The Birmingham Diocesan Board of Finance

Annual Report

THE CHURCH OF ENGLAND BIRMINGHAM

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COMPANIES HOUSE

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 2022. The financial statements comply with current statutory requirements, the Statement of Recommended Practice for Charities 2015 ('SORP2015') and the Companies Act 2006.

This report is set out as follows:

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It should be noted that the Annual Report gives narrative on the activities of Birmingham Cathedral, Birmingham Diocesan Trust, 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 49 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 2022 to the date of this report, unless otherwise stated.

EX-OFFICIO

Bishop of Birmingham
The Rt Revd David Urquhart *(until 18 October 2022)*
Interim Bishop of Birmingham, Suffragan Bishop of Aston
The Rt Revd Anne Hollinghurst *(from 19 October 2022)*
Chair of the Diocesan Board of Finance
Mr Steven Skakel
Dean of Birmingham Cathedral
The Very Revd Matt Thompson
Archdeacon of Aston
The Ven Simon Heathfield *(until 30 September 2022)*
Archdeacon of Birmingham
The Ven Jenny Tomlinson
Chair of the Diocesan Synod House of Clergy
The Revd Canon Priscilla White *(died 28 September 2022)*
Chair of the Diocesan Synod House of Clergy
The Revd Toby Crowe *(from 12 November 2022)*
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 John Routh *(until 31 December 2022)*
The Revd Canon Louise Shaw *(from 1 January 2022)*
The Revd Canon Bamidele Sotonwa
The Revd Canon Becky Stephens

LAY MEMBERS OF THE DIOCESAN SYNOD

Miss Jennifer Clark *(until 2 March 2023)*

Mr Jonathan Goll
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 Canon Catherine Grylls
Mr Guy Hordern *(from 1 January 2022)*

GENERAL SYNOD REPRESENTATIVES

The Rt Revd David Urquhart *(until 18 October 2022)*
The Rt Revd Anne Hollinghurst *(from 19 October 2022)*
The Revd Tim Bateman
The Revd Canon Douglas Machiridza
The Revd Canon Priscilla White *(died 28 September 2022)*
The Revd Philip Calvert *(from 28 October 2022)*
Mrs Dawn Brathwaite
Mr Guy Hordern
Dr Rachel Jepson

DIOCESAN SECRETARY

Dr Jan Smart

COMPANY SECRETARY

Dr Jan Smart

DIOCESAN DIRECTOR OF FINANCE

Miss Karen Preece

DIOCESAN REGISTRAR

Ms Vicki Simpson

REGISTERED OFFICE

Citadel, 190 Corporation Street, Birmingham, B4 6QD

AUDITOR

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

BANKERS

Bank of Scotland,
125 Colmore Row, Birmingham, B3 3SF

INVESTMENT ADVISERS

Evelyn Partners
14th Floor, 103 Colmore Row, Birmingham, B3 3AG

PROPERTY AGENTS

Bruton Knowles, Embassy House,
60 Church Street, Birmingham, B3 2DJ

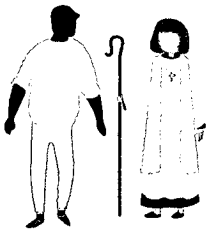
Bishop's Foreword

Looking back over the last year I am acutely aware of the challenging climate in which we continue to serve, minister and live out our mission. Yet living out our mission is what we continue to do as the Church of England Birmingham. Though in the midst of many challenges, as reflected clearly by our Chairman's statement, we also find ourselves presented always with the challenge of the Gospel to have confidence in God and keep our eyes fixed on Jesus.

It is important to be clear that this call to have confidence is more than a call to optimism. It is a call to faith-filled action. We have a God who continues to have good purposes for us, and in the CofE Birmingham we have many good people filled with God's purpose. Clergy, lay leaders, diocesan staff, and committed ordinary Christians who are anything but ordinary. We are a people who continue to have confidence in the good news of Jesus Christ and work faithfully to see God's church and its ministry flourish. Despite the real limitations of our financial resources, there is so much that does flourish.

The Rt. Revd David Urquhart retired in Autumn 2022 surrounded by warm expressions of our thanks for 16 years of faithful service as the Bishop of Birmingham. Since then we have not stood still. Following our renewed commitment to, and re focused priorities flowing from, our shared Transforming Church vision, there has been much progress. In particular this has been in the shaping of our new oversight areas and I am grateful to our Area Deans and all those who have been part of these imaginative and generous conversations. We are now well placed to move forward together with our local mission planning which forms a base for greater long-term sustainability thinking and shared resourcing of mission and ministry. Our priority of "growing more disciples" is underpinned by our new discipleship resources, the new leadership and ministry pathways, and refreshed training and formation for established ministries. All of this is firmly rooted in our vision for "more ministry not less" and the equipping of God's saints for 21st century mission.

We are preparing boldly and inventively for tomorrow whilst serving our communities today. Serving through the worship, care and ministry offered in each local parish context, through places of Warm Welcome and the work of Thrive Birmingham Together, through our new worshipping communities and chaplaincies, through our environment programmes, our investment in schools and education, through furthering the cause of racial justice, equality and dignity for all, through the building of interfaith relations and much more.



We continue with all of this at the same time as working hard on our finances, assets, and giving, in order to be on a firm and sustainable footing, because part of our God-given calling is to be good stewards of the resources we are given. I echo what is said elsewhere in this report about the incredible generosity of so many individuals and parishes. The challenge of supporting ministry today means that we also need to look to new ways of creative income generation and funding partnerships.

I have great confidence in the gifts, ability and commitment of colleagues to further our mission and our ministry at both local and diocesan level, and in our managing of the resources which support it. Yes, it's been a challenging year, yes, there lie many challenges ahead, but together I believe we are ready to meet them, trusting in the God who takes small mustard seeds of kingdom faith, and from them brings growth and flourishing beyond all our expectations. (Matthew 13:31-32)

The Rt. Revd Anne Hollinghurst
Suffragan Bishop of Aston, Acting Bishop of Birmingham

Chairman's Statement

When setting out in 2022, we all hoped to move on from the COVID-19 global pandemic anticipating a recovery in church attendance and all our activities. We had not envisaged the devastating global cost-of-living crisis resulting from the dreadful war in Ukraine and the consequent massive increase in energy prices and inflation. These global events will continue to impact the lives of those we serve and our financial performance during 2023 and beyond.

In 2022, total Income of £12,707,000 showed a significant increase of £1,020,000 compared to 2021, mainly due to the national church - through increased project grants and some welcome sustainability funding. Our single largest source of income, parochial contributions or 'Common Fund' from our parishes at £4,807,000, was below our budget and at a similar level to 2021. While this is challenging, given the context, it is not surprising. The generosity of committed giving is extraordinary.

Expenditure of £13,027,000 [£11,514,000 in 2021] reflects the timing of projects, a catch-up of deferred maintenance, and the necessary move of our offices to the Citadel. Stipendiary clergy numbers remain at around 89 after vacancies are deducted, which is significantly lower than the 98 we had planned for 2022. This is not ideal, and we are hugely grateful to the many non-stipendiary clergy and lay church volunteers that allow us to deliver a vast range of services and activities throughout the year.

During 2022, the Church of England Birmingham continued to receive significant support from the national church. The largest unrestricted contribution was Lowest Income Communities funding based on the Index of Multiple Deprivation, which amounted to £1,997,000 [£1,991,000 in 2021].

Strategic Development and Capacity funding from the national church of £1,589,000 in 2022 [£1,480,000 in 2021] is ongoing and incredibly important to deliver the strategic projects that aim to achieve our long-term vision of 'Growing churches at the heart of each community'. Sustainability Grant Funding from the national church contributed £475,000 in the year in addition to the £637,000 carried forward from 2021, which enabled us to balance our books this year. When taken together, these three sources of new support total £4,061,000 or 32% of all income.

Strategic Ministry Funding has continued to support an increase in the number of new curates in training, up from three to five, on top of our base of six starters in 2022. This is encouraging and important for the future ministry capacity in the Church of England Birmingham.

Looking forward, 2023 is expected to be another challenging year. Therefore, we will have to draw on our Strategic Investment Fund, created through the disposal of surplus properties, to meet our deficit in 2023.

My particular thanks to the national church team, our 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 who equally give so much of their time in the parishes across the Diocese. In closing, I commend this report to you in the certain knowledge that we are in safe hands.

Steven Skakel

Steven Skakel
Chair of Birmingham Diocesan Board of Finance

Introduction

Birmingham, 'cradle of the industrial revolution', has given rise to the identity of a 'city of a 1000 Trades'. However the Church of England Birmingham's rural parish communities make up 15% of our family. Along with the incredible wealth of languages found in the region's education establishments, the Church of England Birmingham is better represented as 'a region of a 1000 cultures and traditions'.

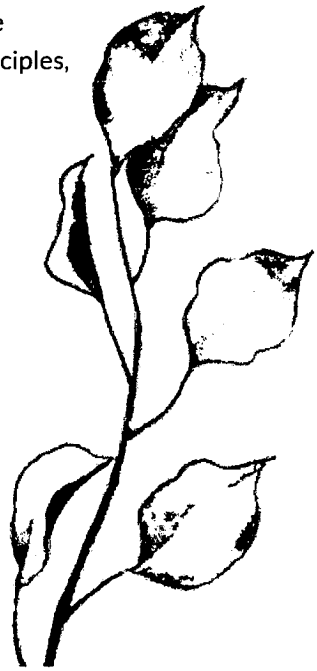
At the heart of our calling to serve each of these diverse communities of our region, in all their variety of contexts, is our renewed commitment and focus on our shared diocesan Transforming Church vision:

Growing churches at the heart of each community

This vision was first discerned in 2009, and has continued to capture the essence of the Church of England Birmingham ministries, mission and our energy for innovation. This vision is expressed uniquely by our Parishes in their newly forming Oversight Areas, across refreshed Deaneries, and as a Church of England diocese of multiple charisms. A calling to be transformed ourselves and together to be an active Transforming Church. God is real, alive and active among us. Continuing to grow ourselves as disciples of Jesus Christ and in awareness of our walk with him, as well as inviting others to follow him, is the heart of our activities.

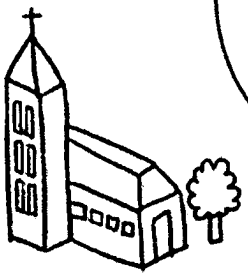
TRANSFORMING CHURCH

Our strategy for continuing to live out our Transforming Church vision in the fullness of the mission and ministry that God calls us to is expressed for this season through the Core Principles, illustrated overleaf and which are expanded on throughout this document.



TRANSF

Engage with children, youth, families and other missing generations to reflect the age profile of the wider population across the diocese



Grow in number of disciples (more)

Growing churches at the

Flourishing ordained and lay leadership that reflects the diversity of the wider population across the diocese

Achieve financial sustainability

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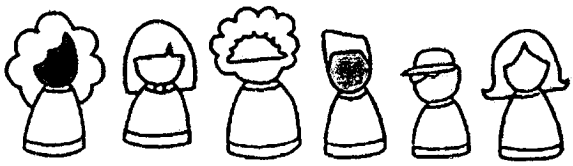


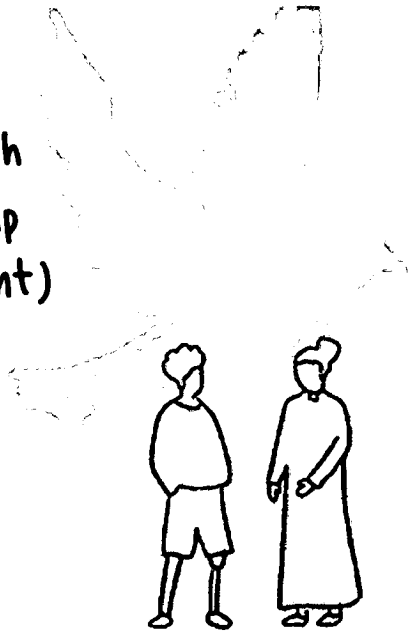
Worshipping communities are diverse (meaning representative of our communities) and accessible to all

Underpinned by a culture of prayer

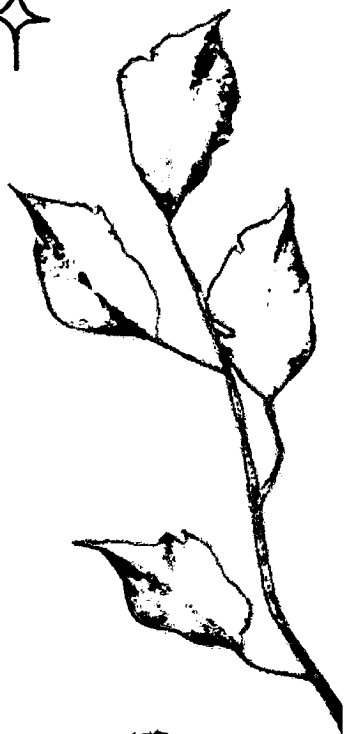
Grow in partnerships and impact in the community

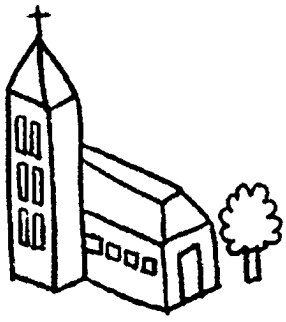
heart of each community

Grow in depth of discipleship (more confident)



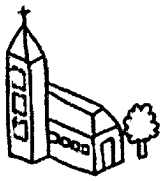
Environmental sustainability





Growing churches

Grow in number of disciples (more)



Church Revitalisation at St Mary's, Bearwood

St Mary's, Bearwood, is a prominent Victorian red brick building situated amidst a bustling high-street in the south area of Smethwick. With a rich history of serving its community for more than 130 years, more recently the fellowship was faced with hard decisions about its future and took the brave step of welcoming a new journey of revitalisation. A partnership between St John's, Harborne, and St Mary's ensued, and a team formed under the leadership of the Revd Ben Baker joined with the existing congregation at St Mary's to seek new life and missional vitality in the church and local community.

