

THE CHURCH OF ENGLAND **BIRMINGHAM**

BIRMINGHAM DIOCESAN BOARD OF FINANCE LIMITED

ANNUAL REPORT **2017**



THE CHURCH
OF ENGLAND
BIRMINGHAM

Cover image

Birmingham UK City Skyline

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The trustees, who are also directors for the purposes of company law, present their trustees report together with the financial statements and auditors' report of the charitable company – the Birmingham Diocesan Board of Finance Limited (BDBF) for the year ended 31 December 2017. 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 Trustees Registered, Church Schools, CIGB, Thrive Together Birmingham and individual parishes to give an overview of all Diocesan activities. However, the financial information of these entities is not included in the BDBF financial statements. They have their own financial statements as separately constituted organisations. (See page 27 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 2017 to the date of this report, unless otherwise stated.

The Lord Bishop of Birmingham
The Rt Revd David Urquhart (President)

The Bishop of Aston
The Rt Revd Anne Hollinghurst

BDBF Chair
Mr Philip Nunnerley

Ex-officio

The Archdeacon of Birmingham
The Ven Hayward Osborne

The Archdeacon of Aston
The Ven Simon Heathfield

The Dean of Birmingham
The Very Revd Matt Thompson (from 30/09/17)

The Chair of the Diocesan House of Clergy
The Revd Canon Martin Stephenson

The Chair of the Diocesan House of Laity
Mr Steven Skakel

Bishop's nominees

Mr Geoff Shuttleworth

The Revd Chris Hobbs

Miss Tariro Matsveru

The Revd Smitha Prasadam

The Revd Canon Dr Matthew Rhodes (from 9/3/17)

The Revd Richard Walker-Hall (from 9/3/17)

Elected – House of Clergy

The Revd Canon Julian Francis

The Revd Douglas Machiridza

The Revd Nigel Traynor

The Revd Claire Turner

The Revd Canon Priscilla White

The Revd Catherine Grylls (from 9/3/17)

Elected – House of Laity

Mr Stephen Fraser

Mr Michael Hastilow

Mr Trevor Lewis

Mrs Deirdre Moll

Mr Julian Phillips

Mrs Gillian Gould (from 9/3/17)

DIOCESAN SECRETARY

Mr Andrew Halstead

DIOCESAN DIRECTOR OF FINANCE

Ms Melanie Crooks

DIOCESAN REGISTRAR

Mr Hugh Carslake (until 16/01/17)

Ms Vicki Simpson (from 16/01/17)

REGISTERED OFFICE

1 Colmore Row

Birmingham

B3 2BJ

AUDITOR

RSM UK Audit LLP

St Philips Point

Temple Row

Birmingham

B2 5AF

BANKERS

Bank of Scotland

125 Colmore Row

Birmingham

B3 3SF

INVESTMENT ADVISERS

Smith and Williamson

Investment Management Limited

9 Colmore Row

Birmingham

B3 2BJ

PROPERTY AGENTS

Knight Frank (until 01/10/17)

1 Colmore Row

Birmingham

B3 2BJ

Bruton Knowles (from 02/10/17)

Embassy House,

60 Church Street

Birmingham

B3 2DJ

Company registration number: 440966 | Charity registration number: 249403

BISHOP'S FOREWORD



Local, national and international events of 2017 will be remembered with a mixture of bewilderment and hope by the people of Birmingham and beyond.

There was bewilderment at the horror of Grenfell Tower ablaze in London, the shock of terrorists targeting teenagers in Manchester, a nuclear standoff between Donald Trump and Kim Jong Un, and the blatant rise in rough sleeping across our own city region.

There is hope for an improved environment in carbon reduction, in the successful bid by Birmingham and region for the Commonwealth Games, the delightful engagement of Prince Harry and Meghan

Markle, and in our own families' and friends' celebrations of anniversaries and new births.

In the midst of these realities, and the persistent uncertainty of Brexit, the opportunities and risks of being adventurous disciples of Jesus Christ and faithful stewards of God's resources are described and illustrated in this 2017 Annual Report from Church of England – Birmingham.

Our **Transforming Church** vision continues to focus on developing more and more confident Christians who will play their full part in ensuring that one and a half million people will hear about and respond to the claims of Jesus Christ.

The day by day commitment in parishes to serving all the local community in compassionate and imaginative ways, the encouraging of the faithful to mature discipleship, and the excitement of seeing lives changed for the better are written on every page that follows.

I am delighted that in addition to the long-serving saints, both ordained and lay, new people are joining our parish and Diocesan-wide teams.

Precise use of resources is also a principle of our operations. I am grateful for the sacrificial giving from every parish, for the generosity of the Church Commissioners in supporting new mission opportunities and for our financial team who make every penny count in supporting the local Church.

Now we are ready for a detailed conversation about the implementation of the **People & Places** framework as we look to reshape and renew for a long-term sustainable future.

A summary of our attitude and practice may be found in St Paul's letter to the first century Church in Rome (Holy Bible, Romans Chapter 12 verse 2), as we pray fervently and hopefully:

"Do not be conformed to this world, but be transformed by the renewing of your minds, so that you may discern what is the will of God, what is good and acceptable and perfect."

The Rt Revd David Urquhart
Bishop of Birmingham

CHAIRMAN'S STATEMENT



To grow churches at the heart of each community remains our central vision for Church of England – Birmingham. In doing so we live in challenging times as we renew and reshape our mission and ministry for a long term sustainable future.

Our general, unrestricted fund underpins our day-to-day operations and this fund suffered an in-year deficit in 2017. Common Fund, our single largest source of income, sadly fell short of budget for the second year running and, coupled with a sharp drop (17%) in parochial fees remitted, accounts for much of the deficit experienced in 2017. We will be undertaking further research to understand the

background to this accelerating trend in parochial fees.

I do however appreciate the many challenges individual parishes are themselves facing and whilst disappointed that we did not achieve the income that we budgeted from Common Fund I am grateful for the generosity of the voluntary contributions we receive.

As we were in the process of drafting this Annual Report, we received the news that we will face a demand to increase our pension contributions to the Church Workers Pension Fund to deal with a past service deficit in the fund. Although we make no ongoing contributions to the fund we are required to contribute to reducing the past service deficit that applies to our past members. Our share of the deficit is calculated to be £340,000. Originally, we were asked to commit to a 5-year recovery plan for this amount. We have negotiated arrangements to make payments over 10 years, reducing the annual cash flow impact.

This makes our discussions with all stakeholders more pertinent, to renew and reshape our mission with limited resources alongside proposed changes in Common Fund methodology. But as an original Fresh Expression of Diocese in 1905, we are well placed to reimagine a fresh approach that continues to support growing churches at the heart of each community.

There is no doubt that challenges lie ahead but I would express my appreciation to all the many volunteers who give so much of their time in support of the work of the Diocese and thanks to the hardworking staff in the Diocesan Office under the leadership of the Diocesan Secretary and the Director of Finance.

Philip Nunnerley

Chair of Birmingham Diocesan Board of Finance



TRANSFORMING CHURCH



As Europe's youngest city with under 25s accounting for nearly 40% of Birmingham's population, it has been good this year to ramp up our work to help us Grow Younger as the Church of England in this exciting and ever growing region. This has gone hand in hand with our Transforming Church ambitions to grow larger, wider and deeper. Thanks largely to a £2.5m successful funding application to the Church Commissioners, which was announced in January, 2017 marked a year of preparation, prayer, lots of recruitment and steady signs of growth.

