting estimates

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 2020. 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.

Assumptions surrounding the clergy and church workers pension schemes 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 determined to be multi-employer pension schemes and as required under FRS102, the BDBF recognises its agreed deficit funding liabilities on its balance sheet. The key actuarial assumptions that underpin the required deficit funding contributions liability are based on the actuary's knowledge and experience. Any changes in these assumptions as given in note 23 could have a significant impact on the required deficit funding contributions and resulting balance sheet liability.

Areas of judgement

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.

Non-depreciation of 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.

All 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.

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.

NOTES TO THE ACCOUNTS

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 21 to the financial statements, along with details of the 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 BDBF) receives contributions from governors of church schools in the CofE Birmingham 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 one 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 one 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.

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.

2 Donations

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2021	Total funds 2020
	£'000	£'000	£'000	£'000	£'000	£'000
PARISH CONTRIBUTIONS						
Common Fund - current	-	-	-	4,732	**4,732**	4,918
Common Fund - prior	-	-	-	49	**49**	8
TOTAL COMMON FUND	-	-	-	4,781	**4,781**	**4,926**
Contributions to Malawi Fund	-	23	-	-	**23**	27
TOTAL PARISH CONTRIBUTIONS	-	23	-	4,781	**4,804**	**4,953**
ARCHBISHOPS' COUNCIL						
Strategic Restructuring	-	-	-	-	**-**	35
Strategic Development	-	1,385	-	-	**1,385**	1,067
Strategic Capacity	-	95	-	-	**95**	88
Strategic Ministry	-	139	-	-	**139**	21
Lowest Income Communities Funding	-	-	-	1,991	**1,991**	1,948
Sustainability Grant	-	-	-	-	**-**	1,000
Resourcing Ministerial Education Block Grant	-	282	-	-	**282**	251
TOTAL ARCHBISHOPS' COUNCIL	-	1,901	-	1,991	**3,892**	**4,410**
OTHER DONATIONS						
Stipend sources	-	-	-	662	**662**	544
Allchurches Trust	-	-	-	178	**178**	169
Other donations to Malawi Fund	-	16	-	-	**16**	5
Historic England - Places of Worship officer		16	-	-	**16**	14
Resourcing Church - fabric	-	68	-	-	**68**	-
Legacies	-	-	-	100	**100**	-
Other donations	-	1	-	52	**53**	43
Other grants	-	4	3	47	**54**	205
TOTAL OTHER DONATIONS	-	105	3	1,039	**1,147**	**980**

2 Donations (continued)

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 *Shaping the Future, People & Places* and various Church Planting programmes of mission activities. The Strategic Capacity funding is restricted to the *People & Places* programme. Strategic Ministry Funding is restricted to supporting curates in training with the objective of increasing the number of curacies that the CofE Birmingham is able to offer in any one year. 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 CofE Birmingham strategic development work – the last of these funds were utilised during the prior year. The Sustainability Grant is a one-off grant to bridge the gap between the expected and actual unrestricted outturn as a result of Covid-19.

3 Income from charitable activities

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2021	Total funds 2020
	£'000	£'000	£'000	£'000	£'000	£'000
Statutory fees	-	-	-	299	**299**	316
Parish training events	-	-	-	4	**4**	4
Insurance proceeds	-	-	-	52	**52**	2
Schools training events and services	-	55	-	-	**55**	66
Payroll Bureau service	-	-	-	13	**13**	12
Interest receivable on parish loans	-	2	-	26	**28**	31
TOTAL	-	57	-	394	**451**	**431**

Total income from charitable activities for the year ended 31 December 2020 of £431,000 was split between funds as follows: £67,000 in other restricted funds and £364,000 in undesignated funds.

4 Other trading activities

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2021	Total funds 2020
	£'000	£'000	£'000	£'000	£'000	£'000
Housing income	-	-	-	411	**411**	462
Recharges to other Christian organisations	-	6	-	22	**28**	34
Recharges to other charitable organisations	-	-	-	(3)	**(3)**	3
TOTAL	-	6	-	430	**436**	**499**

Total income from other trading activities for the year ended 31 December 2020 of £499,000 was split between funds as follows: £19,000 in other restricted funds and £480,000 in undesignated funds.

5 Investment income

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2021	Total funds 2020
	£'000	£'000	£'000	£'000	£'000	£'000
Dividends and interest	9	176	8	260	**453**	447
Profit / (loss) on sales of investments	4	-	-	3	**7**	2
Rents	-	10	-	155	**165**	219
TOTAL	13	186	8	418	**625**	**668**

Total investment income for the year ended 31 December 2020 of £668,000 was split between funds as follows: £4,000 in endowment funds, £190,000 in other restricted funds, £11,000 in designated funds and £463,000 in undesignated funds.

6 Other income

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2021	Total funds 2020
	£'000	£'000	£'000	£'000	£'000	£'000
Gain on sale of fixed assets	-	-	-	332	**332**	315
TOTAL	-	-	-	332	**332**	**315**

Total other income for the year ended 31 December 2020 of £315,000 was split between funds as follows: £315,000 in undesignated funds.

NOTES TO THE ACCOUNTS

7 Fundraising costs

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2021	Total funds 2020
	£'000	£'000	£'000	£'000	£'000	£'000
Investment management costs	25	-	-	7	**32**	27
Property rental costs	2	-	-	85	**87**	148
TOTAL	27	-	-	92	**119**	**175**

Total fundraising costs for the year ended 31 December 2020 of £175,000 was split between funds as follows: £35,000 in endowment funds and £140,000 in undesignated funds.