Tea, Toast and Jesus at St. Paul's, Bordesley Green

Following two years without worship services at St. Paul's, Bordesley Green, it was exciting to launch a new expression of church with 'Tea. Toast. Jesus.'. Simple food, simple liturgy, and the encouragement to discuss with one another a question or thought related to the weeks' reading. It has resulted in a community growing in openness and honesty with one another. While numbers grow slowly, it has been encouraging to see that new people who come are having their unique needs met in ways that perhaps our more traditional services would fail to do. God is at work!

Church Planting Hope on Smith's Wood

The Hope on Smith's Wood project has more than exceeded expectations. This past year has seen the Smith's Wood community establish itself through Sunday services usually meeting fortnightly (depending on finances), community meals (four to five a year), a weekly stay and play group, elderly winter packs, emergency food parcels, fortnightly place of welcome, and an annual Christmas Toy drive and Easter egg drive linking with local schools. The much needed and valued men's group, targeting men's mental health and wellbeing, has excelled. Hope on Smith's Wood is being seen as vital, not only by people of faith but also among the wider community and their partners. Through this Church Plant a Christian influence has been established within the decision-making process of what happens, and will happen, to and in the Smith's Wood community, as well as working with key decision makers to also work with the most vulnerable residents. Hope on Smith's Wood is contributing significantly to the wider local area with it's large extended Church and community family.

Gas Street South

In May 2022, the Gas Street team launched a new location in Shirley, 'Gas Street South', with the aim to create an active Christian presence serving the local community in particular children, young adults and families. Since the launch, the growth of the church has been significant, with many new disciples coming forward. The church community is estimated at 200 strong at the end of December 2022, including 50 under 18s.

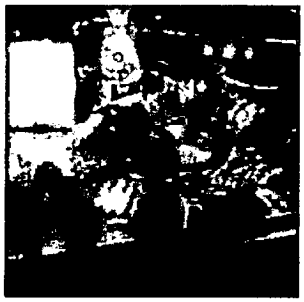
Next steps for Gas Street South will include an Alpha course in Spring 2023, as well as starting work with schools and community support projects.

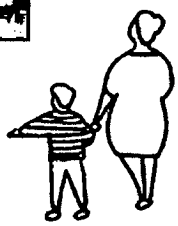
Cock Hill Café Church, Fresh Expression at St Chad's, Rubery

The Cock Hill Café Church was launched in January 2022 by the team at St Chad's, Rubery. The church meets every Sunday afternoon at Deelands Hall on the Cock Hill Estate in Rubery to pray, reflect on a passage of scripture and to eat together. When asked why they come, people commented that this was where they feel welcome and this is where they pray. The church might be full of people who are new to faith but they are full of Godly wisdom – it is a joy to see people starting to understand themselves as loved and cherished by God.

Sensory Church at Christ Church, Oldbury

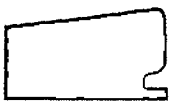
Sensory Church takes place in Christ Church CofE Primary School (Shine Centre) which offers a focused provision for Autistic Children. Our church members are mainly children with autism and their families. At Sensory Church, children and families experience a gathering activity, a place to chill-out in a sensory den with a bubble tube, beanbags, a sensory bible story, crafts, sensory trays, Holy Communion, and ending the session with parachute time and bubbles.





Growing Good

Churches across CofE Birmingham have seen their connection with people outside their membership grow as they have responded to the challenges of COVID-19 and the Cost of Living Crisis. For some churches the impact has been significant and led to new approaches for being church in their neighbourhood, exploring new ways to adapt to people with no previous experience of church, and with people from backgrounds and cultures not previously present at the church. As a result of research into how community engagement can lead to church growth, Church Urban Fund (CUF) has developed a new training tool 'Growing Good' which is available to all churches.



Forest Church at the parish of the Whitacres, Lea Marston and Shustoke

The Forest Church gathering is an exciting new expression of church which started in 2022 offering a unique opportunity to connect with God in the great outdoors. This type of church encourages spiritual exploration in the natural environment outside the traditional confines of a church building, and can include activities such as tree planting, foraging, and creating natural bird feeders. By immersing ourselves in God's glorious creation, we can gain a deeper understanding of the divine and our place within it. Forest Church offers a fresh, dynamic approach to worship that is perfect for those an immersive spiritual experience. In 2023, the church looks forward to exploring new ways to deepen understanding of God through Forest Church, including bushcraft activities such as fire starting, shelter building and wild edible foraging. These activities can offer an opportunity for individuals to develop a deeper connection with the natural world and the divine through hands-on experiences.

Youth Zone, Ascension Church, Stirchley

At Ascension Church, Stirchley, 20 young people from the Youth Group have joined Youth Alpha. There is also an open Youth Zone session, run by their Youth Leader, Ellie. There is discussion, questions and pizza as the young people explore faith with their friends.

Ellie says: "Three young people who live locally are coming specifically for Youth Alpha. One young person wants to join our Youth Group, which is fantastic. Two boys are from other faiths. Their parents want them to come to Youth Alpha to learn more about Christianity, which reflects the inclusive atmosphere we have worked to foster."

Engage with children, youth, families and other missing generations to reflect the age profile of the wider population across the diocese

A new Youth Group in All Souls, North Warwickshire

After three years of planning and praying, Michelle started 'Youth 139' in September 2022 in the village of Austrey in the parish of All Souls, North Warwickshire. 37 young people are coming along to its meetings in the local school. They play games, enjoy craft activities and end the night by playing their favourite game – dodgeball!

This generation has missed making significant connections with their peers because of lockdown, so Youth 139 is a place where they can enjoy the company of their friends and a place where they can come to know they are "fearfully and wonderfully made". Psalm 139:14

Children's and Families Mission Enabler at St Giles, Sheldon

Our new Children's and Families Mission Enabler, Emma Cartwright, at St. Giles has seen five families regularly come to church since September. The children are welcomed and included in the full service, so they can worship as a family. Some parents have expressed an interest in becoming volunteers on the Messy Church team in 2023!

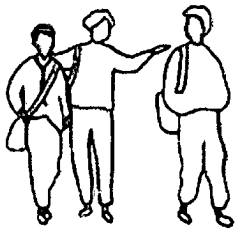
Deanery Confirmation at St Margaret's, Olton

In early 2022, St Margaret's Church began preparing candidates from across the Solihull & Yardley Deanery for Confirmation. They met together on six Sunday evenings to explore what it means to be a communicant member of the Church of Christ, through sharing the stories of faith journeys, digging into Scripture, praying together and, of course, eating lots of cake!

In March, Bishop Anne, and our area dean, Nick Parker, were welcomed, to the Sunday morning service as twelve wonderful children of God, ranging in age from 15 to 75, were confirmed.

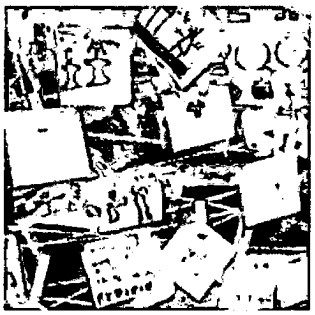
Safe Spaces for Young people

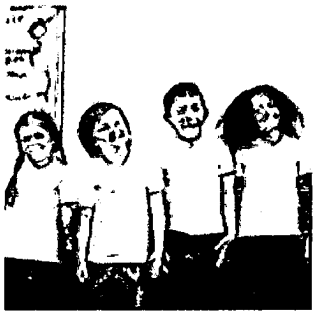
Thrive Together Birmingham continues to collaborate with Christian youth workers across the diocese developing the Safe Spaces for Young People network. This network supports churches hosting activities for young people from their local communities. The Safe Spaces Development Group wants to support as many churches as possible to host an activity that connects them to young people outside the church family. Consequently, in partnership with CofE Birmingham, Thrive Birmingham Together has secured a grant from Church Commissioners (National Church Institutions) to work with churches with no young people attending currently. Over the next three years, this grant will enable a Safe Space and development of a discipleship pathway for these young people. We will be identifying and building the capacity of local clusters of churches keen to participate in this initiative.



Diocesan Board of Education

The Diocesan Board of Education (DBE) vision is that Church Schools are at the heart of the Church of England mission to the nation, serving families, communities and neighbourhoods by "educating for fullness of life for all". As the Gospel of Jesus changes lives and, therefore, the world, our educational vision needs to be transformative and enable the capacity of children and young people to be agents of change, for themselves and others. Within our schools, children and young people should receive, and be enabled to give, love. Our schools are wonderful places of learning and love, and we are committed to developing and strengthening their place in the parish and community; as places of excellent learning, uncompromising care and lights in the world to inspire, nurture and enable flourishing in all our children, staff, governors and families. We are committed to "Valuing All God's Children" so that every child is seen and known as a child of God.





Children's and Families Mission Enabler at Hawkesley Church Primary Academy

In October 2022, Tom Spicer began working as the Children's and Families Mission Enabler in the Kings Norton, Moseley & Shirley deanery. This is a part of the initiative for growing Church Culture: Schools as places of missional encounter via Sport and Wellbeing activities. Tom is based in Hawkesley Church Primary Academy and, over the next three years, will be developing and supporting deanery schools in missional discipleship, and exploring how schools are places where children and families already regularly encounter God. This will be explored via in-school and after school sports and creative activities that adopt an active Religious Education approach. The intention is to share what is developed and offered at Hawkesley Church Primary Academy with others in order to engage more children and families in the transforming work of God.

Flourishing ordained and lay leadership that reflects the diversity of the wider population across the diocese

Learning Pathways

The Pathways Learning Platform is CofE Birmingham's digital online learning platform, which continued to grow over 2022. There are new leadership modules in Flex (for leaders of children, youth and families), Reader ministry and Curates' pathways, Clergy Continuing Ministerial Development (CMD) and other leadership pathways. Training in Coaching and Mentoring has involved people from all over CofE Birmingham, to develop the support for clergy and laity in leadership.

Local Ministry Pathway

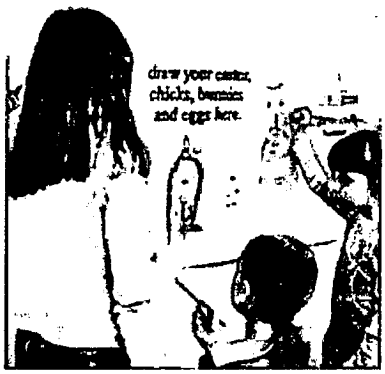
This year saw the culmination of the first Cohort of the Local Ministry Pathway as seven people from our urban parishes were ordained or licensed as Local Ministers. This has clearly demonstrated that, with appropriate encouragement, formation and support, there can be flourishing lay and ordained leadership that truly reflects the diversity of our population. We are now underway with our second Cohort.

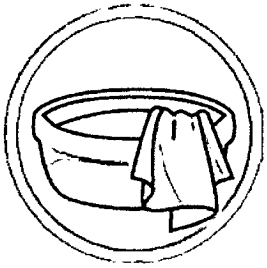
Lay Leadership at St Bernard's, Hamstead, and St Paul's, Hamstead

During a year long interregnum, St Bernard's have successfully supported, championed, and encouraged the development of lay leadership within the church. Lay leadership has enabled the flourishing of key individuals' ministries and as a result the church has overseen the training and licensing of two key members as new Readers.

The last few months have also seen the two churches engaged in ground-breaking conversations under the umbrella of the People & Places framework, culminating in the coming together of the two churches under the pastoral care of Revd Siobhan Bridge. Siobhan was recently licensed as Priest-in Charge of St Bernard's, with members of both churches attending her Licensing to celebrate.

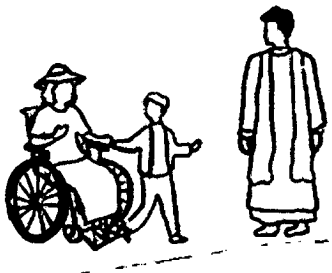
It has been life-giving to see how two communities of faith have come together, discerning God's will for them individually and collectively and agreeing to the sharing of ministry, mission and resource, generously and compassionately.





Way of Servant Leadership

Two cohorts completed the 'Way of Servant Leadership' during 2022. One attendee said, *"This has been one of the most useful courses I have attended for many, many years... It has led me to have conversations at work that I am convinced I would never have had if it hadn't been for this course."*

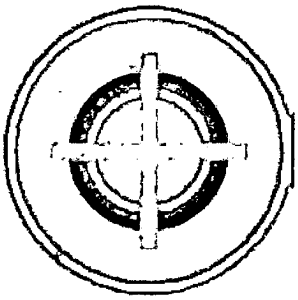


Licensed and Commisioned Ministry, Initial Ministerial Education (IME) and Continuing Ministerial Development (CMD)

The gifts and callings of Lay and Ordained Ministry is valued equally in the CofE Birmingham. Within the CofE Birmingham model of Oversight Areas, every local Christian community will have a trained and equipped leader (who may be a clergy person) as the focus for a ministry team. Teams are envisaged as drawing from people of all backgrounds and intentionally including those of Global Majority Heritage/UK Minority Ethnic (GMH/UKME). Our first cohort of Local Ministers, both lay and ordained, are exercising leadership in their parishes, and the discernment process for a second cohort is under way. The Oversight Minister (a priest) will be responsible for animating local mission and ministry, working with colleagues, who may be stipendiary, self-supporting or employed.