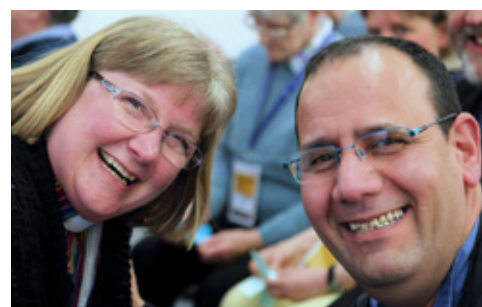
New people, projects & plans

This year:

- We were thrilled to appoint **Dr Paula Gooder** as our new **Director of Mission Learning and Development**. Paula comes to us as a highly respected Theologian with over 20 years of adult education experience, a heart for mission and an unparalleled knowledge of the Church of England. Since joining us in June she has appointed a new team, all of whom will be dedicated to help churches and individuals reach out more effectively to the communities they minister in.
- **Mark Berry** was appointed and starts work in 2018 as our **Fresh Expressions Enabler** to give renewed energy to our work building new Christian communities.
- **Gillian Sheail** was appointed as our part-time **Mentor Facilitator** to help us provide mentors for the growing number of Christians throughout the Diocese who are engaged in ministry and mission. Like Mark she starts in 2018.
- **Sharon Prentis** was appointed to two part time roles as **Intercultural Mission Enabler** and **Dean of Black and Minority Ethnic (BAME) Affairs** and in 2018 she will start to help us think more intentionally about how we can share faith more fruitfully in the very diverse contexts we all minister in.
- We also appointed **Steve Cook** as a much needed **Programme Manager**, together with **Peter Cozens** and **Harriet O'Hara** as vital administrative support as we grow a much larger training and development capability for our churches.
- September saw the start of our **Growing Younger Schools** project and **Mike Down**, previously a teacher, was appointed as its

Project Manager. The main aim of this role is to support churches as they look to serve the schools in their parish. We are also delighted that **Jill Stolberg** now works alongside Mike for a day a week, providing a really helpful link with the Education team. Mike and Jill are currently working on a resource for churches to offer to schools in early 2018 that introduces pupils to the life and character of Jesus, alongside their work on **Prayer Spaces in Schools** and the Bible Society's **Open the Book** project.

- The summer of 2017 saw the launch of the new **Growing Younger Youth Project** and **Emma Sargeant** joined the team: Emma takes responsibility for developing and supporting cell based youth ministry in parishes, along with developing new youth hubs across the Diocese supporting and developing younger leaders and older volunteers. She also helped to launch the **Everyone's a Youth Worker** campaign.
- September saw **St John's Walmley**, under the leadership of the **Revd Ade Evans**, plant a new Sunday afternoon congregation into nearby Minworth with 26 adults and children taking part from the start.
- Lastly, thanks to a very helpful £200k over two years grant from the Allchurches Trust, we are able to begin a third round of the **Mission Apprentice Scheme** next year and **Lizzie Gawen** has been appointed to work part-time, as our new **Mission Apprentice Coordinator**. Huge thanks go to **Sam Miller**, **Helena Kittle**, **Emma Sykes** and the **steering group** for their inspirational work heading up the most recent cohort who finish in the summer of 2018.



“We will tell to the coming generations the glorious deeds of the Lord, and his might, and the wonders he has done.” Psalm 78:4

TRANSFORMING CHURCH

As well as new projects taking off, in 2017 we also saw steady growth in many of the projects initiated a few years ago.

Continued growth in our existing mission projects & initiatives

This year:

- **St Luke's, Gas Street** continued to play a core part of our Growing Younger strategy and has grown from strength to strength over the year with a regular congregation of around 700, well over 1,000 people attending their Christmas carol services and 30 small groups blossoming throughout the year. Chris Mitton was appointed as a Church Planting Associate Pastor and discussions began as to where St Luke's first church plant in Birmingham would be. They also played a key part in the revitalisation of the church in Winson Green.
- It has also been exciting to see the fruit of the 15 **Children's and Families' Missioners** with more than 10,000 contacts made with children and their families since the initiative started. Their monthly get-togethers have continued to stimulate ideas and the sharing of activities with a focus on evangelism, the nature of family life, and children and the Kingdom of God.
- The 2015/16 group of students on the **Bishop's Certificate in Children's Ministry** course celebrated their hard work with a celebratory meal hosted by Bishop David at the beginning of the year. The Growing Younger team then spent some time reviewing and updating the content of the course and by the end of December 2017 fourteen new students had registered to participate in the 2018 group.
- In March, Alan Charter (Global Children's Forum) joined some 130 delegates at the annual **Growing with God Conference** at St Michael's School in Rowley Regis. The theme for this year was FaithFull Generation, joining in with a wider national conversation around intergenerational ministry and for the first time ran a stream particularly for parents and carers.
- Our great team of **Growing Younger Facilitators** have now worked with over 44 parishes and continue to support and encourage congregations in a variety of ways. This year these have included the setting up of new **Messy Churches**, developing vision and strategy, speaking and preaching to envision parishes, developing bespoke training, supporting parishes launching new **Breakfast Churches** and **Stay and Play sessions**. Since Growing Younger began, the Facilitators have had contact with over 650 people who are interested in reaching out to children and families. We are excited to hear parishes tell us that there are around 100 new adults and 124 new children engaging with a variety of these new initiatives, and there are 56 people volunteering for the first time, or in new ways.
- Alongside these key projects, bespoke training and consultancy continue, as well as the **Growing Younger Hub**, which provides a place for employed children's workers to gather for support and encouragement. We are delighted to have welcomed around 20 full and part time parish based youth workers across CofE Birmingham this year, and many more faithful volunteers. Our youth and children's workers' hub offers peer support and encouragement twice a term. In support of parish based youth ministry, we have offered a programme of training and mentoring in a wide variety of topics.
- We remain thankful for **our partnership with St Martin's Trust**, which enables us to support young people from our parishes in mission-based life-changing activities such as overseas mission, community development and local missional projects. This year we have seen young people take part in mission projects in South Africa, Kenya and Cambodia – as well as closer to home in Southampton.
- Our **soul[food]** cards have continued to be used by more and more churches up and down the country and this year a new card suitable for use at confirmations was developed. See www.soulfood.me for more details.
- We have also continued to invest in resourcing our local parishes and this year another 17 parishes joined us for our Leading your Church into Growth weekend in the Autumn.



We are so grateful to God for his faithfulness to us and look forward building on all of this work in 2018





HIGHLIGHTS FROM OUR PARISHES & CHAPLAINS*

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

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

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

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

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

The Diocese is divided into two pastoral administrative areas led by the Archdeacon of Aston (The Ven Simon Heathfield) and the Archdeacon of Birmingham (The Ven Hayward Osborne). Each of these areas contains a number of Deaneries, or groups of parishes.

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

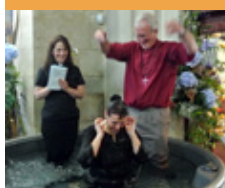


THE WHITACRES, LEA MARSTON & SHUSTOKE *Coleshill*



In June we celebrated as Becky was licensed as Rector by Bishop Anne. Since then we have been working towards new ways of offering God's love in these rural villages. We have started a new monthly family service, a mid-week prayer & coffee morning, and have a new website and social media pages.

ST MICHAEL'S, BOLDMERE *Sutton Coldfield*



St Michael's marked the 50th anniversary of the rededication of the church following a devastating fire in 1964. We celebrated with over 100 people reaffirming their baptismal vows, flowers, music and angels. Bishop David joined us for our Patronal Festival and baptised in a spa pool in the church.

ST MICHAEL, HALL GREEN *Shirley*



At St Michael's, our Place of Welcome has expanded over the year with English Classes for those for whom English is a second language, board games, a hearing aid clinic, chair exercises, Dementia Friends awareness sessions and other one-off events that have brought more and more people through our doors.