8 Expenditure on charitable activities

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2021	Total funds 2020
	£'000	£'000	£'000	£'000	£'000	£'000
CONTRIBUTION TO ARCHBISHOPS' COUNCIL						
Training for ministry	-	-	-	189	**189**	189
National Church responsibilities	-	-	-	148	**148**	158
Mission agency pension costs	-	-	-	8	**8**	7
Retired clergy housing costs	-	-	-	70	**70**	68
Pooling of ordinands maintenance grants	-	-	-	32	**32**	42
TOTAL	-	-	-	447	**447**	**464**
RESOURCING MINISTRY AND MISSION						
Parish Ministry:						
Stipends and National Insurance	-	490	-	3,427	**3,917**	3,760
Pension contributions	-	122	(231)	1,117	**1,008**	902
Housing costs	-	-	-	1,258	**1,258**	1,111
Removal, resettlement and grants	1	57	-	365	**423**	260
Training for ministry tuition fees	-	202	-	-	**202**	207
Archdeacons, vocations, chaplaincy & other expenses	-	128	-	349	**477**	609
TOTAL	1	999	(231)	6,516	**7,285**	**6,849**
Mission grants	-	162	-	23	**185**	92
Support for parish ministry	-	879	196	2,018	**3,093**	2,992
TOTAL	-	1,041	196	2,041	**3,278**	**3,084**
EXPENDITURE ON EDUCATION						
Support for Church Schools	-	230	-	152	**382**	406
TOTAL	1	2,270	(35)	9,156	**11,392**	**10,803**

Total expenditure on charitable activities for the year ended 31 December 2020 of £10,803,000 was split between funds as follows: £1,972,000 in other restricted funds, £(329,000) in designated funds and £9,160,000 in undesignated funds.

9 Other expenditure

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2021	Total funds 2020
	£'000	£'000	£'000	£'000	£'000	£'000
Interest payable on other loans	-	-	-	1	**1**	1
Interest charge on pension liabilities	-	-	2	-	**2**	11
TOTAL	-	-	2	1	**3**	**12**

Total other expenditure for the year ended 31 December 2020 of £12,000 was split between funds as follows: £11,000 in designated funds and £1,000 in undesignated funds.

10 Analysis of expenditure including allocation of support costs

	Activities directly undertaken	Grant funding of activities	Support costs	Total 2021
	£'000	£'000	£'000	£'000
Raising funds	119	-	-	**119**
Charitable activities:				
Contributions to Archbishops' Council	-	447	-	**447**
Resourcing parish ministry	8,977	576	1,010	**10,563**
Education	192	20	170	**382**
Other	3	-	-	**3**
	9,291	**1,043**	**1,180**	**11,514**

	Activities directly undertaken	Grant funding of activities	Support costs	Total 2020
	£'000	£'000	£'000	£'000
Raising funds	175	-	-	**175**
Charitable activities:				
Contributions to Archbishops' Council	-	464	-	**464**
Resourcing parish ministry	8,396	393	1,144	**9,933**
Education	225	11	170	**406**
Other	12	-	-	**12**
	8,808	**868**	**1,314**	**10,990**

11 Analysis of support costs

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2021	Total funds 2020
	£'000	£'000	£'000	£'000	£'000	£'000
Support for Schools	-	170	-	-	**170**	170
Administration and premises	-	-	-	897	**897**	1,047
Synod and Diocesan Advisory Committee Support	-	-	-	10	**10**	10
Governance:						
Auditors - external audit	-	-	-	21	**21**	19
Auditors - other services	-	-	-	1	**1**	1
Registrar and Chancellor	-	-	-	81	**81**	67
TOTAL	-	170	-	1,010	**1,180**	**1,314**

NOTES TO THE ACCOUNTS

12 Analysis of grants made

	Number	Individuals	Institutions	Total 2021	Total 2020
		£'000	£'000	£'000	£'000
FROM UNRESTRICTED FUNDS FOR NATIONAL CHURCH RESPONSIBILITIES					
Archbishops' Council	5	-	447	447	464
FROM UNRESTRICTED / DESIGNATED FUNDS					
PCCs for mission	2	-	54	54	8
Ordinands in training	20	151	-	151	85
Resettlement and first appointment grants	64	150		150	125
Church schools	2	-	20	20	11
Sundry clergy grants	47	19	45	64	81
TOTAL	135	320	119	439	310
FROM RESTRICTED FUNDS					
Malawi Partnership dioceses and projects	4	-	34	34	48
PCCs for project workers *(Action in the City)*	1	-	16	16	3
PCCs for mission initiatives	1	-	1	1	6
Other Christian organisations for mission initiatives	1	-	66	66	9
Ordinands in training	31	40	-	40	28
TOTAL	38	40	117	157	94
TOTAL GRANTS PAYABLE	178	360	683	1,043	868

13 Staff costs

	2021	2020
	£'000	£'000
EMPLOYEE COSTS DURING THE YEAR (EXCLUDING CLERGY PAY)		
Wages and salaries	2,285	2,164
Social security costs	216	211
Pension costs	253	249
Pension costs – Church Workers Pension Scheme deficit contributions*	41	39
TOTAL	2,795	2,663
AVERAGE NUMBER OF PEOPLE EMPOYED DURING THE YEAR	No.	No.
Parish mission support	40	43
Discipleship and Ministry support	8	9
Administration and financial management	11	10
Property	2	2
Education	5	5
TOTAL	66	69

**The deficit contributions paid in 2021 and 2020 have been charged against the provision in note 23.*

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

	2021	2020
	No.	No.
In the band £60,000 – £65,000	1	1
In the band £65,000 – £70,000	2	1
In the band £75,000 – £80,000	-	1
In the band £80,000 – £85,000	1	-

The total amount of employer defined contribution pension contributions paid on behalf of these employees were £33,807 (2020: £26,471).

13 Staff costs (continued)

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 CofE Birmingham. During 2021 they were:

Diocesan Secretary	Jan Smart
Company Secretary	Jan Smart
Director of Finance	Karen Preece
Property Director	Daniel Mayes
Director of Education	Sarah Smith

Renumeration and pensions for these four FTE employees amounted to £349,878 (2020: £364,795 for four FTE employees).

None of the directors received any remuneration as directors. The BDBF in both 2021 and 2020 has an overarching insurance policy that includes trustees' indemnity insurance however the premium attributable to the trustees' indemnity insurance element is not separately identifiable.