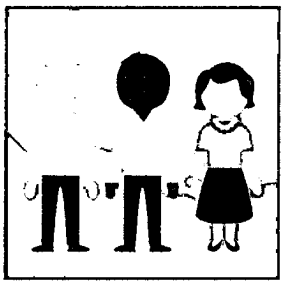
To support and nurture this flourishing leadership, CofE Birmingham provides a rich ecology of learning, focused round particular roles and responsibilities. Many of our learning programmes are delivered in collaboration with regional colleagues in other West Midlands' dioceses, with CofE Birmingham taking a distinctive lead in CME regional training. Clergy, Authorised and Licensed Lay Ministers are encouraged to be theologically reflective practitioners and life-long learners. We are also passionate about well-being and have formed a clergy well-being advisory group as well as making a commitment to promoting a good work-life balance for lay leaders and workers.

Readers



Our in-house Reader training is distinctive to CofE Birmingham as is our commissioned Pastoral Care teams, curacy formation, our developing of pioneer curacies and our new Local Ministry Lay and Ordained Pathways. We have over 200 Readers serving in our churches to provide valued ministry and mission.

Safeguarding



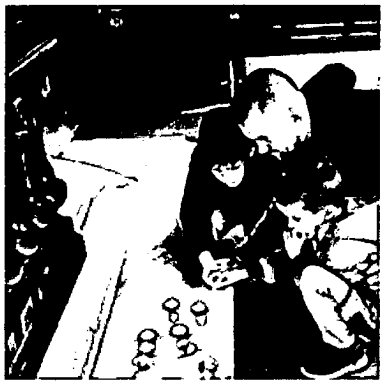
The CofE Birmingham is committed to promoting a safer church for everyone including those who are survivors of abuse. We are continuing to deliver Safeguarding best practice, ongoing training and modelling through strong and equipped leadership and robust, accessible, systems. For more information please visit the CofE Birmingham Safeguarding webpage.

the

Living Generously

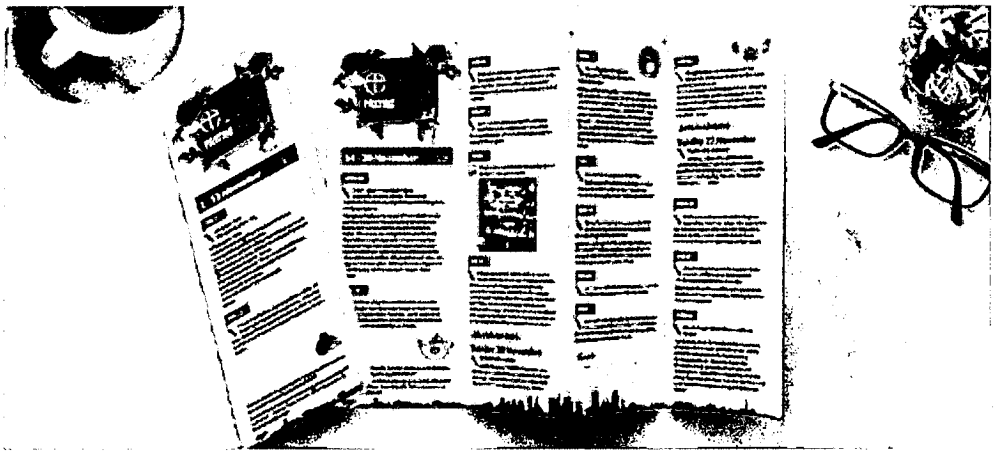
heart

Underpinned by a culture of prayer



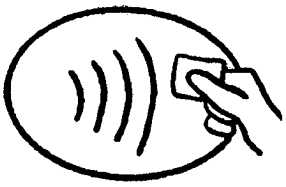
Prayer and National Mourning at Birmingham Cathedral, The Cathedral Chruch of St Philip

Birmingham Cathedral is above all else a place of prayer. Open 365 days a year with at least three services a day, it offers space for private prayer and personal reflection for several hours each day for people of all faiths and none. During the ten days of National Mourning for Her Late Majesty Queen Elizabeth II in September 2022, more than 20,000 people attended the Cathedral to sign one of the Books of Condolence, to light a candle and to pray. It is a great honour to serve the city region in this way.

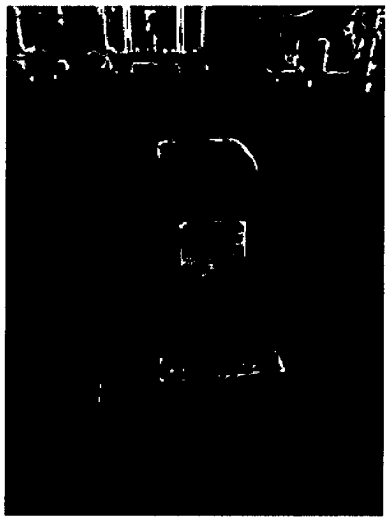


CofE Birmingham Praying Together

CofE Birmingham Praying Together is our monthly diocesan prayer cycle, available online and in a printable format to share in person. The Praying Together webpage receives on average 430 visits each month, as well as people downloading the printable version. Feedback shows that it is a valuable resource. Thank you to our regular contributors for sending in prayers, films and photos. We do encourage everyone to submit their expressions of prayer.



Achieve financial sustainability



Digital Giving Rollout

In May, we were delighted to be able to subsidise and issue 30 fully integrated contactless donation devices, following a grant from the National Giving Team, as part of a Digital Giving Rollout. Between May and the end of December, participating churches raised over £28k via contactless and online donations. The success of the project inspired and funded a "Try Before You Buy Scheme", through which churches can borrow and test a contactless device before committing to funding one of their own. These loaned devices raised an average of £400 over four weeks with 85% of churches going on to purchase a donation device.

Generosity Week at St Andrew's, Chelmsley Wood

In October 2022, St Andrew's, Chelmsley Wood, celebrated God's generosity with their own Generosity Week. The team worked with our Generous Giving Lead to produce a video celebrating their mission and ministry, as well as the incredible generosity of those who support the church as they serve the people of Chelmsley Wood. The stories of some of their volunteers were shared throughout the week on social media and during the services of thanksgiving and gratitude that book-ended the week. Revd Andi Thomas spoke about how the generosity of time, skills and financial gifts help bring forth God's Kingdom in communities.

The Archbishops' Commission on Housing, Church and Community

The Archbishops' Commission on Housing, Church and Community published its first report 'Coming Home' in February 2021. Out of this has grown the idea of developing a national Church Housing Association, both to better utilise the Church's significant land assets and also to develop new social housing on sites that the church does not currently own.

Led by Bishop Anne, the CofE Birmingham quickly sought to develop a response to the report and is one of three dioceses that has been selected to pilot a local 'Coming Home' response. Thanks to funding from the Diocese of Gloucester, an experienced housing professional has been appointed from within the diocese, to help identify potential sites for social housing. We are looking to develop social housing projects across the CofE Birmingham that crucially focus on realising the five core values of 'Coming Home' – that they are Sustainable, Safe, Stable, Sociable and Satisfying.

Funding partners

We are hugely thankful for the financial support we receive from a variety of sources, and in particular:

PCCs: for their giving of Common Fund which contributes to the cost of ministry.

Church Commissioners: for Lowest Income Communities (LinC) which supports ministry and social action in our lowest income parishes, and for Strategic Development Funding (SDF) which has funded our change programme (People & Places) and strategic activities to boost mission and ministry.

St Martin's Trust: for providing financial support to our most economically deprived parishes.

Benefact Trust (formerly Allchurches Trust): for grants which have helped us to deliver a range of activities that include working with children and young people, helping churches support the most vulnerable and tackle social issues.

Grow in depth of discipleship

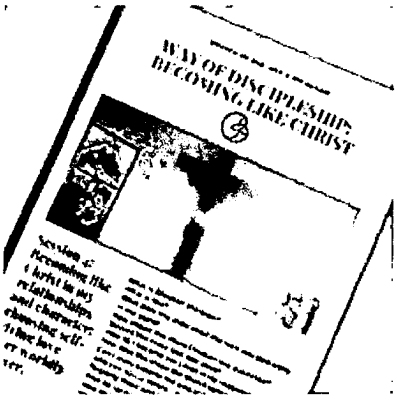
Everyday Faith

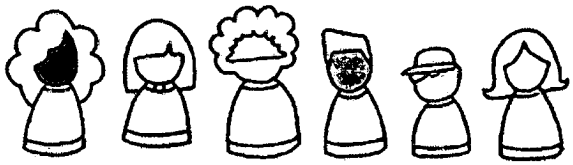
An Everyday Faith Learning Community led three churches on a journey of culture change, meeting every six months and implementing key changes to help grow disciples Monday to Saturday.

Additionally, the Intentional Discipleship groups, which enable people to be attentive to God and respond to Him in daily life, continued to flourish. During the "What is your plan for discipleship?" workshop several churches spent time focussing on this crucial question and making plans together.

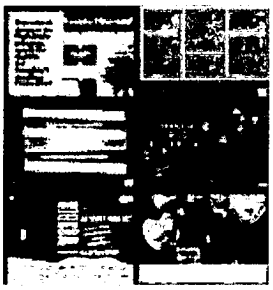
Way of Discipleship

The Way of Discipleship resource launched in May 2021 and has been viewed by over 1,500 people to date. It contains a question and answer resource, over 50 tools, four courses, and 24 videos. Courses have run throughout the year on Zoom and in local churches. One attendee said, *"Excellent resources to read and build up knowledge which has enabled me to develop confidence, and I have been able to witness in my workplace."*





Youth Group, St Francis, Bournville

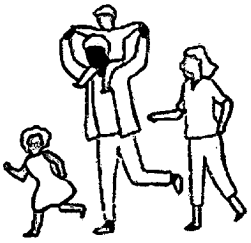


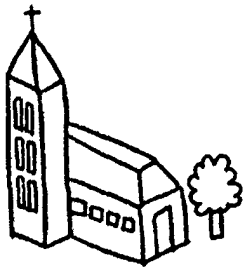
A weekly, small group meets at St Francis, Bournville, comprised of seven adults and five young people, to explore confirmation together. One of their sessions took them on a Light Trail around the parish, an idea promoted across the diocese by the Parish Mission Support team. In a pilgrimage style, the group wondered together about the nature and nearness of God, as well their understanding of angels. Revd Richard Wharton, the vicar, encourages them to think about their experience during the week with questions coming from amongst the group about 'thin' spaces, where they might sense the nearness and 'otherness' of God?'.

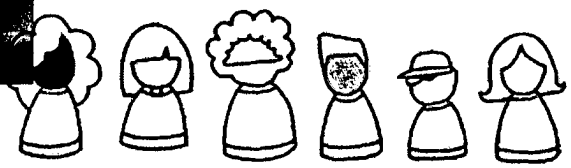
Transforming Church Mission Planning, St Peter's, Harborne

In February 2022, St Peter's, Harborne, began their accompanied Transforming Church Action Planning (TCAP) journey with a facilitated vision day. Working with a Mission Enabler, and a lot of sticky notes, they prayerfully and collaboratively explored the context of their parish and who they are and aspire to be.

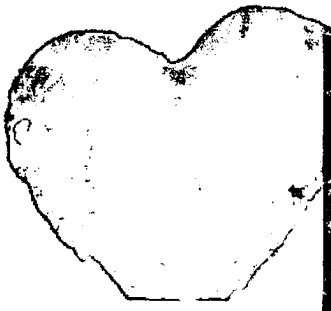
The sticky notes told a story. It was clear that one of their missional Areas of Focus would be 'Community Engagement and Outreach,' with a priority of care for the wider community. As a result, the church is exploring the development of a Commissioned Pastoral Team to make these aspirations a reality.





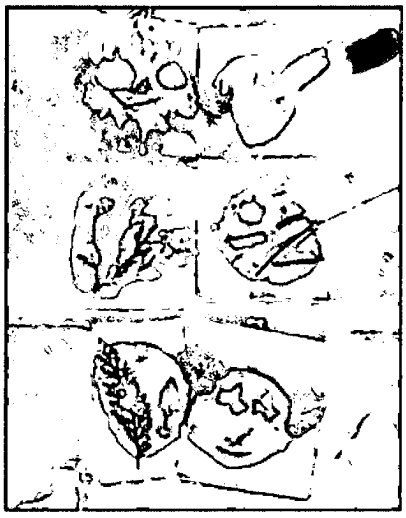


# of each community



Worshipping communities are diverse (meaning representative of our communities) and accessible to all

Parish Mission Support and Wild Church at St Laurence's, Northfield



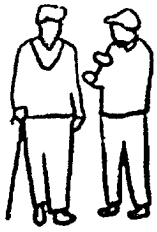
If you go down to St Laurence's churchyard on a Sunday afternoon at 4pm you will discover a wonderful Wild Church, exploring ways to connect with God through what is found in the churchyard, which changes with the passing seasons. Their creations can be found on their Facebook page, proudly proclaiming how a multi-generational congregation can work together to make sense of what God is revealing to them through our wonderful wild creation. They meet on the 1st and 3rd Sundays of the month.

Welcoming families from Hong Kong at Knowle Parish Church

Knowle Parish Church has been delighted to welcome many new families from Hong Kong into church and local community. The families have begun to get fully involved in church life – serving on the worship, tech, hospitality teams and more. The church hosted a 'share and prayer' for Hong Kong event for the whole community and recently a Lunar New Year party. Many families are from a Christian background, but there are also some coming to church who are not, and for whom church is completely new. The church community at Knowle is being enriched and the missional potential going forwards is significant and exciting.

Ukrainian Carol Service at St Margaret's, Olton

A carol service for the network of Ukrainians and their host families in Solihull was held on 22 December 2022. A mixture of Ukrainian and English carols were sung with St Margaret's choir who also sang 'Carol of the Bells' written by Ukrainian composer Mykola Leontovych. Beforehand, members of the congregation were overheard practising their Ukrainian greetings. A Ukrainian friend from Taizé, who lives with in the local area, translated from the front during the service and Bishop James Langstaff gave the blessing in Ukrainian at the end. It was a taste of heaven where one day every tongue and tribe and nation will worship together.