ST JOHN THE EVANGELIST, PERRY BARR *Handsworth*



At every baptism here, children receive their baptismal candle and a 'St John's Perry Bear'. In the months following their baptism, they and their family are invited back to St John's for a reunion Teddy Bear's Picnic. We have had two successful baptism reunions, bringing together six new families, and look forward to more in 2018.

CHRIST CHURCH *Sparkbrook*



In October we celebrated 150 years of the parish, welcoming back many past members for a special service. We were able to look back in thanks and pray together for the future vision of a congregation reflecting the diverse communities around us. To that end, we continue to offer community activities and a Sunday Sanctuary service of contextual Asian-style worship.

CURDWORTH, WISHAW & MIDDLETON *Sutton Coldfield*



Mission and church growth in the rural communities are done differently. We've begun with Post-Bereavement Traumatic Pastoral Counselling: a friendship group. Besides this we have Dementia-friendly groups, a children's choir and Alpha Course for youth and other activities in order to reach out to communities. People also come for Christmas Tree and Flower Festivals.



“Growing churches at the heart of each community.”

THE COTTERIDGE CHURCH *King's Norton*



From B30 Foodbank to Older Adults Day Centre, from Boys Brigade to our daily café, The Cotteridge Church is there for all. We witness in Proclamation, Celebration, Service and Reconciliation. We are part of The Methodist Church, The Church of England and the United Reformed Church. An Inclusive Church.

NORTHFIELD ST LAURENCE *King's Norton*



St Laurence Church and The Great Stone Pub stand opposite each other in the heart of the Northfield Conservation Area. We've had two evenings of Beer & Hymns / Carols in the pub and enjoyed some hearty singing and warm hospitality.

ST GABRIEL WEOLEY CASTLE *Edgbaston*



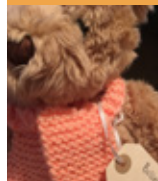
St Gabriel's works with older people on our estate to enable them to remain independent, self-manage and reduce social isolation. Our Crafty Conversation group crocheted snowflakes to decorate our community Christmas tree in middle of the estate as part of trying to re-generate our local shops by decorating our Square for Christmas as part of Love Weoley Castle.

ST LEONARD'S *Coleshill*



Lilypad has been a hugely successful and exciting new preschool stay and play run in collaboration with the local infant school. This venture gives parents, carers and children a much-needed safe space to socialise, play games, enjoy refreshments and have fun! It's been a wonderful chance to show God's love through our service and care for everyone.

HOLY CROSS *Moseley*



Teddy bears gathered, donated yet previously loved, each ready for a hand knitted scarf, a new name and a certificate of adoption. The Billesley Bears were just one of the attractions for the local community at our Summer Fête which we reimagined while praying for new life to be born in our church and God richly rewarded us.

ST MICHAEL & ALL ANGELS, BARTLEY GREEN *Edgbaston*



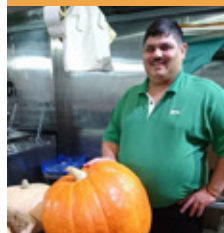
We held our annual Remembrance Service for Year Six pupils from four schools in our parish. Beginning in St Peter's Catholic Church, the children then walked to St Michael's. The children brought wreaths they had made, led the prayers and lit candles. Two members of Bartley Green History Society spoke about those who died in 1917 in World War One.

TANWORTH IN ARDEN *Shirley*



The Uplifted puppet team first performed in 2016 and now regularly take part in Messy Church and family services, as well as entertaining at other events including some at local Cluster churches. The team has grown, as have the number of puppets, and is a great way of getting across important Christian messages to people of all ages.

ST PATRICK'S SALTER STREET *Shirley*



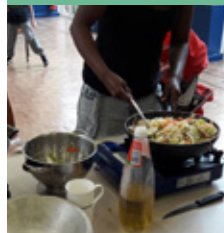
For harvest, St Patrick's sent 353kg of food produce to the Foodbank. We were also given some pumpkins but unfortunately, the Foodbank cannot accept fresh produce. However, thanks to Jas Rehan, owner of Jolly Catering, these were turned in to delicious curry; the money raised was also given to the foodbank. An example of interfaith working for the greater good.

ST ANDREW'S *Handsworth*



The highlight for St Andrew's church has been God's work among and within us to produce two fantastic candidates for readership ministry who were licensed in February 2018 at St Philip's Cathedral. Amazing how God and the Spirit has worked in the church and now we have a potential Ordinand exploring a possible call to ordained ministry. Fabulous!

ST THOMAS, GARRETT'S GREEN *Coleshill*



In August we delivered Holiday Kitchen. During the summer holidays some children who receive free school meals go hungry and experience social isolation. For two days a week families joined us for breakfast and lunch which they helped to prepare. The days also included fun food related activities, picnics and games in the park and a day trip to Conkers.

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

“The church that became a cathedral... In the town that became a city.”

BIRMINGHAM CATHEDRAL*

2017 has been a significant year of change for Cathedral clergy. In January we bid a fond farewell to **Dean Catherine** after six years as Dean of Birmingham. Chapter and clergy enjoyed sharing in the installation of Catherine as Dean of Winchester in February. In March, we welcomed **Andrew Lythall** as Canon Liturgist, and in September we welcomed **Matt Thompson** as the new Dean of Birmingham. Matt joins the Cathedral with 23 years experience of ministry in Manchester Diocese and brings with him a passion for social justice and much experience in the field of education. In addition to clergy changes we also bid farewell to **Canon Marcus Huxley**, the Cathedral's Director of Music for over 30 years; an excellent performance of *St Matthew's Passion* was a high point of Marcus' final year.

The year began with a surprising and uplifting collaboration with Black Sabbath guitarist Tony Iommi, who together with Dean Catherine wrote a piece, *How Good It Is*, for the Cathedral choir. The choir recorded the piece as part of their latest album, *After the Sabbath*.

The Cathedral building, congregations and community remain a constant reminder of God's presence in the heart of the city. A feature of our ministry in 2017 has been the use of Cathedral Square as a space of encounter and witness. In times of mourning we held vigils following terrorist incidents; in times of celebration we shared a **Teddy Bear's Picnic** with many children and families; and in times of collaboration we welcomed a diverse group of neighbours and colleagues to our **#adove4jo** community event celebrating the life of Jo Cox MP. One of the most visible and heart-warming initiatives of 2017 was **Growing Hope** which saw thousands of daffodils, planted by local schoolchildren, flowering in the shape of three large crosses on Cathedral Square.

The Cathedral's role in the civic life of the city was reflected in our continued commitment to serve the diversity of our local community. We held the Annual Justice Service for the local legal community, Annual service of remembrance for the Birmingham Pub Bombing victims, school visits for thousands of school children, and 5,000 people attended Carol Services (corporate, community and charitable) in December.

The year ended with a fantastic collaboration with **Let's Feed Brum**, which saw 250 people from the homeless community sharing a Christmas meal inside the Cathedral. Alongside this we ran the **Wrap up Brum** campaign, through which over 2,000 coats were donated and made available for anyone who needed them.



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“Approximately 15,000 children experience a daily act of Christian worship through attending a Church of England School in Birmingham Diocese.”

CHURCH SCHOOLS*

Diocesan Board of Education (DBE)

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

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

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

Other aspects of the work of the Education Team include:

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



Highlights from the year

The Diocesan Board of Education (DBE) has achieved some significant milestones during 2017. The free school application to the Department for Education (DfE) was successful. In April, the DfE granted permission to open a six form entry 11-19, secondary Church of England school in the Yardley Wood area of the Diocese. It will be known as **Christchurch CE Secondary Academy**, and will be a brand new purpose built school to serve this area. Our new **Head of School Effectiveness, Charlotte Ward-Lewis**, took up post in February. Her role has enabled us to considerably increase support of our schools, both through bespoke training and consultancy, and providing additional training. In September our new multi academy trust went live. Known as **Birmingham Diocesan Academies Trust (BDAT)**, we have six schools already in the Trust and are working with a further group exploring the possibility of joining. Our officers continue to provide a wide range of support to all involved in our schools, this includes support for the Christian character of the school, for Governors, and for school effectiveness.