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 125 (2020: 123) stipendiary clergy as office holders holding parish or diocesan appointments in the CofE Birmingham, and the costs were as follows:

	2021 £'000	2020 £'000
Stipends	**3,523**	3,461
National Insurance contributions	**283**	273
Apprenticeship Levy	**16**	15
Restructuring costs	**48**	120
Pension costs – current year	**1,056**	935
Pension costs – deficit funding provided	**231**	380
TOTAL	**5,157**	**5,184**

14 Net income before transfers and other recognised gains / (losses)

	2021 £'000	2020 £'000
NET INCOME IS STATED AFTER CHARGING:		
Depreciation – owned assets	**76**	70
Net gain on disposal of fixed assets	**332**	315
Auditor's remuneration – audit of financial statements	**21**	19
Auditor's remuneration – other services	**1**	1

15 Tangible fixed assets

	Freehold Properties (see analysis below) £'000	Computer equipment £'000	Office equipment £'000	TOTAL £'000
COST / DEEMED COST OR VALUATION				
At 1 January 2021	23,701	215	324	**24,240**
Additions	161	14	-	**175**
Disposals	(632)	-	(92)	**(724)**
AT 31 DECEMBER 2021	**23,230**	**229**	**232**	**23,691**
ACCUMULATED DEPRECIATION				
At 1 January 2021	-	173	239	**412**
Charge for the year	-	22	41	**63**
Disposals	-	-	(79)	**(79)**
AT 31 DECEMBER 2021	**-**	**195**	**201**	**396**
NET BOOK VALUE				
AT 31 DECEMBER 2021	**23,230**	**34**	**31**	**23,295**
AT 31 DECEMBER 2020	23,701	42	85	**23,828**

All the above assets are used for charitable purposes.

NOTES TO THE ACCOUNTS

15 Tangible fixed assets (continued)

	2021 cost or deemed cost £'000	2020 cost or deemed cost £'000
FREEHOLD PROPERTIES		
ENDOWMENT FUNDS		
Benefice houses fund:		
Parsonage houses	17,604	17,598
Glebe funds:		
Housing of team vicars, curates and others	660	660
UNRESTRICTED FUNDS		
Corporate property:		
Housing of senior clergy, curates and others	1,109	1,741
Other corporate property	3,857	3,702
TOTAL FREEHOLD PROPERTIES	**23,230**	**23,701**

16 Investments held as fixed assets

	Glebe £'000	Endowment fund £'000	Unrestricted fund £'000	TOTAL £'000
A) INVESTMENT PROPERTIES				
At 1 January 2021	1,526	890	190	**2,606**
Disposals	(36)	-	-	**(36)**
AT 31 DECEMBER 2021	**1,490**	**890**	**190**	**2,570**

Properties were valued by Bruton Knowles (Chartered Surveyors) on an open market existing use basis as at 31 December 2020. The BDBF's policy is to seek formal professional valuations of its investment properties every five years with trustee review in the intervening period. The next review will be carried out as at 31 December 2025.

	1 January 2021 £'000	Sales £'000	Purchases £'000	Change in market value £'000	31 December 2021 £'000
B) OTHER FINANCIAL INVESTMENTS					
ENDOWMENT FUNDS					
Listed investments	4,262	(471)	452	413	**4,656**
Unlisted investments	576	-	-	36	**612**
	4,838	**(471)**	**452**	**449**	**5,268**
OTHER RESTRICTED FUNDS					
Listed investments	242	-	-	38	**280**
Unlisted investments	4,667	(25)	-	636	**5,278**
	4,909	**(25)**	**-**	**674**	**5,558**
UNRESTRICTED FUNDS					
Designated funds:					
Unlisted investments	71	(20)	3	(4)	**50**
Undesignated funds:					
Listed investments	1,149	(130)	126	137	**1,282**
Unlisted investments	1,713	-	-	244	**1,957**
	2,933	**(150)**	**129**	**377**	**3,289**
TOTAL	**12,680**	**(646)**	**581**	**1,500**	**14,115**

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 2021 was £4,582,000 (2020: £4,462,000) and £5,388,000 (2020: £5,471,000) for unlisted investments.

17 Debtors

	2021 £'000	2020 £'000
RECEIVABLE WITHIN ONE YEAR		
Parish loans (concessionary loans)	11	17
Other loans (concessionary loans)	1	7
Prepayments and other debtors	799	668
Accrued income	107	43
Other debtors	215	-
	1,133	735
RECEIVABLE AFTER ONE YEAR		
Parish loans (concessionary loans)	58	71
Other loans (concessionary loans)	3	7
Other debtors	664	946
	725	1,024
TOTAL DEBTORS	**1,858**	**1,759**

18 Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Other loans - Church Commissioners (concessionary loan)	20	20
Other loans - Gloucester Diocesan Board of Finance (concessionary loan)	-	68
Trade creditors	240	264
Other creditors	801	714
Pension fund deficit - church workers pension scheme	41	39
Pension fund deficit - clergy pension scheme	235	221
Accruals and deferred income	509	470
	1,846	**1,796**

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 was a restricted purpose loan for the building works in connection with the Resourcing Church project. The loan was an interest free, unsecured arrangement with repayments over a five-year period, although the final repayment due in 2020 was deferred to 2021 as a result of the pandemic.

19 Creditors: amounts falling due after more than one year

	2021 £'000	2020 £'000
Pension fund deficit - clergy pension scheme	-	228
Pension fund deficit - church workers pension fund	204	238
Other loans - Church Commissioners (concessionary loan)	50	90
	254	**556**

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

	2021 £'000	2020 £'000
Between one to two years	20	20
Between two to five years	30	60
In five years and more	-	10
	50	**90**

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%.