Urban Estates Network

The Urban Estates Network had a retreat with Jon Swales reflecting on ministry on the margins. A further retreat morning focussed on leadership lessons from the early church.

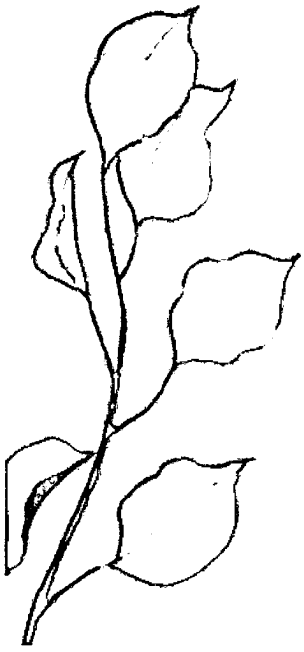
Racial Justice

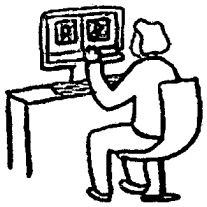
The Racial Justice Board and accountability partners celebrate and promote equality, diversity and racial justice in Church of England Birmingham, utilising training platforms like the Unconscious Bias module, and through developing strategic resources such anti-racism and reverse mentoring modules to reflect God's glory and image in our diocese. The Racial Justice Board also works with area deans, deaneries and local church leaders as they look to reflect and celebrate diversity as the inherent culture in our parishes and worshipping communities (Galatians 3:26-28).

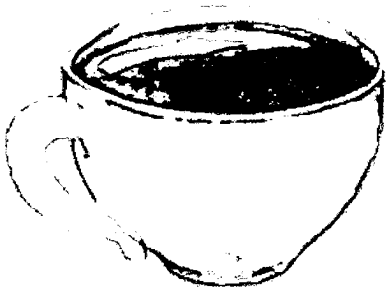
Grow in partnerships and impact in the community

Body, Mind and Spirit Partnership

Body, Mind and Spirit Partnership (BMSP), supported by Thrive Together Birmingham, is a partnership of ten churches and church-linked organisations, funded by Birmingham City Council, working to reduce and prevent the isolation of older adults. Supported by Thrive Birmingham Together, locally employed Development Workers connect with older people and support them by developing models of work that enable their full participation with a focus on giving dignity, hospitality and connection rather than provision of a service. During the pandemic, BMSP developed an innovative project around digital inclusion, recording the experiences of older people as they were introduced to the world of computers, smartphones and tablets and developed their skills. A film was launched in 2022 as a presentation of learning from the project.







Warm Welcome and Places of Welcome

In Autumn 2022, Birmingham City Council declared a Cost of Living Crisis emergency, and Thrive Together Birmingham has taken a lead working with the Council and other community sector colleagues delivering Birmingham's response particularly to the challenge of energy costs. Warm Welcome has developed as a partnership of local places offering places of hospitality and welcome to residents looking for somewhere to spend time and get access to advice and support. Over 70 churches have registered a Warm Welcome space alongside around 120 other community groups. Significantly, with the emphasis of the movement on preserving dignity and opportunities to participate, the Warm Welcome network is well placed to continue activity for the longer term providing a community safety net of connection and deeper relationship for residents across Birmingham. While the emphasis has been on Birmingham, Thrive Birmingham Together have also been supporting similar activity in Solihull and Sandwell.

Warm Welcome at Gas Street St Luke's

Gas Street St Luke's is currently hosting a thriving and well-attended 'Warm Welcome' initiative for those most vulnerable during the recent cost of living crisis and in need of warm shelter within the city-centre area.

Opening church doors for the wider community with compassion, and providing great hospitality, the church has also been featured on BBC West Midlands recently highlighting their pastoral and charitable work as something pioneering and notable within the area.

Revd Tim Hughes says: "Gas Street St Luke's is a Warm Welcome hub for our local community. We open every weekday, 8:30-4:30pm, with our Coffee Shop and Soft Play, and our Love Your Neighbour initiative, to anyone who wants a warm welcome. We've seen relationships develop and flourish with people of all backgrounds and we are excited to see people integrating into the church community at different levels."

Faithful Friends and Women's First groups in Smethwick

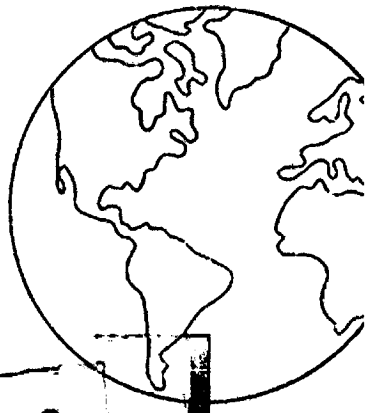
The Faithful Friends and Women's First groups in Smethwick have been growing in their partnerships with churches and people from different faiths. These partnerships are based on friendships formed by leaders from each faith who meet regularly and discuss different topics, however challenging. A joint trip to Israel / Palestine has led to a deeper understanding of the religious complexity there and led to ongoing visits to and from the region. Standing in solidarity against a local, religiously motivated, protest significantly calmed the situation in Smethwick. The partnerships continue to grow and deepen to the benefit of the whole community.

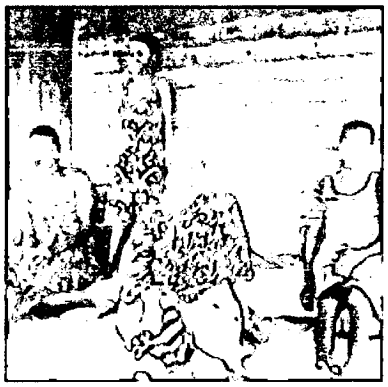
Interfaith Iftar at St. Paul's, Bordesley Green

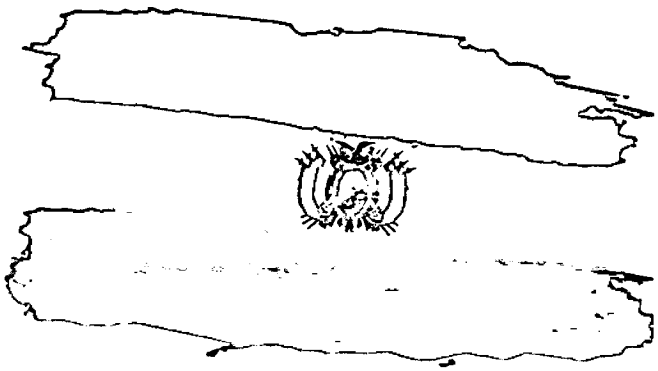
A highlight of the last year was the Interfaith Iftar that was organised at St. Paul's, Bordesley Green. At a community meeting, a Muslim friend suggested that a community iftar, the meal which breaks the Ramadan fast, would be a good idea. Around 60 people attended, ate together, spoke to new people, and discussed ways in which people of all faiths could work together to improve our community. There is a hope to run it again in Ramadan 2023.

Bolivia / Malawi / World Mission

Many CofE Birmingham churches are linked across continents through the friends and families of church members, mission partners, campaigns and social action projects. The CofE Birmingham collegiately enjoys links with Dioceses of Malawi and the Anglican Church in Bolivia with various visits affirming our mutual commitment to support one another in mission across continents. We believe that being part of a world wide church helps us to understand more fully the work of God through Jesus Christ in the world today. It reminds us of our responsibility to care for all of God's creation and challenges us to live lives that contribute to a fairer and more just world economy.







Environmental sustainability

CofE Birmingham Environment Programme

The CofE Birmingham Environment Programme exists to help all parts of the CofE Birmingham to take action to care for and renew creation. It is led by the CofE Birmingham Environment Board, which is Chaired by the Bishop of Birmingham, and works to lead, inspire and oversee various projects and initiatives. The current environment projects are Net Zero Carbon, Eco Church, and the establishment of Deanery Environment Champions. Each project will help in improving environmental sustainability for the CofE Birmingham.

Net Zero Carbon

The Net Zero Environment Group is continuing to plan towards achieving the target for all parts of the Church of England Birmingham to become net zero carbon by 2030, including church buildings, schools, clergy housing and offices. The main focus of the project at the moment is gathering information for planning how to achieve the target. A detailed Net Zero Carbon Action Plan is under development and will be completed in 2023. The top 20% highest energy emitting churches in the diocesan area have also been identified and will be supported in developing their own plans to work towards net zero carbon.

Eco Church

ECO CHURCH

The Eco Church Project Group focusses on encouraging churches to register with the national Eco Church scheme, which equips individual churches to care for God's creation through their worship, buildings, land, community engagement, and individual lifestyles. By the end of 2022, almost half of churches in the CofE Birmingham had registered with Eco Church, while almost a quarter have already achieved at least a bronze award. In summer 2022, St Peter's, Maney, was the first church in the CofE Birmingham to achieve a Gold Eco Church Award.

Deanery Environment Champions

Over the last year the role of Deanery Environment Champion has started to become established in the CofE Birmingham. At least one Deanery Environment Champion has now been appointed for five of the six deaneries in the CofE Birmingham, where they act as the key point of contact for environment-related matters in their deanery. All parishes are now encouraged to appoint a Parish Environment Contact who can receive the latest news and updates from the Environment Programme, with the aim that local networks of volunteers with an interest in environmental matters can develop.

Silver Eco Church Award at St George's, Edgbaston

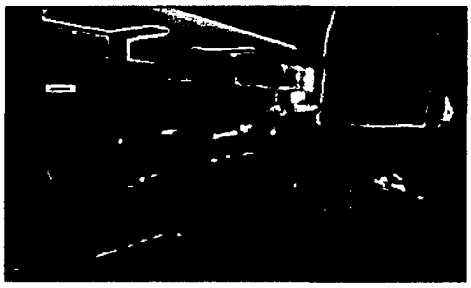
The church communities of Warley and Edgbaston Deanery seek to protect God's creation and minimise impact on global warming and its devastating impact on the world's poorest.

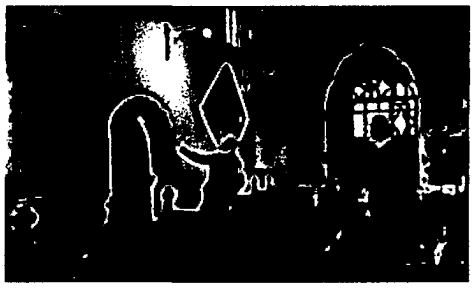
St George's, Edgbaston, are the first church to achieve the silver eco-church award in the deanery. 70% of Warley & Edgbaston Deanery Churches have registered for eco-church and nearly 40% of these already have an award.

St Germain's, Edgbaston, is fundraising for an air source heat pump and St Peter's, Harborne, is installing double glazing in their Church Hall. Also multiple churches have installed LED lighting.

Net Zero Carbon Church, St Michael's, Baddesley Clinton

St Michael's, Baddesley Clinton, was featured in the Church of England website last year for its commitment and achievement in becoming a net-zero carbon church. The church runs entirely on electricity, as opposed to previously being run on gas. They also have a number of projects to improve the lighting and heating which has seen a huge reduction in the amount of energy consumed day-to-day. The PCC switched energy companies and buy all electricity from a renewable supplier which helped achieve their net-zero carbon status.





STRATEGIC AND OPERATING REVIEW

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

Constitution

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

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

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

Delegation of day-to-day delivery The Trustees and the sub-committees which assist them in the fulfilment of their responsibilities, rely upon the Diocesan Secretary and 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 2022 were:

Dr Jan Smart ..... Diocesan Secretary
Miss Karen Preece ..... Director of Finance
Mrs Sarah Smith ..... Director of Education
Mr Daniel Mayes ..... Property Director
Mr Ben Franks ..... Human Resources 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 trustees includes a one-day event to ensure familiarisation with the organisation and its vision and strategy and also an overview of trustees' responsibilities. 2022 saw the first year of a three-year Trustee Development Programme to provide trustees with deeper knowledge and skills to further equip them for their role – sessions in the year covered the legal framework of the BDBF, trustees' legal responsibilities and Risk Management.

They are also given relevant literature which explains the role and obligations associated with their role as a director and trustee of the BDBF. Trustees then receive ongoing training as appropriate. 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 three-year Trustee Development Programme which commenced in 2022 is part of our planned 'self-audit' review. The programme will continue throughout 2023 and 2024.

Management structure

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

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.

Executive Change Board was established by Bishops Council in 2022 to ensure that all strategic change activity is aligned with the *Transforming Church* vision and strategy of CofE Birmingham. A process has been established by which strategic changes, and new initiatives can be encouraged, incorporated, monitored and held accountable.

The Diocesan Advisory Committee (DAC) for the Care of Churches 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 with the CofE 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 Diocese, the day-to-day responsibility for the funding of clergy stipend costs, providing clergy housing, training clergy and other Diocesan costs falls to the BDBF. Some of these clergy are trustees of the BDBF and they are listed on page 3.

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

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

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

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

At local level key relationships include:

Parochial Church Councils (PCCs) which are the main income source for the BDBF through the Common Fund system. 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 has oversight over 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 Diocese as required and supports Academy Trusts to both fulfil their responsibilities and provide a challenge to governors in this regard.

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

Birmingham Cathedral with whom there is now an established pattern of close collaborative working.

St Martin's Trust and other local trusts which generously provide financial support to some of the Diocese'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 and Industry Group Birmingham, Birmingham Churches Together and Local Ecumenical Partnerships.

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

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

Volunteers

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

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

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

Public benefit

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

How our activities deliver public benefit

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

Clergy Providing parish and other clergy to offer Christian services and spiritual oversight

Parochial Church Councils Assisting PCCs to provide churches, sacred spaces and worship services

Parish Mission Assisting parishes particularly through the *Transforming Church* 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 Church of England Birmingham 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.