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



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“Everyone has a part to play.”

LAY ADULT EDUCATION & TRAINING

The Church of England – Birmingham places a high value on developing the faith, skills and ministries of all people. There are many opportunities for lay people to learn and train:

3D

The Diocesan Course for Developing Disciples continues to be a mainstay of the programme for lay development, with an average of 150 participants taking part every year. For those who have completed 3D, the annual Growing Gifts programme of study days, exploring prayer days and practical skills workshops offer a range of learning and training opportunities.

Pastoral Care and Community Skills

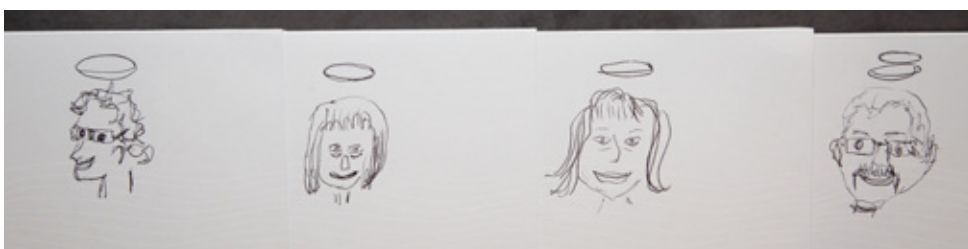
This scheme seeks to equip teams of people in parishes to share in pastoral care and community outreach with their clergy. After initial training, team members are commissioned on behalf of the Bishop.

Learning for Discipleship

The partnership with the Methodist church has continued, with lay participants able to take a number of modules over the year on a range of subjects, at the level of the first year of an undergraduate degree.

Readers' Training

Readers are lay ministers licensed by the Bishop for a ministry of preaching, teaching and pastoral work in a variety of contexts around the Diocese. The Readers' Association exists to support this ministry of women and men with a wide range of gifts in the service of the Gospel.



Highlights from the year

The Annual Away Day for Commissioned Lay Pastoral Ministers entitled **Love Your Neighbour**, a day that encouraged reflection on how we can show love in Christ more deeply to our neighbours of any faith and none. Canon Dr Andrew Smith, the Bishop's Director of Interfaith Relations was the key note speaker in the morning and a wide range of workshops were offered in the afternoon, for about 100 people, ministering in teams.

- The Growing Gifts programme included days on prayer led by the Rt Revd John Pritchard, the former Bishop of Oxford and these were very well received by the participants.
- A joyful 3D Opening Service at the Cathedral, with Canon Dr Mark Pryce, Director of Ministry, preaching and commissioning the tutors and participants, as they set out on their year-long journey of faith discovery.

- The External Review of the Reader Training programme, originally conducted in 2016, was signed off by the lead Reviewer in 2017, with a positive report, recognising the value of our approach to the formation of Readers.
- Supporting Churches in becoming more Dementia Friendly. Reader Rose Akeroyd was appointed Bishop's Adviser on Dementia in 2017. Over the year, she has met with a number of church leaders and groups and has lead short training sessions to support churches in becoming more dementia friendly. In addition, in collaboration with Liz Howlett, the Bishop's Adviser for Lay Adult Education and Training, Rose has been developing a more substantial module on Supporting Those Living with Dementia, which will be piloted with a group of 25 participants in 2018.



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

EXPLORING ORDINATION

The Church of England – Birmingham believes that every disciple of Jesus Christ has a vocation. In the midst of this wide spread of callings, it is a pleasure to report that in Birmingham in 2017, 45 people were at different stages of their journeys of discernment towards the path of ordained ministry.

Our **Vocations Team** supports, prays for and keeps in touch with those who are training for ordained ministry via the various training pathways recognised by the Church. In 2017, we supported 18 Ordinands in training. Ministry in the future is looking increasingly varied and ‘context specific’ and this is reflected in the wider spread of ways to train. The newer and imaginative ‘train whilst you live at home’ pathway pioneered by St Mellitus is proving very useful and nationally more than 250 Ordinands are enjoying this option. In Birmingham, we find it complements the more usual training offered by residential courses at theological colleges. We are committed to preparing priests who will be ‘leaders in mission’ in communities which are themselves in the midst of change. In July we saw eight people ordained Deacon and commence their curacies and also a further eight people ordained Priest.

In September 2017 **Canon Faith Claringbull** (pictured) stepped down from her position as **Diocesan Director for Ordinands** (DDO) and Dean of Women’s Ministry. Many people have appreciated the care and encouragement generously offered by Faith during her thirteen years at the Church of England – Birmingham. In 2017 Faith sensed that under God, her own vocation was leading her on to a new and as yet unformed

ministry in the Potteries. Many gathered in the Cathedral to say thank you and farewell and to pray for Faith as she and her husband Keith set out on this new venture.

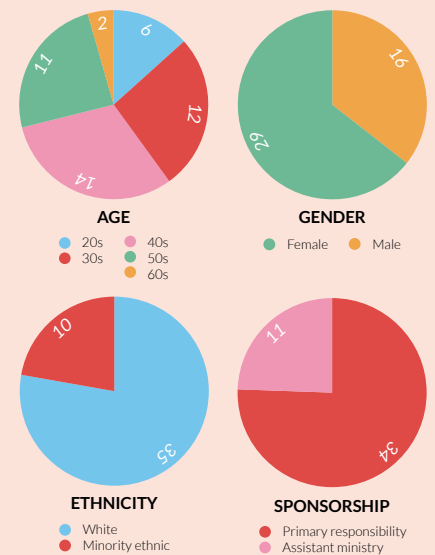
Bishop David said, “Faith has been a valuable and committed colleague who has worked hard to encourage vocations and support those seeking to discern where God is calling. Her departure will be felt keenly by all of us in the Church of England – Birmingham, not least by those candidates who have benefited from her excellent care, many of them from initial contact all the way through to ordination and their subsequent curacy. I am enormously grateful to Faith for her ministry over these thirteen years and wish Faith and Keith every blessing as this next chapter unfolds.”

In December we were pleased to announce the appointment of a new DDO, **Revd Calvert Prentis**. Calvert is currently half-time Assistant Diocesan Director of Ordinands (ADDO) in the Diocese of Chelmsford. In addition he oversees work on Young Vocations and holds the brief to encourage more BAME Vocations. We look forward to welcoming Calvert to Birmingham just before Easter 2018.

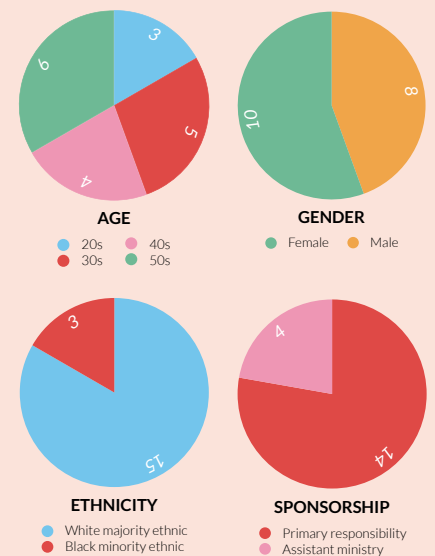
An interim team of part time DDOs was set up to cover the months between Faith’s departure and Calvert’s arrival. Ven Dr David Lee was welcomed back to the Diocese as Interim DDO after ministry as an Archdeacon in Yorkshire. David was joined by Revd Emma Sykes and Revd Paul Hinton. We are very grateful to David, Emma and Paul for their diligence and service in this area of ministry during this interim period.