NOTES TO THE ACCOUNTS

20 Analysis of assets and liabilities between funds

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2021	Total funds 2020
	£'000	£'000	£'000	£'000	£'000	£'000
TANGIBLE ASSETS						
Other fixed assets	18,260	20	-	5,015	**23,295**	23,828
INVESTMENTS - FIXED						
Investment properties	2,380	-	-	190	**2,570**	2,606
Other	5,268	5,558	50	3,239	**14,115**	12,680
DEBTORS						
Due within one year	-	193	203	737	**1,133**	735
Due after one year	-	58	-	667	**725**	1,024
Cash at bank	3,642	2,684	4,498	(2,821)	**8,003**	7,553
CREDITORS						
Due within one year	(2)	(734)	(284)	(826)	**(1,846)**	(1,796)
Due after one year	-	-	(204)	(50)	**(254)**	(556)
NET ASSETS	29,548	7,779	4,263	6,151	**47,741**	**46,074**

	Restricted funds		Unrestricted funds		
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2020
	£'000	£'000	£'000	£'000	£'000
TANGIBLE ASSETS					
Other fixed assets	18,258	22	-	5,548	**23,828**
INVESTMENTS - FIXED					
Investment properties	2,416	-	-	190	**2,606**
Other	4,838	4,909	71	2,862	**12,680**
DEBTORS					
Due within one year	(2)	160	233	344	**735**
Due after one year	-	74	215	735	**1,024**
Cash at bank	3,587	2,708	3,858	(2,600)	**7,553**
CREDITORS					
Due within one year	(1)	(716)	(263)	(816)	**(1,796)**
Due after one year	-	-	(466)	(90)	**(556)**
NET ASSETS	29,096	7,157	3,648	6,173	**46,074**

21 Movements in funds

	1 January 2021	Income	Expenditure	Transfers	Capital movements	31 December 2021
	£'000	£'000	£'000	£'000	£'000	£'000
ENDOWMENT FUNDS						
Glebe Fund*	6,055	-	(11)	-	139	6,183
Birmingham Diocesan Endowment Fund*	5,145	4	(16)	+	287	5,420
Parsonage Houses Fund	17,598	-	-	-	-	17,598
Bishop Brown Legacy Endowment Fund	298	9	(1)	-	41	347
	29,096	13	(28)	-	467	29,548
OTHER RESTRICTED FUNDS						
Sites and Buildings Fund	971	2	-	-	-	973
Church Schools Fund	5,640	230	(229)	-	627	6,265
Action in the City Fund	42	1	(16)	-	3	30
Malawi Partnership Fund	356	52	(45)	-	44	407
St Luke's at Gas Street – Fabric Fund	111	68	-	(150)	-	29
Training for Ministry Fund	17	282	(241)	-	-	58
Strategic Ministry Fund - Curates training	-	139	-	(139)	-	-
Shaping the Future (1)	-	286	(484)	198	-	-
Shaping the Future match (2)	7	-	(6)	-	-	1
Empowering Disciples Fund	6	-	-	-	-	6
Historic England – Places of Worship Officer	-	16	(47)	31	-	-
Allchurches Trust NECN	-	6	(6)	-	-	-
People & Places Capacity Fund	(1)	95	(96)	-	-	(2)
People & Places Development Fund	8	911	(918)	-	-	1
Church Planting (Shirley & Pype Hayes) Fund	-	72	(72)	-	-	-
Context Ministry & Church Planting Development Fund	-	76	(76)	-	-	-
St Martin's Youth Grants	-	4	-	-	-	4
Giving Advisor	-	40	(33)	-	-	7
	7,157	2,278	(2,270)	(60)	674	7,779
UNRESTRICTED FUNDS						
DESIGNATED FUNDS						
Pastoral Fund	1,374	11	(22)	-	(4)	1,359
Pensions Reserve	(804)	-	229	-	(24)	(599)
Growing Younger Fund (2)	229	-	-	-	-	229
Strategic Investment Fund	2,012	-	(174)	779	-	2,617
Communications Hub	-	-	-	20	-	20
Sustainability Grant (Church Commissioners)	837	-	-	(200)	-	637
UNDESIGNATED FUNDS						
General Fund*	6,173	9,385	(9,249)	(539)	381	6,151
	9,821	9,396	(9,216)	60	353	10,414
TOTAL	46,074	11,687	(11,514)	-	1,494	47,740

NOTES TO THE ACCOUNTS

21 Movements in funds (continued)

	1 January 2020 £'000	Income £'000	Expenditure £'000	Transfers £'000	Capital movements £'000	31 December 2020 £'000
ENDOWMENT FUNDS						
Glebe Fund*	5,610	7	(20)	-	458	6,055
Birmingham Diocesan Endowment Fund*	5,289	(11)	(15)	-	(118)	5,145
Parsonage Houses Fund	17,598	-	-	-	-	17,598
Bishop Brown Legacy Endowment Fund	272	8	-	-	18	298
	28,769	4	(35)	-	358	29,096
OTHER RESTRICTED FUNDS						
Sites and Buildings Fund	970	1	-	-	-	971
Church Schools Fund	5,562	241	(218)	-	55	5,640
Action in the City Fund	44	2	(3)	-	(1)	42
Malawi Partnership Fund	362	45	(48)	-	(3)	356
St Luke's at Gas Street – Fabric Fund	111	-	-	-	-	111
Strategic Restructuring Fund	-	35	(35)	-	-	-
Training for Ministry Fund	-	251	(234)	-	-	17
Strategic Ministry Fund - Curates training	-	21	-	(21)	-	-
Shaping the Future (1)	5	391	(542)	146	-	-
Shaping the Future match (2)	7	-	-	-	-	7
Allchurches Trust Mission Apprentice Fund	22	5	(62)	35	-	-
Empowering Disciples Fund	7	-	(1)	-	-	6
Historic England – Places of Worship Officer	-	15	(42)	27	-	-
Allchurches Trust NECN	4	19	(23)	-	-	-
People & Places Capacity Fund	-	88	(89)	-	-	(1)
People & Places Development Fund	6	650	(648)	-	-	8
Church Planting (Shirley & Pype Hayes) Fund	-	18	(18)	-	-	-
Context Ministry & Church Planting Development Fund	-	9	(9)	-	-	-
	7,100	1,791	(1,972)	187	51	7,157
UNRESTRICTED FUNDS						
DESIGNATED FUNDS						
Pastoral Fund*	1,400	11	(40)	-	3	1,374
Pensions Reserve	(1,183)	-	369	-	10	(804)
Growing Younger Fund (2)	240	-	(11)	-	-	229
Strategic Investment Fund	1,216	-	-	796	-	2,012
Curate Fund	14	-	-	(14)	-	-
Sustainability Grant (Church Commissioners)	-	1,000	-	(163)	-	837
UNDESIGNATED FUNDS						
General Fund*	6,736	9,450	(9,301)	(806)	94	6,173
	8,423	10,461	(8,983)	(187)	107	9,821
TOTAL	44,292	12,258	(10,990)	-	515	46,074