STRATEGIC AND OPERATING REVIEW

Financial overview of the year

This annual report looks to give a flavour of how The Church of England Birmingham family has continued to respond to the ongoing challenges of COVID-19 as well as the cost-of-living and energy crises. In the widest sense, each of these continues to have a significant financial impact on our own available resources. Closed church buildings and church hall doors at the height of the pandemic, and continuing crises since then, has substantially damaged the underlying financial health of many of our parishes (all independent charities), and therefore, their ability to pay Common Fund to the diocese at pre-pandemic levels.

As a diocese 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 have been badly hit over the last three years and this had a substantial and direct impact on our collection of Common Fund over 2022. The generosity of our parishes and congregations continued to be severely tested again over the last year; parishes are still experiencing 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 try to meet these commitments.

We have continued to hold costs down wherever possible in order to make financial savings. The National Church has continued to provide cash flow support through early payment of agreed grants and we have been awarded an additional £475,000 of Sustainability funding during 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 current experience continues to show that it will be a long road to recovery for our parishes and for the BDBF.

Our 2023 budgets reflect a continuing financial operating shortfall of £815,000 – this is worse than our 2021 budget and reflects our experience over 2022 around the financial capacity of our parishes. As a backstop, the Board has again made provision for the utilisation of currently unallocated Strategic Investment Fund monies to cover this deficit. Work will continue to minimise this re-allocation of funds and the ongoing programme of property disposals will continue to further increase this fund (and replace any funds utilised over the next few years) to ensure that our transformation programmes continue to deliver on our vision.

Financial review

The 2022 headline income figure of £12,707,000 shows an overall significant increase in income of £1,020,000 compared to £11,687,000 in the prior year. Even after excluding gains on the disposal of redundant assets, this still gives us a real increase in income of £960,000. As is always the case, we need to dig deeper to understand the core underlying trends beneath the headlines.

Underpinning our day-to-day diocesan 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.

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, now extended into 2023. 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 2022 was then set at 85% of the 2020 Commitment total (£5,184,000).

The total commitments made for 2022 were £5,262,000 including pledged gifts of £271,000 – this compares with a total of £6,021,000 in 2020. In 2022, our parishes actually contributed £4,807,000. This was £455,000 less than our original budget and only 91% 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 last year, we recognise that this outturn demonstrated the real commitment of our parishes and again we are immensely grateful for their continued support. However, this fall in our key income stream must be set against a backdrop of a 2% increase in the diocesan stipend rate (in line with the rise in the national minimum stipend) and rising inflation.

Remitted statutory fees from occasional offices (such as weddings and funerals) experienced a further fall of 20% on the prior year. This was a decrease for the seventh year running. Although we have seen more weddings this year, we are still at around 50% of pre-pandemic levels.

We continue to proactively let empty parsonages during parish vacancies. Our housing rental income has increased by 10% (£42,000) year on year although pressures in the private rental market has seen some difficulties in recovering properties at the end of the lets. Elsewhere, our investment income has remained steady although our investment property rental income has been challenged again this year.

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 £1,997,000 of this funding in 2022 – we were again the recipients of an additional grant of £50,000 from the Oxford Diocese Mutuality Fund in addition to our expected grant of £1,947,000. The Strategic Ministry Fund (via Church Commissioners) has continued to support an increase in the number of new curates that start their three-year training each year – we received another new three-year grant for five starters in 2022 (in addition to our base of six) meeting 90/95% of the cost of each of them, in addition to ongoing funding for the three funded starters in 2021 and two 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 £1,589,000 (2021: £1,480,000). However, these income sources are restricted in nature and can only be utilised for specific activities. In addition, we received £507,000 in the form of grants from Church Commissioners in response to the energy cost crisis to be paid over to parishes and clergy during the year.

We remain immensely grateful to Church Commissioners, Benefact Trust, Historic England and the many individual donors who share our mission vision and support our activities more widely.

The 2022 headline expenditure figure of £13,027,000 when compared to the prior year figure of £11,514,000 shows an increase in expenditure of £1,513,000. The increase excluding the hardship grants paid out to parishes and clergy is £1,032,000. 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 had implications for our ministry costs. As we reached the end of the property quinquennium, we took a positive decision to complete the programme, which had been delayed in 2020 to ensure that the new quinquennium began without a backlog still to clear. This resulted in additional un-budgeted clergy housing works of around £120,000 in the year. In addition there were one-off costs in relation to the move to our new offices of £196,000 including a substantial provision for

dilapidations at our old offices. Although only minimal in impact, we did manage to deliver non-salary/stipend savings across most areas for a wide range of reasons.

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 and Children and Families Ministry together with restructuring and historical places of worship support.

KEY PERFORMANCE INDICATOR	2022 ACTUAL	2022 BUDGET
Common Fund collection rate on Sum Requested amount %	91.7%	91%
Common Fund collection rate on Pledged Gifts amount %	100%	100%
Common Fund overall collection rate on Budgeted amount %	92.5%	100%
Common Fund overall % rise year-on-year in cash terms	0.3%	12.8%
Parish clergy establishment posts	89	98
Dividend yield on Evelyn Partners investment portfolio %	-7.2%	-8.1%
Dividend yield on CCLA investment portfolio %	3.9%	3.6%
Reserves policy met	Yes	Yes

On an overall funds basis, there is a deficit for the year of £320,000 (2021: £173,000 surplus) before considering the year end non-cash adjustments in relation to pensions and investment valuations.

The significant fall of £1,560,000 (2021: £1,500,000 increase) in the valuation of our investment portfolio year on year clearly reflects the turbulence in worldwide stock markets since 2020 – as predicted the large gains in 2021 have been wiped out in 2022. Triennial valuations have been completed in respect of the clergy and lay defined benefit pension schemes during the year. Both schemes are now in surplus. This means that there is no longer a provision for deficit contributions (reflected as other recognised gains of £299,000) and we have been able to release the remaining balance on the designated pension fund of £160,000 back to the Unrestricted General Fund. Although significant, 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 continues projecting further into the future to ensure that BDBF remains sustainable financially. This was already difficult as we started to emerge from the pandemic, but the cost-of-living and energy cost crises have made this even harder to forecast. 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
- Long-term buildings strategy
- Continuing funding bids to Church Commissioners and others.

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 £46,160,000 (2021: £47,741,000) it must be remembered that included in this total are properties, mostly in use for ministry whose value amounted to £23,425,000 (2021: £23,230,000). 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 vicarage owned by the BDBF together with one small land disposal. Bishop's Council has continued its policy to place the proceeds from significant unrestricted property disposals into the Strategic Investment Fund. This fund was designated by the BDBF for intentional strategic mission investment and in the long-term, it is still intended that this is the case. However, this remains subject to the need for funds to maintain the operations of the BDBF. In the absence of any sustainability funding from Church Commissioners, funds will be drawn down from this fund to cover operating deficits for 2023 and probably 2024.

We continue to progress on our long-term property estate development plan – over 2022, we have:

- Continued to replace or upgrade unsuitable properties (aiming to be more carbon neutral where possible)
- Continued to accommodate the changing geographical deployment of clergy within the Church of England Birmingham
- Established a base-line energy usage report across our portfolio and created a Road Map to achieve our net-zero carbon objective by 2030 – although the substantial funding necessary to deliver this has yet to be identified
- Realised development potential in some properties to use our resources more effectively for mission and ministry and have a number of development projects in progress
- Begun working collaboratively with Gloucester Diocese as part of the National Church response to the *Coming Home Report* to improve access to affordable housing.

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 last three years. In response to this, actions to manage the numbers of stipendiary clergy effectively will continue alongside general cost savings to manage the BDBF financial position over this difficult period.

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 we still expect to do so under the new nine-year funding approach for dioceses announced during 2022. However, this is all restricted funding for limited time periods and so 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 currently formulated in line with recommendations of the Charity Commission of England and Wales 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".

As at 31 December 2022, the reserves policy target is £2,705,000 representing three months unrestricted operating expenditure as budgeted for the forthcoming year.

The trustees have considered the composition of the assets underpinning the total unrestricted reserves of £9,681,000 – this includes £5,569,000 of undesignated unrestricted reserves. The

undesignated unrestricted reserve includes £5,265,000 of non-readily realisable property assets, leaving only £304,000 of free undesignated unrestricted reserves. Our designated unrestricted reserves also include £2,754,000 in the Strategic Investment Fund (held in cash and liquid assets). Bishop's Council has formally approved that these funds can be un-designated to support our operating deficits as required for the time being and our 2023 budget already assumes that transfers of £815,000 will be required.

In light of this and the most recent Charity Commission guidance, the Board will carry out a formal review of its reserves policy during the forthcoming year, as well as any re-allocation of the underlying assets to reflect the revised policy.

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 designation 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. During 2022, there were three significant designated funds, the first being the full provision for the payment of deficit contributions to the clergy and church workers pension schemes. Following the most recent Triennial valuation for both funds, all of these funds have been released as both funds are in surplus. The second is the Sustainability Grant Fund - the brought forward balance of £637,000 remaining from the 2020 grant together with the additional grant of £475,000 received in this year has all been used to cover the unrestricted operating deficit for 2022. The third is the Strategic Investment fund totalling £2,754,000 as at 31 December 2022, which has been created using the proceeds for unrestricted property disposals since 2019. The fund is intended to be used for intentional strategic mission investments including match funding for our Church Commissioner grant funded *Shaping the Future* and *People & Places* strategic programmes. However, as noted above, in setting the 2023 budget Bishop's Council once again agreed to un-designate such funds as are deemed necessary in order to deliver a balanced unrestricted outturn. To date, no use has been made of the provision to do this due to the availability of Sustainability funding.

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 2022 restricted funds totalled £7,276,000 (2021: £7,779,000) and endowment funds totalled £29,203,000 (2021: £29,548,000). Neither are available for the general purposes of the BDBF.

Investment policy

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

Throughout 2022 our overarching investment principles as embedded in our Statement of Investment Principles were 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 targets 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.

Once again, it has been hard to predict performance across our investment portfolio with any real certainty as world events have evolved around us. Brexit and other uncertain political scenarios exacerbated by the growing energy cost and cost-of-living crisis has meant that investment performance through 2022 has again been mixed. Investment income at £491,000 was 8% better than last year, however, as expected the £1.5m investment valuation gain in 2021 was more than reversed in 2022 – with us suffering a £1.56m loss. Unsurprisingly, investment performance on a total return basis over the last twelve months was poor at -7.2% compared with +13.6% in 2021, although this was 0.9% better than the performance of our benchmark portfolio. Against this, the UK equities market was actually 7.1% up against 2021.

Over 2022, we have continued to take steps to make our own contribution to reduce the impact of climate change through changes in our choices around our investment portfolio. During the year, we have divested from most of our shareholdings in entities directly engaged in fossil fuel activities. The holdings that we had were consistently high performing stocks for us and we have sought to replace these holdings with similarly high-performing stocks. We are however aware that there will be companies operating in these markets represented within the more significant funds and unit trusts ('collectives') that the BDBF is invested in, and our investment review has made recommendations for change in this area.

The review of our published Statement of Investment Principles started in 2022 and completed in the first quarter of 2023. Although this has not recommended any changes to our fund managers, we have agreed changes in the way that the funds are managed and reported. We expect to see changes in asset allocation and especially changes in the way our managers identify and monitor 'collectives' (including unit trusts) to ensure that they reflect our move towards a 'greener' portfolio. Changes in investments will of course be carefully managed 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 in line with our updated Investment Policy and recommendations arising from the review.

Grant making policy

The BDBF has established its grant making policy to achieve its objectives for public benefit (as detailed on page 43). We deliver our public benefit to the wider population in the Diocese by the work of our parishes. We support this work by grant programmes that help parishes to further engage and service their local communities. This may be mission activities, community regeneration, church maintenance, schools and world mission. All grant applications must be made in writing. Parish mission and delivery plans and available resources are taken into account in the distribution of available grants.

Remuneration of key management personnel

Emoluments of higher paid employees are determined by the Chair of the BDBF 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.

During 2022, the BDBF used a risk assessment model which considered risks to the achievement of our strategic diocesan goals through the *Transforming Church* strategy alongside day-to-day operational activities. Risks were considered and presented as either Strategic or Operational risks within an active risk register. Strategic risks were identified as significant when they influenced 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. During 2022, this has particularly included the ongoing assessment of the financial impacts of COVID-19 (as well as the cost of living and energy cost crises) on the long-term sustainability of the BDBF. 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.