Exploring vocation 2017



Ordinands in training 2017





“Equipping clergy for ministry in the twenty-first century.”

CLERGY

Continuing Ministerial Education

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

- **Bishop’s Study Mornings** in June, on Mark’s Gospel led by the renowned Jesuit New Testament scholar Dr Nicholas King, who read to us from his recent English translation of the Bible; and in November, a morning reflecting on Martin Luther and the 500th Anniversary of the Protestant Reformation, led by Dr Graham Tomlin, Bishop of Kensington;
- A retreat at Holland House Crothorne for Curates, on praying the Lord’s Prayer led by Canon David Warbrick;
- A Reflection Day for SSM Clergy at Woodbrooke Quaker Study Centre exploring new patterns of ministry;
- A new course updating clergy in the legal framework for marriage in the Church of England;
- Residential courses on **Handling Change and Transforming Conflict** with clergy colleagues from across the West Midlands.

Clergy sabbaticals are a gift to renew ministry, deepen prayer and enrich theology, and in 2017 these included clergy spending sustained time in study and prayer in a range of places: in Italy, with the Focolare Community and exploring the theology of hospitality in the Bible; visiting the Diocese of Matabeleland in Zimbabwe, and the Church of Canada; and exploring traditions of Christian spirituality in Rome.

In addition, over 40 grants from clergy CME funds helped clergy to go on retreat, make pilgrimages, engage in study tours to India and Israel, develop new skills in mentoring, coaching, singing, public speaking and spiritual direction, as well as pursue theological study at a wide range of institutions including The Queen’s Foundation Birmingham, Sarum College Salisbury, and at Birmingham, Leicester and Strathclyde Universities.

We are delighted that three clergy have recently been awarded doctorates in studies which strengthen their ministry: Revd Al Barrett, Revd Canon Peter Babington, and Revd Theresa Jones.



Clergy Wellbeing

Clergy and their families are able to access pastoral support through the Diocesan Counselling Service which is co-ordinated by **Heather McCartney, Bishop’s Adviser for Pastoral Care of Clergy.**

The service is well used: sometimes people take a couple of sessions to think through a challenging situation in their parish and to gain some clarity and equilibrium after a challenging time. Other times, people might do longer time counselling work for 12 sessions or more in which they explore more underlying issues and find ways to move forward and flourish.

Parish life and work in other sectors can include much that is challenging. Children can also be helped by specially trained child and adolescent psychotherapists. This can be very useful as children can face so many challenges and pressures in our modern environment. Additionally, work supervision is offered – a space to focus on difficult situations in the work setting and to seek creative responses to them. This year has also seen an ongoing focus on keeping personal wellbeing in mind: to consider what helps us to thrive and flourish in our work and relationships and to build restorative activities into our week and schedule.



“Churches are fundamentally about people but we also benefit from a rich heritage of beautiful buildings in which people have worshipped God for over a thousand years.”

CHURCH BUILDINGS

Diocesan Advisory Committee for the Care of Churches (DAC)

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

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

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

Birmingham Diocesan Trust (BDT)*

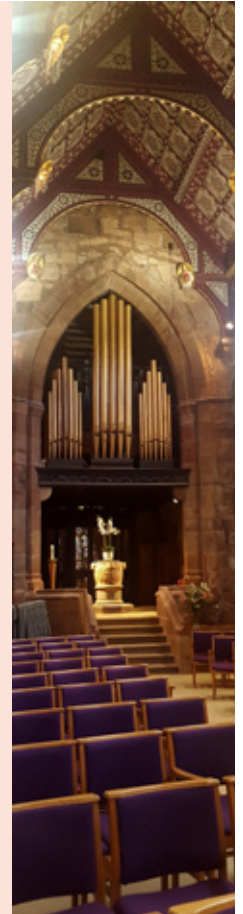
The land and property held by PCCs and some Church schools is vested in the BDT, in addition to a PCC’s charitable funds and endowments where the original capital cannot be spent. This is because a PCC is not able to hold these properties and endowments in its own name. However, the Trust acts as a legal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

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

DAC highlights of the year

In 2017, the Diocesan Chancellor granted 38 applications for works to church buildings, while 34 projects were given permission by the Archdeacons under List B. The DAC was very glad to:

- Provide input into 123 separate cases that covered everything from the laying up of standards to the major reordering and redevelopment of a historic church interior;
- Be involved in 15 projects to reorder church spaces (of a wide variety of scales and at a full range of stages, from the formulation of initial ideas to approaching final completion), to develop the buildings as significant centres of worship, mission and community engagement;
- Engage with the restoration of four churchyard war memorials during the centenary years of the First World War, and the continuing initiative to the Commonwealth War Graves Commission to install signage at churchyards where war graves are located;
- Contribute to the full fabric condition review of all churches under Faculty (based on their latest church inspection reports) and support the securing of funding from Historic England for the appointment of a Places of Worship Support Officer, to assist PCCs in developing their buildings to be fit for purpose for the ministry and mission to which God has called them.



BDT highlights of the year

The BDT was very glad to:

- be engaged in 25 separate cases for PCCs and schools, which covered everything from the laying of gas pipes on school grounds to the purchase of houses in parishes for training curates;
- continue the process of enabling the PCC to take on the full management of the St Luke’s Gas Street resourcing church; and
- support the establishment of the Birmingham Diocesan Academies Trust with an initial six schools, to enable greater support for Church schools and enhance educational provision in the Diocese.

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



TRANSFORMING COMMUNITIES*

The primary aim of the **Community Regeneration and Thrive Together Birmingham team*** is to support and develop the growing movement of Christians and churches involved in activities in their local neighbourhoods and across the Diocese of Birmingham who are challenging the impact of poverty and disadvantage on individuals and wider communities.

Our focus remains on encouraging and supporting churches to connect to people in the neighbourhoods around them and then respond to local needs and opportunities. As churches act they discover that often other people are keen to join in with their activity. As a consequence new relationships are formed and imaginative activities usually develop that help build stronger communities. As a result Christians are being seen to be making a difference alongside people of other faiths and none. In recent years this approach has been rolled out to engage with people of different faiths and none who share our vision for building flourishing neighbourhoods.

We rarely do anything alone but seek to model collaboration as we partner with other organisations and individuals who share our vision for a Diocese of flourishing neighbourhoods and communities. We are encouraged in this approach by the range of organisations who want to work with Thrive including local authorities, charities, businesses, faith organisations, local residents and community groups.

Our collaborative approach and range of partners can be clearly seen through some of the activities we have been involved in over the last year.



FUTURE PLANS

In 2018 we will continue to focus on the activities described above and developing funding strategies to ensure that they are sustainable. Additionally we plan to explore new practical approaches to tackling food poverty and financial exclusion.

Highlights from the year



Places of Welcome

This programme has benefited from the contribution of our Places of Welcome Co-ordinator who has increased the number of Places of Welcome in Birmingham and the Black Country to 93 and provided ongoing support to develop the activity they deliver. While we grow and strengthen local activity we have also been supporting the national roll out of Places of Welcome building on interest around the country so that over 200 are open across England and Wales, with many churches hosting them. We have continued to work with Church Urban Fund who have carried out an independent evaluation of Places of Welcome and are now looking at how they might help facilitate wider development and growth of the network.

Safe Spaces

Through a grant from Big Lottery: Awards for All we have been able to pilot the idea of creating a network of Safe Spaces for Young People. The idea has been developed out of the Places of Welcome concept tailored specifically for young people. Focusing on Birmingham, churches and Christian projects that offer open youth provision for young people in their neighbourhood and those who might be interested in setting up such an activity have been visited to gauge their support for the idea and 30 have already indicated a desire to be part of a Safe Spaces partnership. A website is in development and a formal launch planned.