The funds denoted with * include the following revaluation reserves:

	2021 £'000	2020 £'000
WITHIN ENDOWMENT FUNDS		
Glebe Fund	1,045	1,024
Birmingham Diocesan Endowment Fund	99	99
	1,144	1,123
UNDESIGNATED FUNDS		
General Fund	1,140	1,140
TOTAL	2,284	2,263

21 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 CofE 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.

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 CofE Birmingham. The income derived from the capital endowment may be used to contribute to the maintenance grants of those in training.

Parsonages House Fund This fund represents the carrying value of all the benefice houses (parsonages) in the CofE Birmingham.

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 objectives 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 CofE Birmingham 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 CofE 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 continue 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 CofE Birmingham 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.

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.

Strategic Ministry Fund - Curates Training This fund relates to funding received from Archbishop's Council to support the training of additional curates.

Allchurches 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.

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

Allchurches Trust NECN This relates to the National Estates Church Network (NECN) programme that we are partners in and which is being funded by All Churches Trust.

People & Places Capacity Fund This relates to our *People & Places* Strategic framework which is part funded by a Strategic Capacity Funding grant from the Church Commissioners, with match funding from a Church Commissioners Strategic Development Funding grant and our own resources. This fund relates to the restricted Strategic Capacity Funding monies from Church Commissioners.

People & Places Development Fund This relates to our *People & Places* Strategic framework which is part funded by a Strategic Development Funding grant from the Church Commissioners, with match funding from a Church Commissioners Strategic Capacity Funding grant and our own resources. This fund relates to the restricted Strategic Development Funding monies from Church Commissioners.

Church Planting (Shirley & Pype Hayes) Fund This relates to a Strategic Development Funding grant from the Church Commissioners to support the establishment of new church plants (and related infrastructure) within the CofE Birmingham in the specific areas of Shirley and Pype Hayes.

21 Movements in funds (continued)

Context Ministry & Church Planting Fund This relates to a Strategic Development Funding grant from the Church Commissioners to support the development of our strategic approach to context ministry and church planting within the diocese as part of our wider transformational vision for the CofE Birmingham.

Giving Advisor Fund This relates to a grant from the Church Commissioners to support the roll-out of the National Giving Strategy over five years starting in 2021. This programme funds a Giving advisor who works with individual parishes to develop parish-focussed approaches to giving including the facilitation of contactless giving.

Unrestricted funds

Pastoral Fund The CofE Birmingham 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.

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

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.

Strategic Investment Fund This is a designated fund that has been created using proceeds from property disposals. The fund will be used for intentional strategic mission investments such as further implementation of context ministry and match funding for our Church Commissioners grant-funded *Shaping the Future* and *People & Places* strategic programmes.

During 2020, as part of our response to the Covid-19 pandemic, Bishop's Council agreed a proposal to release back to general unrestricted funds from the Strategic Investment Fund such monies as were necessary to deliver a balanced budget on unrestricted activities. The receipt of Sustainability Grant funding from Archbishops' Council in 2020 meant that such a transfer was not necessary in either 2020 or 2021, although the proposal has been ratified again in respect of the 2022 unrestricted activities budget.

Sustainability Grant Fund This fund relates to a Sustainability Grant received from Archbishops' Council in 2020 to enable the BDBF to bridge the gap in their unrestricted budget as a result of the Covid-19 pandemic. There are no specific restrictions attached to this funding other than the general stated purpose of bridging any unrestricted financial gap arising as a result of the Covid-19 pandemic. Archbishops' Council have permitted the CofE Birmingham to hold over any funds granted in 2020 but not used in 2020 or 2021 for the same purpose in 2022 and beyond. Archbishop's Council will continue to monitor the need for such funds throughout 2022 and may seek repayment of any unused funds if it deems that they are no longer required.

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

CommunicationsHub This is a designated fund to create a communications hub within the BDBF offices to enable us to bring the production of new film and sound media in house to support our communications strategy. The funds were identified from an unrestricted legacy received during 2021.

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 2021 are as follows:

	Unrestricted general	Unrestricted designated	Restricted	Endowment	Total
	£'000	£'000	£'000	£'000	£'000
General Fund to Communications Hub Fund ❶	(20)	20	-	-	-
General Fund to Historic England – Places of Worship Officer Fund ❷	(31)	-	31	-	-
General Fund to Strategic Ministry Fund Curates Fund ❸	139	-	(139)	-	-
General Fund to Strategic Investment Fund ❹	(977)	977	-	-	-
Strategic Investment Fund to *Shaping the Future* Fund ❺	-	198	(198)	-	-
CC Sustainability Fund to General Fund ❻	201	(201)	-	-	-
Gas Street Fabric Fund to General Fund ❼	150	-	(150)	-	-
TOTAL	**(539)**	**599**	**(60)**	**-**	**-**

❶ *This represents the designation of unrestricted funds for the Communications Hub.*
❷ *These represent the transfer of unrestricted funds to cover deficit in restricted funds.*
❸ *Transfer of curates' costs from unrestricted funds to restricted fund to help fund 2021 curacies.*
❹ *These represent the transfer of property disposal proceeds to the Strategic Investment Fund to fund intentional strategic mission investments.*
❺ *This represents the transfer of designated funds to cover restricted costs not covered by grant receivable.*
❻ *This represents the use of the Sustainability Fund to cover shortfall in unrestricted funds.*
❼ *This represents the transfer of restricted funds to cover costs met by unrestricted funds in prior years.*