During 2022, risk has been overseen by the FIPS sub-committee and through them by Bishop's Council. During the year, a review of our approach to risk management has taken place, with external consultancy support. A new Risk Management Framework has since been agreed by Bishop's Council for use in 2023 and beyond. This new framework means that risk will now be reported directly to Bishop's Council as many identified risks are outside the remit of FIPS. New processes and guidelines will also aim to better embed risk management as an active and continuous process throughout the BDBF,

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 COVID-19 pandemic and the subsequent energy and cost-of-living crises result in 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 2023 and 2024*
Failure to effectively embed our 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 consulted on in 2023 and 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* • *Review of programme in 2022/23 together with ongoing 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 disciples* • *2021/22 Strategic Review outcomes to be rolled out in 2023 – with a clearly defined focus on mission growth (supported through the Church Commissioners new 2022-2031 Triennium Funding announcements)*
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 being developed for existing activities identified as key in Strategic Review* • *Identify other income streams*
Reputational and financial risks associated with safeguarding of young people and vulnerable adults	• *Comprehensive training programme throughout CofE Birmingham, Independent scrutiny group - with independent Chair* • *Diocesan Safeguarding Advisory Panel (DSAP) monitors CofE Birmingham Diocesan compliance with national safeguarding requirements*
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 – Routemap in place to set milestones to ensure delivery* • *Net Zero Carbon group developing costed plan for works required to the property portfolio* • *Investment strategy review should identify and enable managed divestment of investments that do not meet zero carbon criteria*

Plans for future periods

Our vision of *"Transforming Church – growing churches at the heart of each community"* continues to be central to our plans for future periods, with the core principles of:

- Grow in number of disciples
- Engage with children, youth, families and other missing generations
- Worshipping communities are diverse (representative of our communities) and accessible to all
- Grow in partnerships and impact on the community
- Flourishing ordained and lay leadership that reflects the diversity of the wider population of the diocese
- Grow in depth of discipleship
- Achieve financial sustainability
- Environmental sustainability
- All underpinned by a culture of prayer

We recognise that our pattern of ministry and mission needs to be relevant to each local context and will vary across locations. Key activities in the coming year will include:

- Continue the *People & Places* structural and culture changes; supporting Oversight Areas and Oversight Ministers to emerge and flourish
- Continue church growth strategies through local parish growth, church planting and revitalisation
- Action planning to support churches to engage with their local communities and play their part in the transformation of their neighbourhoods
- Focus on the creation of learning pathways for new leaders
- Continued reimagining of ministry and discipleship
- Collaboration with the DBE to further deepen and promote the Christian Distinctiveness of our schools
- Continue work on the route map to net zero carbon emissions by 2030
- Further embedding an ethos of diversity, inclusivity and generosity
- Identifying opportunities to improve financial sustainability

Directors' report

Going concern

2022 has been another turbulent year for us all - the impact of COVID-19 on parish finances (and hence the BDBF) continues to be significant. At the start of the year, our parishes were still struggling to rebuild their finances to pre-pandemic levels. The burgeoning cost-of-living and energy cost crisis in 2022 coupled with spiralling inflation has then placed even more challenges on their finances. Taking all of this together, BDBF Common Fund collection has continued to struggle during 2022 as we had anticipated. Collection in 2022 was lower than 2021 and lower than the commitments made by parishes at the start of the year and our expectations for 2023 are no better.

Since Common Fund remains 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 2023 budget has been prepared on the basis that common fund income will be lower than the 2022 budget (in fact much closer to the 2022 actual level achieved) - at 80% of our base commitments for 2020. The cost budget reflects some small savings however it also reflects a 5% increase in clergy stipends and lay salaries. This level of increase was considered very carefully - however it was felt that a smaller increase would mean that clergy and lay staff would fall further behind at the time that they were facing the cost of living crisis, rising energy costs and high inflation. Bishop's Council has agreed to un-designate £815,000 (from the designated Strategic Investment Funds) to balance the 2023 outturn. Our forecasts assume that there will be no further Sustainability funding available from National Church. The planned property disposal programme to replace any designated funds used to fund unrestricted core activities is continuing to progress. As at the end of 2022, it has not so far been necessary to use any 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 2024 budget and cash flow forecast has been prepared as part of an updated 5-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 29 June 2023 and signed on its behalf.

Steven Skakel

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

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.

His Majesty The King, 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 Diocese

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

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

- Consider matters affecting the Church of England in the diocese
- Act as a forum for debate of Christian opinion on matters of religious or public interest
- Advise the bishop where requested
- Deal with matters referred by General Synod
- Provide for the financing of the diocese.

Deanery Synod There is a Deanery Synod in each of the diocese's six 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 therefore to General Synod
- Raise with Diocesan Synod such matters as it considers appropriate
- Elect members of the deanery to Diocesan Synod and of the diocese to General Synod

The Bishop's Council

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

- To plan the business of the Diocesan 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 Limited for the year ended 31 December 2022 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 2022 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 48, 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. 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.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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
Date: 13 July 2023
10 Queen Street Place, London EC4R 1AG

Statement of financial activities

FOR YEAR ENDED 31 DECEMBER 2022

	Note	Restricted funds		Unrestricted funds		Total funds 2022	Total funds 2021
		Endowment funds £'000	Other funds £'000	Designated funds £'000	General funds £'000	£'000	£'000
INCOME							
INCOME AND ENDOWMENTS FROM							
Donations:	2						
Parish contributions		-	25	-	4,807	**4,832**	4,804
Archbishops' Council		-	2,163	475	1,997	**4,635**	3,892
Other donations		-	587	-	722	**1,309**	1,147
Charitable activities	3	-	62	-	319	**381**	451
Other trading activities	4	-	2	-	522	**524**	436
Investments	5	18	196	11	409	**634**	625
Other income	6	-	-	-	392	**392**	332
TOTAL INCOME		**18**	**3,035**	**486**	**9,168**	**12,707**	**11,687**
EXPENDITURE ON							
Raising funds	7	28	-	-	98	**126**	119
Charitable activities	8	2	2,760	68	10,065	**12,895**	11,392
Other	9	-	-	3	3	**6**	3
TOTAL EXPENDITURE		**30**	**2,760**	**71**	**10,166**	**13,027**	**11,514**
Net (expenditure) / income before investment gains and losses		(12)	275	415	(998)	**(320)**	173
Net (losses) / gains on investments		(548)	(643)	(6)	(363)	**(1,560)**	1,500
Net gains on investment property		-	-	-	-	**-**	18
NET (EXPENDITURE) / INCOME		**(560)**	**(368)**	**409**	**(1,361)**	**(1,880)**	**1,691**
Transfers between funds	21	215	(135)	(859)	779	**-**	-
Other recognised gains / (losses)	23	-	-	299	-	**299**	(24)
NET MOVEMENT IN FUNDS		**(345)**	**(503)**	**(151)**	**(582)**	**(1,581)**	**1,667**
Total funds brought forward	21	29,548	7,779	4,263	6,151	**47,741**	46,074
TOTAL FUNDS CARRIED FORWARD	21	**29,203**	**7,276**	**4,112**	**5,569**	**46,160**	**47,741**

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 2022
COMPANY NUMBER 440966

	Note	2022		2021	
FIXED ASSETS					
Tangible assets	15	23,561		23,295	
			23,561		23,295
INVESTMENTS:	16				
Investment properties		2,570		2,570	
Other investments		12,518		14,115	
			15,088		16,685
TOTAL FIXED ASSETS			38,649		39,980
CURRENT ASSETS					
Debtors	17	2,076		1,858	
Cash at bank		7,189		8,003	
		9,265		9,861	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	18	1,724		(1,846)	
NET CURRENT ASSETS			7,541		8,015
TOTAL ASSETS LESS CURRENT LIABILITIES			46,190		47,995
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	19		(30)		(254)
NET ASSETS	21		46,160		47,741
FUNDS					
Restricted income funds			7,276		7,779
Endowment funds			29,203		29,548
Unrestricted income funds:					
Designated			4,112		4,263
Undesignated			5,569		6,151
	21		46,160		47,741

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 29 June 2023 and signed on behalf of the Board by:

Steven Skakel

Mr Steven Skakel **Chair**

Income and expenditure account

FOR YEAR ENDED 31 DECEMBER 2022

	2022 £000	2021 £000
Total incoming resources	12,689	11,674
Resources expended	(12,997)	(11,486)
Net (expenditure) / income before gains for the year	(308)	188
Net gains / (losses) on investments	(1,012)	1,051
Net gain / (loss) on investment property	-	-
NET (EXPENDITURE) / INCOME FOR THE YEAR	**(1,320)**	**1,239**
Other comprehensive income:		
Net assets transferred to endowments	(215)	-
TOTAL COMPREHENSIVE (EXPENDITURE) / INCOME	**(1,535)**	**1,239**

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 2022

	Note	2022 £000	2021 £000
NET CASH (USED IN) / PROVIDED BY OPERATING ACTIVITIES	25	**(1,724)**	(1,015)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends, interest and rent from investments		622	630
Interest paid		(1)	(1)
Proceeds from sale of:			
Tangible fixed assets / current assets for the use of the BDBF		470	964
Fixed asset investments		-	54
Other investments		605	653
Purchase of:			
Tangible fixed assets for the use of the BDBF		(182)	(175)
Other investments		(571)	(581)
NET CASH PROVIDED BY INVESTING ACTIVITIES		**943**	**1,544**
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans repaid by BDBF		(20)	(108)
Loans repaid to BDBF		20	29
New loans made by BDBF		(33)	-
NET CASH (USED IN) / PROVIDED BY FINANCING ACTIVITIES		**(33)**	**(79)**
CHANGE IN CASH AND CASH EQUIVALENTS IN THE REPORTING PERIOD		**(814)**	**450**
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**8,003**	**7,553**
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	26	**7,189**	**8,003**

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 Citadel, 190 Corporation Street, Birmingham, B4 6QD.

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 2023. The Directors' Report on page 48 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. Therefore, 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) 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 Sustainability Grants from the Archbishops' Council, which have 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 2022 will be returned to the Archbishops' Council in 2023.

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 diocese.

Resourcing ministry and mission includes the direct costs for the clergy and parishes, plus the costs of supporting the work of the parishes within the 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 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 any 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 diocese in connection with major repair and capital projects to Church Schools and also government grants in connection with the same. The Board of Education administers these monies as managing agent and makes the appropriate payments to contractors for work carried out. The monies do not belong to the Board of Education and as such the receipts and payments are not treated as incoming resources or resources expended in the Statement of Financial Activities. Any monies held at the balance sheet date are treated as creditors on the balance sheet.

Cash and cash equivalents

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

Financial instruments

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

Trade debtors which are receivable within 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 2022	Total funds 2021
	£000	£000	£000	£000	£000	£000
PARISH CONTRIBUTIONS						
Common Fund - current	-	-	-	4,766	**4,766**	4,732
Common Fund - prior	-	-	-	41	**41**	49
TOTAL COMMON FUND	-	-	-	4,807	**4,807**	4,781
Contributions to Malawi Fund	-	25	-	-	**25**	23
TOTAL PARISH CONTRIBUTIONS	-	25	-	4,807	**4,832**	4,804
ARCHBISHOPS' COUNCIL						
Strategic Development	-	1,518	-	-	**1,518**	1,385
Strategic Capacity	-	71	-	-	**71**	95
Strategic Ministry	-	303	-	-	**303**	139
Lowest Income Communities Funding	-	-	-	1,997	**1,997**	1,991
Sustainability Grant	-	-	475	-	**475**	-
Resourcing Ministerial Education Block Grant	-	271	-	-	**271**	282
TOTAL ARCHBISHOPS' COUNCIL	-	2,163	475	1,997	**4,635**	3,892
OTHER DONATIONS						
Stipend sources	-	-	-	478	**478**	662
Benefact Trust	-	-	-	192	**192**	178
Other donations to Malawi Fund	-	14	-	-	**14**	16
Historic England - Places of Worship Officer	-	25	-	-	**25**	16
Resourcing Church - fabric	-	-	-	-	**-**	68
Legacies	-	-	-	-	**-**	100
Other donations	-	41	-	37	**78**	53
Other grants	-	507	-	15	**522**	54
TOTAL OTHER DONATIONS	-	587	-	722	**1,309**	1,147

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 or 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 diocese is able to offer in any one year.

The Resourcing Ministerial Education Block Grant is to be used for approved clergy training pathways. The Sustainability Grant is a 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 2022	Total funds 2021
	£000	£000	£000	£000	£000	£000
Statutory fees	-	-	-	239	**239**	299
Parish training events	-	-	-	30	**30**	4
Insurance proceeds	-	-	-	2	**2**	52
Schools training events and services	-	59	-	-	**59**	55
Payroll Bureau service	-	-	-	14	**14**	13
Interest receivable on parish loans	-	3	-	34	**37**	28
TOTAL	-	62	-	319	**381**	451

Total income from charitable activities for the year ended 31 December 2021 of £451,000 was split between funds as follows: £57,000 in other restricted funds and £394,000 in undesignated funds.

4 Other trading activities

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2022	Total funds 2021
	£000	£000	£000	£000	£000	£000
Housing income	-	-	-	453	**453**	411
Recharges to other Christian organisations	-	2	-	64	**66**	28
Recharges to other charitable organisations	-	-	-	5	**5**	(3)
TOTAL	-	2	-	522	**524**	436

Total income from other trading activities for the year ended 31 December 2021 of £436,000 was split between funds as follows: £6,000 in other restricted funds and £430,000 in undesignated funds.

5 Investment income

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2022	Total funds 2021
	£000	£000	£000	£000	£000	£000
Dividends and interest	18	186	11	277	**492**	453
(Loss) / profit on sales of investments	-	-	-	(3)	**(3)**	7
Rents	-	10	-	135	**145**	165
TOTAL	18	196	11	409	**634**	625

Total investment income for the year ended 31 December 2021 of £625,000 was split between funds as follows: £13,000 in endowment funds, £186,000 in other restricted funds, £8,000 in designated funds and £418,000 in undesignated funds.

6 Other income

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2022	Total funds 2021
	£000	£000	£000	£000	£000	£000
Gain on sale of fixed assets	-	-	-	392	**392**	332
TOTAL	-	-	-	392	**392**	332

Total other income for the year ended 31 December 2021 of £332,000 was split between funds as follows: £332,000 in undesignated funds, and £nil in undesignated funds.

NOTES TO THE ACCOUNTS

7 Fundraising costs

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2022	Total funds 2021
	£000	£000	£000	£000	£000	£000
Investment management costs	25	-	-	7	**32**	32
Property rental costs	3	-	-	91	**94**	87
TOTAL	28	-	-	98	**126**	**119**

Total fundraising costs for the year ended 31 December 2021 of £119,000 was split between funds as follows: £27,000 in endowment funds and £92,000 in undesignated funds.