Churches Winter Night Shelters

Expansion continues under the facilitation of a part-time Winter Night Shelter Co-

ordinator, as volunteers contributed in 17 churches of various denominations and one Christian charity to provide hospitality and overnight accommodation to 12 homeless men, seven nights each week in January-March and then in December at the end of the year. There has been a focus on finding longer term solutions to the individual needs of our guests, most of whom are from Eastern Europe and do not qualify for welfare benefits. This year saw many positive stories not least because we were able to recruit some Polish speaking volunteers who were very skilled at enabling guests to share their personal stories, express their needs and aspirations and then explore steps to move forward. Numbers of rough sleepers continue to rise in Birmingham but the Winter Night Shelter has found its niche in terms of specialised provision which is now valued by colleagues from homelessness agencies. Costs for the activity are largely met through donations from churches, individuals and local charitable trusts for which we are extremely grateful.

Body, Mind & Spirit Partnership

Thrive manages the Body, Mind and Spirit Partnership (BMSP) which is a partnership of 13 churches and Christian projects facilitating activities for 1700 older people in neighbourhoods around Birmingham. The partnership is funded by a grant from Birmingham City Council. Despite the uncertainty of future funding new monitoring and evaluation arrangements have been put in place to help understand how the activities delivered enable those who participate to live happily, healthily and more independently in their own homes. Thankfully Birmingham City Council have been able to confirm that funding will be sustained until Oct 2019 as they work with partners to develop a Prevention Strategy for older people in the city. We are proud that BMSP is regarded as an exemplar for delivery of prevention activities with knowledge and experience to share. We continue to explore how the approach developed by the Body, Mind

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



ECO-DIOCESE

and Spirit Partnership can be adopted by other churches.

Poverty Truth Commission



With support from the Barrow Cadbury Trust, Thrive is hosting Birmingham's Poverty Truth Commission, enabling a group of 12 people who directly experience poverty in its different forms to build relationships and speak directly to those who have influence and power in the city as a new approach to bringing about change. These commissioners have met regularly, formed relationships, shared their stories among themselves and then with a wider public audience at a launch event as key issues have been identified. Following the launch, commissioners with influence from business, public and voluntary sector backgrounds, have been recruited and are attending fortnightly group gatherings with testifying commissioners getting to know each other and starting to explore the issues of poverty that have been raised through the launch. This process will continue throughout 2018.

Near Neighbours

A one year extension of the Department of Communities and Local Government funding to the Near Neighbours programme has enabled Thrive to deliver another small grants programme encouraging people of different backgrounds to come together and find ways to build friendships that add to community cohesion across Birmingham. We continue our collaboration with St. John's House in Alum Rock to develop community activities and neighbourhood partnerships in East Birmingham. Particular highlights this year have been an 'International Women's Day' event delivered in partnership with Birmingham Museum and Art Gallery and an innovative

'Women in Leadership' programme with 20 women of different faiths participating in a programme of facilitated discussions about the issues they face in their lives and job roles. We await confirmation that the programme will be extended into the future.

Children and Families

Thrive was contracted by Birmingham's new Early Years Health and Wellbeing Partnership to help them develop a Community Stay and Play Network across Birmingham, beginning in 2018. The Partnership recognises that churches host much of the informal provision for parents and young children across the city so are keen that Thrive help this to be identified, better supported and developed over the next four years in collaboration with specialist early years support organisations.

Sandwell Churches Link

Thrive continues to support Sandwell Churches Link as Thrive's equivalent in Sandwell.

A locally rooted Board of Trustees are supporting their Project Director to develop Community Action Networks in the various towns of Sandwell and developing innovative approaches to address Food Poverty and Financial Inclusion that Thrive will be able to learn from.

Supporting churches to connect to their local communities

A key priority for Thrive is to help churches appreciate that they have assets that can be used to the benefit of people living in their local neighbourhood. We offer training programmes to enable church congregations to explore how they might better understand their neighbourhood and then use their buildings, people and other resources to serve the communities around them. We also help churches to explore how to develop their buildings, secure additional resources and connect to other partners who might collaborate with them.

In 2016, Bishop David signed Birmingham up as one of the first three dioceses to register intent to become an **Eco Diocese**. Eco Diocese awards are accredited by **A Rocha UK**, a Christian charity that works for the protection and restoration of the natural world. In order for Birmingham to become an Eco Diocese, a specified percentage of our parish churches must register their interest in becoming an Eco Church and also gain Eco Church Bronze, Silver or Gold Awards. We are very pleased that many churches have now registered an interest in becoming Eco Churches and seven have already gained Bronze awards. Only three more awards and we might be the first Eco Diocese!





**“Blessed are the peacemakers for they will be called children of God.”
Matthew 5:9**

INTERFAITH

Christians across the Diocese are engaging with their neighbours of different faiths in a wide range of diverse and creative ways.

During Ramadan, many churches hosted or participated in **community Iftar events** to eat with Muslim friends at the end of the day's fast. There has been some exciting work developing leadership skills amongst women of different faiths led by Revd Jessica Foster, the Women First project in Smethwick has been bringing together women of different faiths for a wide variety of creative and inspirational meetings and the Sutton Sisters group ran several events during the year in a part of the Diocese not usually associated with interfaith work, but which demonstrates the changing nature of our area. The leaders of the churches in Sutton and the Islamic centre have also continued to meet for discussion and friendship.

The Faithful Friends: On Tour project has been running through the year. A group of seven Sikhs, Muslims and Christians have each taken the group to a place of special meaning to them and used this as a way of opening up conversations and deepening the friendships.

There have also been increased numbers of people visiting each other's places of worship for special festivals, whether that was people of different faiths coming to Christmas events

or Christians going to mosques, synagogues or temples to witness and be with others in their celebrations.

Clergy and lay leaders from the Diocese have also been involved in events exploring our engagement with people of different faiths, including a conference on ministry with Iranians and how to share faith with South Asian families, the latter in partnership with the South Asian Forum of the Evangelical Alliance.

During 2017 the Birmingham Conversations continued to develop. The artwork, *Dance*, from the 2016 series was displayed in venues across the Diocese and generated much interest and discussion. A fourth series of the **Birmingham Conversations** took place on the theme of 'Living at Peace in a World of Conflict' and included a young leaders' stream for people aged 18-25. The sessions are now being written up as a free resource for people to download and use to run their own Birmingham Conversations.

The Presence and Engagement team has continued to support clergy through regular emails, individual support and gatherings for clergy and lay leaders. Canon Dr Andrew Smith, Director of Interfaith Relations, has also represented the breadth of work here in Birmingham both on a national and international level, including presenting a paper on Christian-Buddhist relations at a conference in Myanmar in January.



SAFEGUARDING

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

In collaboration with our Communications colleagues, we have reviewed the safeguarding pages of our website to make our information and parish resources more accessible and introduced an online referral form to report concerns.

In partnership with a small group of Parish Safeguarding Co-ordinators we worked to summarise national guidance on domestic violence and produce resources for parish volunteers.

We delivered an extensive training programme of national safeguarding modules to church officers and have developed an update session tailored for PCC members. Our annual day for Parish Safeguarding Co-ordinators explored the implementation of safeguarding agreements in the local church and grooming.

The team have visited more parishes than ever. As well as visiting to help parishes with concerns, we've visited to help with governance and safe practice and we've met with new Parish Safeguarding Coordinators and new incumbents to ensure they're briefed on safeguarding arrangements in our Diocese.

From listening to parishes at deanery chapters we learned that they can find safeguarding most challenging when they are in a vacancy, so we've worked to develop and implement a new process for safeguarding during a vacancy to provide extra support for Area Deans and parish church officers.