Details of inter fund transfers in 2020 were as follows:

	Unrestricted general	Unrestricted designated	Restricted	Endowment	Total
	£'000	£'000	£'000	£'000	£'000
Curate Fund to General Fund ❶	14	(14)	-	-	-
General Fund to All Churches Trust Mission Apprentice Programme Fund ❷	(35)	-	35	-	-
General Fund to Historic England – Places of Worship Officer Fund ❷	(27)	-	27	-	-
General Fund to Strategic Ministry Fund ❸	21	-	(21)	-	-
General Fund to Strategic Investment Fund ❹	942	(942)	-	-	-
Strategic Investment Fund to *Shaping the Future* Fund ❺	-	(146)	146	-	-
CC Sustainability Fund to General Fund ❻	163	(163)	-	-	-
TOTAL	**(806)**	**619**	**187**	**-**	**-**

❶ *This represents the transfer of early curacy end stipend savings previously saved to help fund 2020 curacies.*
❷ *These represent the transfer of unrestricted funds to cover deficit in restricted funds.*
❸ *Transfer of curates' costs from unrestricted funds to restricted fund to help fund 2020 curacies.*
❹ *These represent the transfer of property disposal proceeds to the Strategic Investment Fund to fund intentional strategic mission investments.*
❺ *This represents the transfer of designated funds to cover restricted costs not covered by grant receivable.*
❻ *This represents the use of the Sustainability Fund to cover shortfall in unrestricted funds.*

22 Commitments

At 31 December 2021 the BDBF had £160,000 of capital commitments **which were contracted for but not provided in the financial statements** (2020: £Nil).

The BDBF has no parish loan facilities approved during the year which have not been drawn down by the parishes concerned as at 31 December 2021 (2020: £Nil).

23 Pension costs

Employees – Church Workers Pension Fund

The BDBF participates in the Church Workers Pension Fund (CWPF) for lay staff. The Fund is administered by the Church of England Pensions Board, which holds the assets of the fund separately from those of the employer.

The CWPF has two sections:

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

Defined Benefits Scheme

The Defined Benefits section (DBS) of the CWPF provides benefits to lay employees based on final pensionable salaries.

For funding purposes, the DBS is divided into sub-pools in respect of each participating employer as well as a further sub-pool, known as the Life Risk Pool. The Life Risk Pool exists to share certain risks between employers, including those relating to mortality and post retirement investment returns. The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. They do not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided. From time to time, a notional premium is transferred from employers' sub-pools to the Life Risk Pool and all pensions and death benefits are paid from the Life Risk Pool.

The scheme is a multi-employer scheme as described in Section 28 of FRS102. It is not possible to attribute DBS assets and liabilities to specific employers, since each employer, through the Life Risk Pool, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. This means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SOFA in the year include contributions payable towards benefits and expenses accrued in that year (2021: £6,967 2020: £6,500), plus any impact of deficit contributions payable, giving a total charge of £40,609 for 2021 (2020: £38,963).

If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board on the advice of the Actuary.

A valuation of the DBS is carried out once every three years, the most recent having been carried out and finalised as at 31 December 2019. In this valuation, the Life Risk Section was shown to be in deficit by £7.7m and £7.7m was notionally transferred from the employers' sub-pools to the Life Risk Pool. This increased the Employer contributions that would otherwise have been payable. The overall deficit in the DBS was £11.3m. The next actuarial valuation is due at 31 December 2022.

Following the valuation, the BDBF has entered into an agreement with the CWPF to pay expenses of £7,200 per year. In addition, deficit payments of £41,432 per year have been agreed for 7 years from 1 April 2021 in respect of the shortfall in the Employer sub-pool. In accordance with Section 28.11A of FRS101, this obligation has been recognised as a liability within the BDBF financial statements.

The movement in the provision is set out below:

	2021 £000	2020 £000
Balance sheet liability at 1 January	**277**	302
Deficit contributions paid	**(41)**	(39)
Interest cost	**1**	4
Remaining change to the balance sheet liability*	**8**	10
BALANCE SHEET LIABILITY AS AT 31 DECEMBER	**245**	**277**

** Comprises change in agreed deficit recovery plan and change in discount rate between year ends.*

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

Discount rate	**31 December 2021**	**1.50% pa**
	31 December 2020	**0.50% pa**
	31 December 2019	**1.40% 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.

Pension Builder Scheme

With effect from April 2012, it was agreed to make all future non-clergy pension arrangements through the Pension Builder section (PBS) of the CWPF.

For eligible salaried employees who commenced employment after 1 January 2006 the BDBF participates in the PBS, the assets of which are held separately from those of the BDBF and the other participating employers.

The PBS is made up of two sections, Pension Builder Classic and Pension Builder 2014, both of which are classed as defined benefit schemes. The BDBF contributes to the Pension Builder Classic section. The Pension Builder Classic provides a pension, accumulated from contributions paid and converted into a deferred annuity during employment, based on terms set and reviewed by the Church of England Pensions Board from time to time. Pension contributions are recorded in an account for each member. Discretionary increases may also be added, depending on investment returns 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 FRS102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the Statement of Financial Activities in the year are the contributions payable (2021: £245,795 (2020: £239,960)).

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 2019. This revealed a deficit of £4.8m on the ongoing assumptions used. At the most recent annual review, the Board chose to grant a discretionary bonus of 3% following improvements in the funding position over 2021. There is no requirement for deficit payments at the

NOTES TO THE ACCOUNTS

23 Pension costs (continued)

current time. The next valuation is due as at 31 December 2022.

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 BDBF also contributes to a Group Personal Pension Plan organised by Friends Life for certain employees. This is a 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 £718 (2020: £2,085).