8 Expenditure on charitable activities

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2022	Total funds 2021
	£000	£000	£000	£000	£000	£000
CONTRIBUTION TO ARCHBISHOPS' COUNCIL						
Training for ministry	-	-	-	189	**189**	189
National Church responsibilities	-	-	-	132	**132**	148
Mission agency pension costs	-	-	-	8	**8**	8
Retired clergy housing costs	-	-	-	71	**71**	70
Pooling of ordinands maintenance grants	-	-	-	9	**9**	32
TOTAL	-	-	-	409	**409**	447
RESOURCING MINISTRY AND MISSION						
Parish Ministry:						
Stipends and National Insurance	-	491	-	3,613	**4,104**	3,917
Pension contributions	-	114	(143)	1,105	**1,076**	1,008
Housing costs	-	-	-	1,656	**1,656**	1,258
Removal, resettlement and grants	-	109	-	291	**400**	423
Training for ministry tuition fees	-	221	-	-	**221**	202
Archdeacons, vocations, chaplaincy and other expenses	-	104	-	413	**517**	477
TOTAL	-	1,039	(143)	7,078	**7,974**	7,285
Mission grants	-	265	-	38	**303**	185
Grants to support parishes	-	425	-	-	**425**	-
Support for parish ministry	2	895	211	2,303	**3,411**	3,093
TOTAL	2	1,585	211	2,341	**4,139**	3,278
EXPENDITURE ON EDUCATION						
Support for Church Schools	-	136	-	237	**373**	382
TOTAL	2	2,760	68	10,065	**12,895**	11,392

Total expenditure on charitable activities for the year ended 31 December 2021 of £11,392,000 was split between funds as follows: £1,000,000 in endowment funds, £2,270,000 in other restricted funds, £(35,000) in designated funds and £9,156,000 in undesignated funds.

9 Other expenditure

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2022	Total funds 2021
	£000	£000	£000	£000	£000	£000
Loss on sale of property	-	-	-	2	**2**	-
Interest payable on other loans	-	-	-	1	**1**	1
Interest charge on pension liabilities	-	-	3	-	**3**	2
TOTAL	-	-	3	3	**6**	3

Total other expenditure for the year ended 31 December 2021 of £3,000 was split between funds as follows: £2,000 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 2022
	£000	£000	£000	£000
Raising funds	126	-	-	**126**
Charitable activities:				
Contributions to Archbishops' Council	-	409	-	**409**
Resourcing parish ministry	9,625	1,128	1,360	**12,113**
Education	295	-	78	**373**
Other	6	-	-	**6**
	10,052	**1,537**	**1,438**	**13,027**

	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**

11 Analysis of support costs

	Restricted funds		Unrestricted funds			
	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2022	Total funds 2021
	£000	£000	£000	£000	£000	£000
Support for Schools	-	78	-	-	**78**	170
Administration and premises	-	-	-	1,233	**1,233**	897
Synod and Diocesan Advisory Committee Support	-	-	-	10	**10**	10
Governance:						
Auditors - external audit	-	-	-	22	**22**	21
Auditors - other services	-	-	-	1	**1**	1
Registrar and Chancellor	-	-	-	94	**94**	81
TOTAL	-	78	-	1,360	**1,438**	**1,180**

NOTES TO THE ACCOUNTS

12 Analysis of grants made

	Number	Individuals £000	Institutions £000	Total 2022 £000	Total 2021 £000
FROM UNRESTRICTED FUNDS FOR NATIONAL CHURCH RESPONSIBILITIES					
Archbishops' Council	5	-	409	409	447
FROM UNRESTRICTED / DESIGNATED FUNDS					
PCCs for mission	2	-	9	9	54
Ordinands in training	18	136	-	136	151
Resettlement and first appointment grants	53	122	-	122	150
Church schools	-	-	-	-	20
Sundry clergy grants	58	24	38	62	64
TOTAL	131	282	47	329	439
FROM RESTRICTED FUNDS					
Malawi Partnership dioceses and projects	4	-	44	44	34
Hardship and Energy grants	281	56	425	481	-
PCCs for project workers *(Action in the City)*	1	-	5	5	16
PCCs for mission initiatives	34	-	147	147	1
Other Christian organisations for mission initiatives	1	-	64	64	66
Sundry grants	6	1	4	5	-
Ordinands in training	28	53	-	53	40
TOTAL	355	110	689	799	157
TOTAL GRANTS PAYABLE	491	392	1,145	1,537	1,043

13 Staff costs

	2022 £000	2021 £000
EMPLOYEE COSTS DURING THE YEAR (EXCLUDING CLERGY PAY)		
Wages and salaries	2,240	2,285
Social security costs	226	216
Pension costs	253	253
Pension costs – Church Workers Pension Scheme deficit contributions*	41	41
TOTAL	2,760	2,795
AVERAGE NUMBER OF PEOPLE EMPLOYED DURING THE YEAR	No.	No.
Parish mission support	36	40
Discipleship and Ministry support	8	8
Administration and financial management	11	11
Property	3	2
Education	4	5
TOTAL	62	66

**The deficit contributions paid in 2022 and 2021 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:

	2022 No.	2021 No.
In the band £60,000 – £70,000	-	3
In the band £70,000 – £80,000	3	-
In the band £80,000 – £90,000	-	1
In the band £90,000 – £100,000	1	-

The total amount of employer defined contribution pension contributions paid on behalf of these employees were £34,786 (2021: £33,807).

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 diocese. During 2022 they were:

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

Renumeration and pensions for these five FTE employees amounted to £417,171 (2021: £349,878 for four FTE employees)

None of the directors received any remuneration as directors. The BDBF in both 2022 and 2021 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 129 (2021: 125) stipendiary clergy as office holders holding parish or diocesan appointments in the diocese, and the costs were as follows:

	2022 £000	2021 £000
Stipends	**3,676**	3,523
National Insurance contributions	**311**	283
Apprenticeship Levy	**17**	16
Restructuring costs	**71**	48
Pension costs - current year	**982**	1,056
Pension costs - deficit funding provided	**143**	231
TOTAL	**5,200**	**5,157**

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

	2022 £000	2021 £000
NET EXPENDITURE IS STATED AFTER CHARGING		
Depreciation - owned assets	**51**	76
Net gain on disposal of fixed assets	**390**	332
Auditor's remuneration - audit of financial statements	**22**	21
Auditor's remuneration - other services	**1**	1

15 Tangible fixed assets

	Freehold Property (see note below) £000	Computer equipment £000	Office equipment £000	TOTAL £000
COST / DEEMED COST OR VALUATION				
At 1 January 2022	23,230	229	232	**23,691**
Additions	273	5	119	**397**
Disposals	(78)	-	(184)	**(262)**
AT 31 DECEMBER 2022	**23,425**	**234**	**167**	**23,826**
ACCUMULATED DEPRECIATION				
At 1 January 2022	-	195	201	**396**
Charge for the year	-	23	28	**51**
Disposals	-	-	(182)	**(182)**
AT 31 DECEMBER 2022	**-**	**218**	**47**	**265**
NET BOOK VALUE				
AT 31 DECEMBER 2022	**23,425**	**16**	**120**	**23,561**
AT 31 DECEMBER 2021	23,230	34	31	**23,295**

All the above assets are used for charitable purposes.

15 Tangible fixed assets (continued)

	2022 cost or deemed cost £000	2021 cost or deemed cost £000
FREEHOLD PROPERTIES		
ENDOWMENT FUNDS		
Benefice houses fund:		
Parsonage houses	**17,831**	17,604
Glebe funds:		
Housing of team vicars, curates and others	**660**	660
UNRESTRICTED FUNDS		
Corporate property:		
Housing of senior clergy, curates and others	**1,031**	1,109
Other corporate property	**3,903**	3,857
TOTAL FREEHOLD PROPERTIES	**23,425**	**23,230**

16 Investments held as fixed assets

	Glebe £000	Endowment fund £000	Unrestricted fund £000	TOTAL £000
A) INVESTMENT PROPERTIES				
At 1 January 2022	1,490	890	190	**2,570**
Additions	-	-	-	-
Disposals	-	-	-	-
Revaluations	-	-	-	-
AT 31 DECEMBER 2022	**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 5 years with trustee review in the intervening period. The next professional review will be carried out as at 31 December 2025.

	1 January 2022 £000	Sales £000	Purchases £000	Change in market value £000	31 December 2022 £000
B) OTHER FINANCIAL INVESTMENTS					
ENDOWMENT FUNDS					
Listed investments	4,656	(464)	448	(472)	**4,168**
Unlisted investments	612	-	-	(76)	**536**
	5,268	**(464)**	**448**	**(548)**	**4,704**
OTHER RESTRICTED FUNDS					
Listed investments	280	-	-	(14)	**266**
Unlisted investments	5,278	-	-	(629)	**4,649**
	5,558	**-**	**-**	**(643)**	**4,915**
UNRESTRICTED FUNDS					
Designated funds:					
Unlisted investments	50	(11)	-	(6)	**33**
Undesignated funds:					
Listed investments	1,282	(133)	123	(134)	**1,138**
Unlisted investments	1,957	-	-	(229)	**1,728**
	3,289	**(144)**	**123**	**(369)**	**2,899**
TOTAL	**14,115**	**(608)**	**571**	**(1,560)**	**12,518**

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 2022 was £4,610,000 (2021: £4,582,000) and £5,358,000 (2021: £5,388,000) for unlisted investments.

17 Debtors

	2022 £000	2021 £000
RECEIVABLE WITHIN ONE YEAR		
Parish loans (concessionary loans)	16	11
Other loans (concessionary loans)	2	1
Prepayments and other debtors	1,352	799
Accrued income	41	107
Other debtors	-	215
	1,411	1,133
RECEIVABLE AFTER ONE YEAR		
Parish loans (concessionary loans)	65	58
Other loans (concessionary loans)	3	3
Other debtors	597	664
	665	725
TOTAL DEBTORS	2,076	1,858

18 Creditors: amounts falling due within one year

	2022 £000	2021 £000
Other loans – Church Commissioners (concessionary loan)	20	20
Trade creditors	212	240
Other creditors	1,048	801
Pension fund deficit – church workers pension scheme	-	41
Pension fund deficit – clergy pension scheme	-	235
Accruals and deferred income	444	509
	1,724	1,846

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%.

19 Creditors: amounts falling due after more than one year

	2022 £000	2021 £000
Pension fund deficit – clergy pension scheme	-	-
Pension fund deficit – church workers pension fund	-	204
Other loans – Church Commissioners (concessionary loan)	30	50
	30	254

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

	2022 £000	2021 £000
Between one to two years	20	20
Between two to five years	10	30
	30	50

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%.

20 Analysis of assets and liabilities between funds

	Restricted funds		Unrestricted funds			
	Endowment funds £000	Other funds £000	Designated funds £000	Undesignated funds £000	Total funds 2022 £000	Total funds 2021 £000
TANGIBLE ASSETS						
Other fixed assets	18,473	13	-	5,075	**23,561**	23,295
INVESTMENTS – FIXED						
Investment properties	2,380	-	-	190	**2,570**	2,570
Other	4,704	4,915	33	2,866	**12,518**	14,115
DEBTORS						
Due within one year	-	558	(897)	1,750	**1,411**	1,133
Due after one year	-	65	-	600	**665**	725
Cash at bank	3,648	2.790	4,987	(4,236)	**7,189**	8,003
CREDITORS						
Due within one year	(2)	(1,065)	(11)	(646)	**(1,724)**	(1,846)
Due after one year	--	-	-	(30)	**(30)**	(254)
NET ASSETS	29,203	7,276	4,112	5,569	**46,160**	**47,741**

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

21 Movements in funds

	1 January 2022	Income	Expenditure	Transfers	Capital movements	31 December 2022
ENDOWMENT FUNDS						
Glebe Fund*	6,183	-	(11)	-	(210)	5,962
Birmingham Diocesan Endowment Fund*	5,420	9	(17)	-	(300)	5,112
Parsonage Houses Fund	17,598	-	-	215	-	17,813
Bishop Brown Legacy Endowment Fund	347	9	(2)	-	(38)	316
	29,548	18	(30)	215	(548)	29,203
OTHER RESTRICTED FUNDS						
Sites and Buildings Fund	973	3	-	-	-	976
Church Schools Fund	6,265	240	(131)	-	(599)	5,775
Action in the City Fund	30	2	(5)	-	(3)	24
Malawi Partnership Fund	407	52	(57)	-	(41)	361
Gas Street St Luke's - Fabric Fund	29	-	-	-	-	29
Training for Ministry Fund	58	271	(274)	-	-	55
Strategic Ministry Fund - Curates training	-	303	-	(303)	-	-
Shaping the Future (1)	-	213	(356)	143	-	-
Shaping the Future match (2)	1	1	(2)	-	-	-
Empowering Disciples Fund	6	-	(2)	-	-	4
Historic England - Places of Worship Officer	-	25	(50)	25	-	-
People & Places Capacity Fund	(2)	71	(72)	-	-	(3)
People & Places Development Fund	1	931	(946)	-	-	(14)
Programme Management Fund	-	48	(48)	-	-	-
Church Planting (Shirley and Pype Hayes) Fund	-	162	(162)	-	-	-
Context Ministry and Church Planting Development Fund	-	131	(130)	-	-	1
St Martin's Youth Grants	4	-	(2)	-	-	2
Giving Advisor Fund	7	34	(41)	-	-	-
Readers Fund	-	41	(3)	-	-	38
Hardship Fund	-	507	(479)	-	-	28
	7,779	3,035	(2,760)	(135)	(643)	7,276
UNRESTRICTED FUNDS						
DESIGNATED FUNDS						
Pastoral Fund*	1,359	11	(40)	(215)	(6)	1,109
Pensions Reserve	(599)	--	140	160	299	-
Growing Younger Fund (2)	229	-	-	-	-	229
Strategic Investment Fund	2,617	-	(171)	308	-	2,754
Communications Hub	20	-	-	-	-	20
Sustainability Grant (Church Commissioners)	637	475	-	(1,112)	-	-
UNDESIGNATED FUNDS						
General Fund*	6,151	9,168	(10,166)	779	(363)	5,569
	10,414	9,654	(10,237)	(80)	(70)	9,681
TOTAL	47,741	12,707	(13,027)	-	(1,261)	46,160

*See page 66 for funds denoted with **

NOTES TO THE ACCOUNTS

21 Movements in funds (continued)

	1 January 2021 £000	Income £000	Expenditure £000	Transfers £000	Capital movements £000	31 December 2021 £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	228	(230)	-	627	6,265
Action in the City Fund	42	1	(16)	-	3	30
Malawi Partnership Fund	356	52	(45)	-	44	407
Gas Street St Luke's - 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 and Pype Hayes) Fund	-	72	(72)	-	-	-
Context Ministry and 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	47,741

The funds denoted with * include the following revaluation reserves:

	2022 £000	2021 £000
WITHIN ENDOWMENT FUNDS		
Glebe Fund	1,045	1,045
Birmingham Diocesan Endowment Fund	99	99
	1,144	1,144
UNDESIGNATED FUNDS		
General Fund	1,062	1,140
TOTAL	2,206	2,284

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 Birmingham diocese to provide support to link dioceses and their parishes in Malawi.