**“Let your light shine before others, that they may see your good deeds, and glorify your Father in heaven.”
Matthew 5:16**

CHAPLAINCY*

Churches and Industry Group Birmingham and Solihull* (www.cigb.org.uk) asks: **“What gives you strength when times are tough?”**



Brexit anxieties, exchange rate changes, structural shifts in retailing and the public sector have meant work conditions this year have become tougher and more unpredictable for many people we work with. Change is a time for Chaplaincy engagement: to reflect, to be supported, to be prayed for. The Church of England’s Renewal and Reform programme has recognised the opportunity for disciples living out their faith ‘on the frontline’. Their report, ‘Setting God’s People Free’, calls for discipleship “in work and school, in gym and shop, in field and factory, Monday to Saturday”.

Christian Faith in the Economy is also about influencing socio-economic movements. At our annual meeting, Professor Monder Ram of Birmingham University met with the CEO of the Birmingham Chamber of Business and advocated for the opportunities for Ethnic Minority Entrepreneurs and their world connections in the reformed UK economy.

Workplace Chaplaincy is a growing ecumenical movement. We commissioned another nine new voluntary chaplains at a lively service at the Rock New Testament Church of God in Hockley. They had completed one of our regular training courses that are often over-subscribed. Our 60 Workplace Chaplaincy Missioners minister in over 20 different areas / teams across Birmingham and Solihull and come from Pentecostal, Roman Catholic, Baptist, Methodist and Salvation Army Churches, as well as Church of England. A full report of our work can be found at www.cigb.org.uk/about-us/reports.

Chaplaincy mission is described in Matthew 5:16: “Let your light shine before others, that they may see your good deeds, and glorify your Father in heaven.” Chaplains go into new places to see, and to encourage a little more light; they build relationships with strangers and advocate for redemption; they help people to believe in grace and glory. Amen!

Highlights from the year

- Birmingham Airport and CIGB have increased their investment in **Airport Chaplaincy**, with the appointment of a new Team Leader. She will work alongside the ecumenical chaplains to connect with the 7,000 staff, as well as the airport’s 13 million passengers. This is a cross-cultural, inter-faith engagement of the Christian faith.
- Increased focus on growing spirituality in the workplace. The Chaplaincy offer of **Pop-Up Prayer Spaces** at the NEC is helping to sell their conference bookings. At the City Council, more departments want to use Mindfulness with their staff. Remembrance opportunities in shops and businesses are well received. Chaplains went to Newman University for a training day on Spirituality and Sacred Places, and collaborated for the Annual Retreat.
- CIGB has been working with Ecumenical Council for Corporate Responsibility to launch an **Ethical Money Churches** programme. We have used our study course with some churches to help them to respond to the Archbishop of Canterbury’s call to ‘Dethrone Mammon’, and to use their money for good in their communities.
- **Individual Christians in the Workplace** are increasingly making a difference. Our Chaplain at Tesco, Knowle, finds that other staff members are emulating his way of caring, and other businesses in the town have been seeking out his support to cope with life events for their staff. Our Retail Chaplaincy Team Leader in Solihull, **Beryl Moppett**, was awarded an MBE for ‘Services to the Community’, for the many different roles that she undertakes. Congratulations!

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“Every person has a value and dignity.”

Every person has a value and dignity which comes directly from the creation of male and female in God’s own image and likeness. Christians see this potential as fulfilled by God’s re-creation of us in Christ. Among other things, this implies a duty to value all people as bearing the image of God and therefore to protect them from harm.

The Church of England – Birmingham is committed to keeping children and adults, who may be vulnerable, safe from harm.

Safeguarding is about the action the Church takes to promote a safer culture. This means we will promote the welfare of children, young people and adults, work to prevent abuse from occurring, seek to protect those that are at risk of being abused and respond well to those that have been abused. We will take care to identify where a person may present a risk to others, and offer support to them whilst taking steps to mitigate such risks.



“Malawi remains very vulnerable to climate change but we praise God for respite in 2017.”

MALAWI PARTNERSHIP

The 51st year of the **Malawi Birmingham Partnership** was notable for two reasons in particular:

In March-April 2017, a team from Birmingham headed by Bishop Anne visited three of the four Malawian dioceses. This was the very first visit by a female bishop to Malawi, a country where at present women are not ordained. Yet, wherever Bishop Anne travelled, she was given a very warm reception, being invited both to preach and to officiate at formal functions. The only obvious difficulty people had was in knowing how to address Bishop Anne! In addition, the Revd Emma Sykes, also on the team, was invited to lead a clergy and lay training course comprising both men and women. There can be no doubt that this was a significant moment for all who witnessed Bishop Anne's and Emma's ministry.



The 50th anniversary appeal for £42,000 to build four classroom blocks in each of the four dioceses was satisfactorily completed and on time. A huge thank you to everyone who gave so generously to this appeal. As a result, the building of all four blocks has also been more or less completed. Bishop Anne formally opened the block in Lake Diocese on her visit. By the Autumn two of the other blocks were in use. Only the one in Southern Malawi remains with a little more work needed before children can fully benefit from it. Photographs can be seen on the Diocesan website. The children of Malawi send their thanks!

Also of great importance is the fact that the wet season ending in April 2017 brought decent rains for the first time in three years. The long, very tough drought was brought to an end by a bumper crop. Malawi remains very vulnerable to climate change but we praise God for respite in 2017 and pray for another good crop in 2018. In modest ways Birmingham has also started to consider ways of helping Malawi to alleviate some of the effects of climate change, although this is a huge issue.

In June the annual container lorry left Birmingham transporting many items to Malawi, which as always were gratefully received. The next lorry will leave on 12th May 2018.

Finally, 2017 was notable for the retirement of the Revd Richard Tucker as Birmingham's Malawi Partnership Officer. Richard visited Malawi on numerous occasions and was instrumental in developing excellent relationships with all the bishops and members of Diocesan staff in Malawi. His vision, wisdom and energy will be much missed in both parts of the world! The Revd Paul Bracher is now the acting Malawi Partnership Officer.



“Go and make disciples of all nations, baptizing them in the name of the Father and of the Son and of the Holy Spirit.”
Matthew 28:19

BOLIVIA LINK

Over the last few years an exciting link has been developing between Birmingham and Bolivia. In March 2017, Bishop David led a group from Birmingham on a visit to Bolivia to further establish this connection, with a particular emphasis on the formation and training of both lay and ordained leaders.

The group visited four of Bolivia's larger cities: La Paz, Tarija, Cochabamba and Santa Cruz, accompanied by Bishop Raphael Samuel, the Bishop of Bolivia. Like our multicultural Diocese, Anglican communities in these different places have their own contexts in which they work out their particular spiritual and practical giftings.

Despite differences in context, as the group travelled round, common concerns emerged in discussions: discipleship, clergy and lay leader training and the establishment of permanent buildings for worship and mission.

The visit to Bolivia provided opportunities to discuss how we can support each other and a decision was made to invite congregations from both dioceses to form partnerships for prayer. Already all the five Bolivian congregations and three church plants are linked with congregations in Birmingham for the exchange of news and prayer topics. More churches here are welcome to join in.

Interchange of visits continues to be vital to this partnership. In December a couple engaged in church planting in Santa Cruz came to Birmingham. Bishop Raphael and his wife Michelle Samuel will also visit us at the end of February 2018. Their vision for intentional discipleship fits very well with our focus on intercultural mission in Birmingham, so it is hoped that a partnership into the future could prove very fruitful.

Highlights from the trip included visits to:

- **El Afarero Association in Santa Cruz.** This centre provides services for young people and students through its library, café, counselling, refuge for young women, skills training, leadership development training and Biblical counselling training.
- **Quinto Totaiques (Novo Project).** Novo Projects create communities that help young people with addictions.
- **Mission Learning training centre in La Paz:** Mission Learning pioneer Marcelo Vargas gave insight into the preaching of the gospel in South America's most indigenously populated capital city.
- **La Paz Parliament.** Recognition of the small Anglican Church by the Governor and Department MPs was remarkable. Discussions included issues around the integration of the majority indigenous population, the economic reliance on natural gas, environmental challenges of water quality, droughts, floods and climate change and the agricultural dependence on coca.