Stipendiary Clergy

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS102. This means it is not possible to attribute the Scheme's assets and liabilities to specific Responsible Bodies and this means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pension costs charged to the Statement of Financial Activities in the year are contributions payable towards benefits and expenses accrued in that year (2021: £1,056,000, 2020: £935,000), plus the figures highlighted in the table below as being recognised in the Statement of Financial Activities, giving a total debit of £1,073,000 for 2021 (2020: £922,000 charge) 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 2018. The 2018 valuation revealed a deficit of £50m, based on assets of £1,818m and a funding target of £1,868m, assessed using the following assumptions:

- RPI inflation of 3.4 % pa (and pension increases consistent with this);
- Increase in pensionable stipends 3.4% pa; and
- Mortality in accordance with 95% of the S3NA_VL tables, with allowance for improvements in mortality rates in line with the CIMI2018 extended model projections, with a long term annual rate of improvement of 1.5%, a 'smoothing parameter' of 7 and an initial addition to mortality improvements of 0.5%pa

Following the valuation of the Scheme as at 31 December 2018, a recovery plan was put in place until 31 December 2022, and the deficit recovery contributions payable (as a percentage of pensionable stipends) are as set out in the following table:

% of pensionable stipends	January 2018 to December 2020	January 2021 to December 2022
Deficit recovery contributions	**11.9%**	**7.1%**

As at 31 December 2021, 31 December 2020 and 31 December 2019 the deficit recovery contributions under the recovery plan in force were as set out in the above table. 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 following table:

	2021 £'000	2020 £'000
Balance sheet liability at 1 January	**449**	842
Deficit contributions paid	**(231)**	(380)
Interest cost	**1**	7
Remaining change to the balance sheet liability (recognised in the SoFA)*	**16**	(20)
BALANCE SHEET LIABILITY AS AT 31 DECEMBER	**235**	**449**

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

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions. In general, these are set by reference to the duration of the deficit recovery payments but as at 31 December 2021, under accounting rules the payments are not discounted since the remaining recovery plan is less than twelve months. No price inflation assumption is needed since pensionable stipends for the remainder of the recovery plan are already known.

	Discount rate	Price inflation	Increase in pensionable payroll
31 December 2019	1.1% pa	2.8% pa	**1.3% pa**
31 December 2020	0.2% pa	3.1% pa	**1.6% pa**
31 December 2021	0.0% pa	n/a	**-1.5% pa**

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

24 Commitments under operating leases

At 31 December 2021 the charity was committed to making the following payments under non-cancellable operating leases:

	Land and buildings 2021 £'000	Land and buildings 2020 £'000
OPERATING LEASES WHICH EXPIRE		
Within one year	**127**	263
Within one to two years	**-**	127
	127	**390**

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

25 Reconciliation of net expenditure to net cashflow from operating activities

	2021	2020
	£000	£000
NET INCOME / (EXPENDITURE) FOR THE YEAR ENDED 31 DECEMBER	1,691	1,239
Depreciation charges and asset write-offs	76	70
Dividends, interest and rent from investments	(618)	(668)
Interest on payable loans	1	1
Interest on clergy pensions liability	2	11
(Profit) on sale of fixed assets	(332)	(315)
(Profit) / loss on sale of investment properties	(18)	2
(Profit) on sale of investments	(7)	(2)
(Increase) / decrease in debtors	(140)	15
(Decrease) in creditors	(170)	(137)
Rental income deferred	-	(5)
Change in fair value of investments	(1,500)	27
NET CASH (USED IN) / PROVIDED BY OPERATING ACTIVITIES	(1,015)	238

26 Analysis of cash and cash equivalents

	At 1 January 2021	Cash flow	At 31 December 2021
	£000	£000	£000
Cash in hand and at bank	2,471	(395)	2,076
Cash held on deposit	5,082	845	5,927
	7,553	450	8,003

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

27 Analysis of changes in net debt

	At 1 January 2021	Cash flow	Other non-cash changes	At 31 December 2021
	£000	£000	£000	£000
Cash in hand and at bank	2,471	(395)	-	2,076
Cash equivalents	5,082	845	-	5,927
Loans falling due within one year	(88)	68	-	(20)
Loans falling due after more than one year	(90)	40	-	(50)
	7,375	558	-	7,933

NOTES TO THE ACCOUNTS

28 Related party transactions

No trustee received any remuneration for services as a director. The trustees in their role as trustees received travelling and out of pocket expenses totalling £nil (2020: £nil). Three trustees received travelling and out of pocket expenses (2020: 4) totalling £2,609 (2020: £2,323) in respect of duties as archdeacon or area/women's dean. These amounts are in line with the BDBF usual practice and are not in relation to their roles as trustees.

The BDBF is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the CofE Birmingham, other than bishops and cathedral staff. The BDBF is also responsible for the provision of housing for stipendiary clergy in the CofE Birmingham, 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	Yes	Yes
The Archdeacon of Aston	Yes	Yes
The Revd Alison Cozens	Yes	Yes
The Revd Chris Hobbs	Yes	Yes
The Revd Douglas Machiridza	Yes	Yes
The Revd Claire Turner	Yes	Yes
The Revd Bamidele Sotonwa	Yes	Yes
The Revd Canon Priscilla White	Yes	Yes
The Revd Rebecca Stephens	Yes	Yes
The Revd John Routh	Yes	Yes
The Revd Canon Catherine Grylls	Yes	Yes

The stipend of the Suffragan Bishop was funded by the Church Commissoners. The annual rate of stipend funded by the BDBF, paid to Archdeacons in 2021 £37,567 (2020: £36,830) and for other clergy who were trustees the diocesan stipend rate was £26,653 (2020: £26,130).

The Cathedral shares office space with the BDBF and an amount of £10,960 (2020: £23,250) was payable for this space for the year ended 31 December 2021.

The Cathedral paid Common Fund of £49,735 to the BDBF for the year ended 31 December 2021 (2020: £49,735).

The Birmingham Diocesan Multi-Academy Trust ("the Trust") shares office space with the BDBF and an amount of £19,260 (2020: £19,260) was payable for this space for the year ended 31 December 2021. During 2020, the Trust purchased at cost the services of the Diocesan Board of Education School Improvement Officer, the Church School Distinctiveness Adviser and the Education Support Manager for clerking duties at a cost of £683. The Diocesan Board of Education (as incorporated within the Diocesan Board of Finance) made a grant of £15,000 to the Trust during the year ended 31 December 2021 (2020: £nil) to fund the creation of a chapel at the new secondary academy established by the Trust during the year.