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

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

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

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.

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.

Benefact Trust NECN This relates to the National Estates Church Network (NECN) programme that we are partners in and which was funded by Benefact 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.

Programme Management Fund This relates to a grant from the Church Commissioners to support the project management team who support the delivery of our active projects.

Church Planting (Shirley and 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.

Context Ministry and 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.

St Martin's Youth Grant Fund This relates to funding received from St Martin's Trust to enable us to make small grants to support youth projects across the diocese.

21 Movements in funds (continued)

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.

Readers Fund This relates to the funds previously held independently by the Birmingham Readers Council. This has been transferred to the BDBF for administrative simplification. The fund provides additional support to Readers in their ministry.

Hardship Fund This relates to funding received from the Church Commissioners for distribution to parishes and clergy across the diocese as a response to the energy cost crisis. All funds are expected to be expended by 31 March 2023.

Unrestricted funds

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

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 and 2022 has meant that such a transfer was not necessary in either 2020, 2021 or 2022, although the proposal has been ratified again in respect of the 2023 unrestricted activities budget.

Communications Hub 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.

Sustainability Grant Fund This fund relates to Sustainability Grants received from Archbishops' Council in 2020 and 2022 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 diocese to hold over any funds granted in 2020 but not used in 2020 or 2021 for the same purpose in 2022. New Sustainability Grants awarded in 2022 must be utilised in 2022. Archbishop's Council may seek repayment of any unused funds if it deems that they are no longer required.

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 2022 are as follows:

	Unrestricted general	Unrestricted designated	Restricted	Endowment	Total
	£000	£000	£000	£000	£000
General Fund to Strategic Ministry Fund Curates Fund ❶	303	-	(303)	-	-
General Fund to Historic England – Places of Worship Officer Fund ❷	(25)	-	25	-	-
General Fund to Strategic Investment Fund ❸	(451)	451	-	-	-
Strategic Investment Fund to *Shaping the Future* Fund ❷	-	(143)	143	-	-
Pastoral Fund to Parsonage Houses Fund ❹	-	(215)	-	215	-
General Fund to Pension Fund ❺	(160)	160	-	-	-
CC Sustainability Fund to General Fund ❻	1,112	(1,112)	-	-	-
TOTAL	**779**	**(859)**	**(135)**	**215**	**-**

❶ *Transfer of curates' costs from unrestricted funds to restricted fund in respect of Strategic Ministry funding.*
❷ *This represents the transfer of unrestricted funds to cover restricted costs not covered by grant receivable.*
❸ *These represent the transfer of property disposal proceeds to the Strategic Investment Fund to fund intentional strategic mission investments.*
❹ *This represents the transfer of new parsonage built using Pastoral Fund monies.*
❺ *This represents the release of the pension fund deficit provision following Scheme Triennial valuations.*
❻ *This represents the use of the Sustainability Fund to cover shortfall in unrestricted funds.*

Details of inter fund transfers in 2021 were 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.*

22 Commitments

At 31 December 2022 the BDBF had £nil of capital commitments which were contracted for but not provided in the financial statements (2021: £160,000).

The BDBF has parish loan facilities amounting to £105,000 approved during the year which have not been drawn down by the parishes concerned as at 31 December 2022 (2021: £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 FRS 102. 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 (2022: £7,200 2021: £6,967), plus any impact of deficit contributions payable, giving a total charge of £48,632 for 2022 (2021: £47,576).

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 2019 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 were agreed for 7 years from 1 April 2021 in respect of the shortfall in the employer sub-pool.

Due to the improvements in the projected funding position of the Fund, the Church of England Pensions Board agreed that deficit contributions would cease with effect from 31 December 2022 for employers whose pools were estimated to be materially in surplus. As a result, there is no obligation recognised as a liability within the Employer's financial statements as at 31 December 2022. A liability has been recognised at earlier dates.

The movement in the provision is set out below:

	2022 £'000's	2021 £'000's
Balance sheet liability at 1 January	**245**	277
Deficit contributions paid	**(41)**	(41)
Interest cost	**3**	1
Remaining change to the balance sheet liability*	**(207)**	8
BALANCE SHEET LIABILITY AS AT 31 DECEMBER	**-**	245

** 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 2022**	**0.0% pa**
	31 December 2021	**1.50% pa**
	31 December 2020	**0.50% 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 FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs

23 Pension costs (continued)

charged to the Statement of Financial Activities in the year are the contributions payable (2022: £246,163 (2021: £245,795)).

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 10.1% following improvements in the funding position over 2022. There is no requirement for deficit payments at the 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 £311 (2021: £718).

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 FRS 102. 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 (2022: £1,033,000, 2021: £1,056,000), plus the figures highlighted in the table below as being recognised in the Statement of Financial Activities, giving a total debit of £1,125,000 for 2022 (2021: £1,073,000 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 2021. The 2021 valuation revealed a surplus of £560m, based on assets of £2,720m and a funding target of £2,160m, assessed using the following assumptions:

- RPI inflation of 3.6% pa (and pension increases consistent with this)
- CPIH inflation in line with RPI less 0.8% pre-2030 moving to RPI with no adjustments from 2030 onwards
- Increase in pensionable stipends in line with CPIH, and
- Mortality in accordance with 90% of the S3NA tables, with allowance for improvements in mortality rates in line with the CIMI2020 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 and an allowance for 2020 data of 1% (i.e. w2020=0%).

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

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

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

Section 28.11A of FRS102 requires the agreed deficit recovery payments to be recognised as a liability. However, as there are no agreed deficit recovery payments from 1 January 2023 onwards, the balance sheet liability as at 31 December 2022 is £nil. The movement in the balance sheet liability over 2021 and 2022 is set out in the table below:

	2022 £000	2021 £000
Balance sheet liability at 1 January	**235**	449
Deficit contributions paid	**(143)**	(231)
Interest cost	**-**	1
Remaining change to the balance sheet liability (recognised in the SoFA)*	**(92)**	16
BALANCE SHEET LIABILITY AS AT 31 DECEMBER	**-**	**235**

** 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. No assumptions are needed for December 2022 as there are no agreed deficit recovery payments going forward. No price inflation assumption was needed for December 2021, since pensionable stipends for the remainder of the recovery plan were already known.

	Discount rate	Price inflation	Increase in pensionable payroll
31 December 2020	0.2% pa	3.1% pa	**1.6% pa**
31 December 2021	0.0% pa	n/a	**-1.5% pa**
31 December 2022	n/a	n/a	**n/a**

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 2022 £'000	Land and buildings 2021 £'000
OPERATING LEASES WITH EXPIRY:		
Within one year	**226**	127
Within one to two years	**226**	-
Within two to five years	**678**	-
More than five years	**1,017**	-
	2,147	127

25 Reconciliation of net expenditure to net cashflow from operating activities

	2022 £'000	2021 £'000
NET (EXPENDITURE) / INCOME FOR THE YEAR ENDED 31 DECEMBER	**(1,880)**	1,691
Depreciation charges	**51**	76
Dividends, interest and rent from investments	**(637)**	(618)
Interest payable on loans	**1**	1
Interest on clergy pensions liability	**3**	2
(Profit) on sale of fixed assets	**(390)**	(332)
(Profit) on sale of investment properties and current assets held for sale	**-**	(18)
Loss / (profit) on sale of investments	**3**	(7)
(Decrease) in debtors	**(405)**	(140)
(Decrease) in creditors	**(30)**	(170)
Change in fair value of investments	**1,560**	(1,500)
NET CASH (USED IN) / PROVIDED BY OPERATING ACTIVITIES	**(1,724)**	(1,015)

26 Analysis of cash and cash equivalents

	At 1 January 2022 £'000	Cash flow £'000	At 31 December 2022 £'000
Cash in hand and at bank	2,076	(116)	**1,960**
Cash held on deposit	5,927	(698)	**5,229**
	8,003	**(814)**	**7,189**

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 2022 £'000	Cash flow £'000	Other non-cash changes £'000	At 31 December 2022 £'000
Cash in hand and at bank	2,076	(116)	-	**1,960**
Cash equivalents	5,927	(698)	-	**5,229**
Loans falling due within one year	(20)	-	-	**(20)**
Loans falling due after more than one year	(50)	20	-	**(30)**
	7,933	**(794)**	**-**	**7,139**

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 (2021: £nil). Three trustees received travelling and out of pocket expenses (2021: 3) totalling £4,958 (2021: £2,609) 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 diocese, other than bishops and cathedral staff. The BDBF is also responsible for the provision of housing for stipendiary clergy in the diocese, including suffragan bishops but excluding diocesan bishop and cathedral staff. The following table gives details of the trustees who were in receipt of a stipend and housing provided by the BDBF during the year:

	Stipend	Housing
The Bishop of Aston	No	Yes
The Archdeacon of Birmingham	Yes	Yes
The Archdeacon of Aston	Yes	Yes
The Revd Canon Priscilla White	Yes	Yes
The Revd Toby Crowe	Yes	Yes
The Revd Sarah Hayes	Yes	Yes
The Revd Geoff Lanham	Yes	Yes
The Revd Canon John Routh	Yes	Yes
The Revd Canon Louise Shaw	Yes	Yes
The Revd Canon Bamidele Sotonwa	Yes	Yes
The Revd Canon Rebecca Stephens	Yes	Yes
The Revd Jeremy Allcock	Yes	Yes
The Revd Canon Catherine Grylls	Yes	Yes

The stipend of the Suffragan Bishop was funded by the Church Commissioners. The annual rate of stipend funded by the BDBF, paid to Archdeacons in 2022 was £37,382 (2021: £37,567) and for other clergy who were trustees the diocesan stipend rate was £27,052 (2021: £26,653).

The Cathedral shared office space with the BDBF and an amount of £2,408 (2021: £10,960) was payable for this space for the year ended 31 December 2022.

The Cathedral paid Common Fund of £49,735 to the BDBF for the year ended 31 December 2022 (2021: £49,735).

The Birmingham Diocesan Multi-Academy Trust ("the Trust") shared office space with the BDBF and an amount of £9,630 (2021: £19,260) was payable for this space for the year ended 31 December 2022. During 2022, the Trust also 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 £3,900 (2021: £nil). 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 to fund the creation of a chapel at the new secondary academy established by the Trust.

The BDBF contributed £3,000 (2021: £3,000) towards the office costs of Thrive Together Birmingham, the Church Urban Fund joint venture with the Bishop of Birmingham and BDBF.

Four clergy trustees received continuing ministerial development grants to support study and development needs and resettlement and removal grants totalling £1,699 (2021: £3,826 for three clergy trustees) during the year ended 31 December 2022. 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

	2022 £000	2021 £000
Government grants received in respect of school capital projects	**796**	809
Contributions from Church School governors for school capital projects	**62**	95
Total received in	**858**	904
Amounts paid out on school capital projects	**(724)**	(1,028)
NET POSITION FOR THE YEAR	**134**	**(124)**

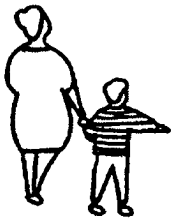
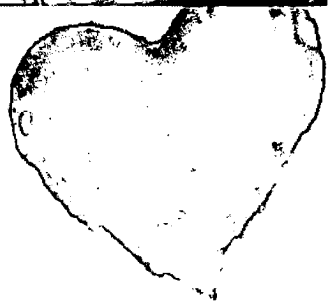
The Board of Education (as incorporated within the Diocesan Board of Finance) receives contributions from governors of church schools in the Diocese in connection with major repair and capital projects to Church Schools and also government grants in connection with the same. The Board of Education administers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

The BDBF holds and manages 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 2022 stood at £108,156 (2021: £107,787).

30 Prior year comparative statement of financial activities

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

Growing churches at the

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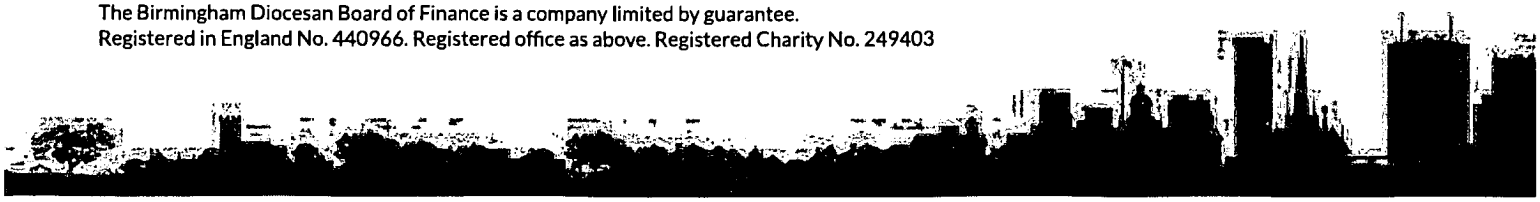
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