The BDBF contributed £3,000 (2020: £3,000) towards the office costs of Thrive Together Birmingham, the Church Urban Fund joint venture with the Bishop of Birmingham and BDBF.

Three clergy trustees received continuing ministerial development grants to support study and development needs and resettlement and removal grants totalling £3,826 (2020: £5,904 for five clergy trustees) during the year ended 31 December 2021. These grants were unconnected with their role as BDBF trustees.

For the purposes of this disclosure note, transactions with parochial church councils where there may be a relationship between members of Bishop's Council as they are trustees of these bodies, have not been included.

29 Funds administered as agent

	2021	2020
	£000	£000
Government grants received in respect of school capital projects	**809**	959
Contributions from Church School governors for school capital projects	**95**	133
Total received in	**904**	1,093
Amounts paid out on school capital projects	**(1,028)**	(1,125)
NET POSITION FOR THE YEAR	**(124)**	**(32)**

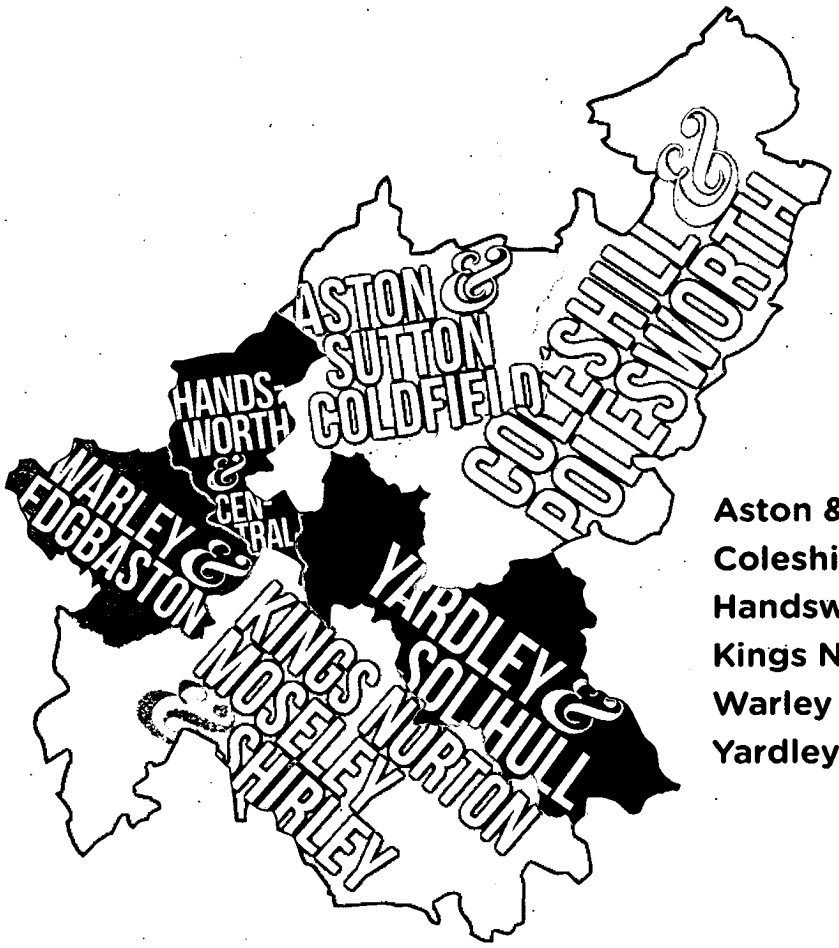
The Board of Education (as incorporated within the Diocesan Board of Finance) receives contributions from governors of church schools in the CofE Birmingham in connection with major repair and capital projects to Church Schools and also government grants in connection with the same. The Board of Education 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 parsonage decoration funds on behalf of its parishes. 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 2021 stood at £108,787 (2020: £99,898).

30 Prior year comparative statement of financial activities

	Note	Restricted funds		Unrestricted funds		
		Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2020
		£'000	£'000	£'000	£'000	£'000
INCOME						
INCOME AND ENDOWMENTS FROM						
Donations:	2					
Parish contributions		-	27	-	4,926	**4,953**
Archbishops' Council		-	1,462	1,000	1,948	**4,410**
Other donations		-	26	-	954	**980**
Charitable activities	3	-	67	-	364	**431**
Other trading activities	4	-	19	-	480	**499**
Investments	5	4	190	11	463	**668**
Other income	6	-	-	-	315	**315**
TOTAL INCOME		**4**	**1,791**	**1,011**	**9,450**	**12,256**
EXPENDITURE ON						
Raising funds	7	35	-	-	140	**175**
Charitable activities	8	-	1,972	(329)	9,160	**10,803**
Other	9	-	-	11	1	**12**
TOTAL EXPENDITURE		**35**	**1,972**	**(318)**	**9,301**	**10,990**
Net income before investment gains and losses		(31)	(181)	1,329	149	**1,266**
Net (losses) / gains on investments		32	51	3	(113)	**(27)**
Net gains / (losses) on investment Property		326	-	-	207	**533**
NET INCOME		**327**	**(130)**	**1,332**	**243**	**1,772**
Transfers between funds	21	-	187	619	(806)	**-**
Other recognised gains	23	-	-	10	-	**10**
NET MOVEMENT IN FUNDS		**327**	**57**	**1,961**	**(563)**	**1,782**
Total funds brought forward	21	28,769	7,100	1,687	6,736	**44,292**
TOTAL FUNDS CARRIED FORWARD	21	**29,096**	**7,157**	**3,648**	**6,173**	**46,074**

THE CHURCH OF ENGLAND BIRMINGHAM



Aston & Sutton Coldfield
Coleshill & Polesworth
Handsworth & Central
Kings Norton, Moseley & Shirley
Warley & Edgbaston
Yardley & Solihull

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The Church of England Birmingham

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