BIRMINGHAM DIOCESAN BOARD OF FINANCE

Supporting the mission

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

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

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

Constitution

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

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

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

the Bishop's Council is contained on page 3 of this report.

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

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

Recruitment and training of trustees

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

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

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

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

Management Structure

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

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

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

Transforming Church Fund Committee oversees the Growing Younger initiative and other mission opportunities. It reviews proposals from parishes and allocates monies from the Transforming Church Fund to parish projects in line with the Transforming Church Goals.

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

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

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

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

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

“Everywhere in the Diocese is part of a parish that has a member of clergy who has concern for the spiritual welfare of the individuals who reside in it.”

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

At local level key relationships include:

Parochial Church Councils (PCCs) which are the main income source for the BDBF through the Common Fund system. PCC’s are independent charities and operate under the Parochial Church Councils (Powers) Measure 1956. They are able to influence decision making within the BDBF and at Diocesan Synod level through representation to those bodies and through the input of their Deanery Synods.

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

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

Birmingham Diocesan Academies 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.

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

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

Other Christian Denominations with and

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

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

Birdbof Properties Limited was a subsidiary property management company of the BDBF. The trade and assets of this company were transferred to the BDBF on 2 June 2016. The company has been dormant since that date and was struck off at Companies House on 1 August 2017.

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

Volunteers

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

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

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

Public Benefit

The Church of England – Birmingham through the BDBF reviews its work each year and considers outcomes and plans for the future. It takes account of the Charity Commission’s general guidance on public benefit when

reviewing its purpose and in considering how planned activities will meet that aim.

How our activities deliver public benefit

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

- **Clergy:** Providing parish and other clergy to offer Christian services and spiritual oversight.
- **Parochial Church Councils:** Assisting PCCs to provide churches, sacred spaces and worship services.
- **Parish Mission:** Assisting parishes particularly through the Transforming Church strategy and the Growing Younger initiative.
- **Education:** Contributing to the spiritual and moral education of children and young people in over 50 church schools.
- **Social action:** Contributing to and assisting in social action in parishes and elsewhere, such as food banks and night shelters.
- **Training:** Providing training and assistance in order that parishes have clergy and volunteers who are competent, for example, to assist clergy in providing Christian services, visit the sick, and comfort the bereaved.
- **Grants:** Making grants to enable the national church institutions to function and have a positive wider influence.
- **World Mission:** In part through links with the Anglican Dioceses in Malawi and Bolivia.

Who benefits from our services?

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

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

Financial review

The 2017 headline income figure of £11,895,000 compared to £11,493,000 in the prior year looks on the face of it a healthy position for the BDBF. However, an investigation into the underlying trends gives a different perspective.

The BDBF receives significant support from the Church Commissioners and the basis upon which funding is allocated to dioceses changed with effect from 1 January 2017. Ministry Support and Mission Development funding was discontinued and replaced by Lower Income Communities funding based on the Index of Multiple Deprivation in each parish, together with more focus on strategic mission programmes within Strategic Development Funding. The impact in 2017 of the discontinuance of the Ministry Support and Mission Development Funding when compared to the funding received under the Lower Income Communities funding was a reduction in income of £252,000. This reduction has an impact straight to our net income and expenditure line. This level of Lower Income Communities funding by the Church Commissioners will reduce each year for the next 10 years with no inflationary increases so in real terms the impact of this change will be even more keenly felt in future years.

Underpinning our day to day Diocesan finances is our single largest source of income – parochial contributions or “Common Fund” from our parishes. We recognise that this is a huge commitment from our parishes and again we are immensely grateful for their continued support. However, parishes were only able to increase their current year Common Fund by £28,000 compared to the prior year and the budgeted Common Fund target was not met for the second year running. This is against a backdrop of a 1.5% increase in the Diocesan stipend rate, in line with the rise in the national minimum stipend as promulgated by the National Church Institutions.

Remitted statutory fees from occasional offices (such as weddings and funerals) experienced a significant fall of 17% on the prior year with increasing competition from non-religious venues and also from other denominations and those of no faith. This was again a decrease for the second year running – a worrying trend.

As noted in this report last year, specific purpose or restrictive funding is becoming more prevalent in our funding mix. In 2017, these restricted income sources included £183,000 of grants and donations towards our city centre resourcing church at St Luke’s, Gas Street, and £634,000 towards missional initiatives such as Growing Younger, Shaping the Future, soul[food]. We are immensely grateful to Church Commissioners, All Churches Trust, The Jerusalem Trust and the many grant making trusts and individual donors who share our

mission vision. This shift to restrictive funding is expected to continue in future periods.

The sale of the site of the former St George’s C of E Comprehensive School, Newtown during the year released £700,000 to be further invested in church school education.

Overall expenditure is £11,073,000 compared to £9,973,000 in 2016. This considers continued operational activity on the Growing Younger and commencement of the Shaping the Future programmes, both funded by restrictive funding. We were informed in late 2017 of a £340,000 past service deficit on the Church Worker’s Pension Scheme. This is in addition to the £3.4 million deficit on the clergy pension scheme that we are contributing to at the rate of £0.5million per year. This additional deficit has been provided for within these financial statements. We have also invested further resources in planned maintenance and improvements to our clergy housing, together with additional safeguarding support and advice we provide to parishes. Overall expenditure in other core areas has been contained. Despite this, the general, unrestricted fund has recorded a net trading deficit for the year before the positive impact of unrealised investment and property revaluations.

On an overall funds basis, there is a surplus for the year of £822,000 before considering unrealised gains on the year end revaluation of investments (£712,000), investment properties (£738,000) and a reduction in the clergy pension scheme deficit in the year yielding a further £37,000. It should be recognised that these unrealised gains of some £1,490,000 are not in physical cash available to spend in supporting our mission objectives. The £822,000 surplus is predominantly made of restrictive funds received in advance of expenditure, with the £700,000 receipt on the sale of the former school being the main constituent.

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

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

Significant property transactions

We have disposed of two surplus properties and invested in a new parsonage during the year. As part of our continuing review of our estates strategy, we have earmarked three further properties and a piece of glebe land for disposal in the next 12 to 24 months. We have externally funded all works at our city centre resourcing

church – St Luke’s, Gas Street and at the end of the year, transferred the property from asset during construction to investment properties.

Our property policy continues to be:

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

Balance sheet position

The BDBF trustees consider that the balance sheet, together with details in note 21 to the financial statements, show broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held. While the net assets at the balance sheet date totalled £42,737,000 (2016: £40,428,000), it must be remembered that included in this total are properties, mostly in use for ministry whose value amounted to £23,672,000 (2016: £26,457,000). Much of the remainder of the assets shown in the balance sheet are held in restricted funds and cannot necessarily be used for the general purposes of the BDBF.

Factors that may impact on future financial performance

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

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

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

Reserves policy

Free reserves are maintained for the following purposes:

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

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

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

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

We held this position over the year.

The unrestricted reserve stands at £5,523,000 (when designated funds of (£2,059,000) deficit are considered). The overall net designated fund deficit includes the total clergy and church workers pension scheme liabilities of £3,762,000. An amount of £2,635,000 representing 3 months operating expenditure is retained as a general reserve to allow for any unexpected rises in expenditure or shortfall in income. The trustees believe that retaining such reserves will cushion the BDBF from short term revenue problems and will enable them to meet their legal requirements in case of serious financial problems.

Reserves tied up in fixed assets

The unrestricted general fund comprises of net assets amounting to £7,582,000 of which £5,634,000 is tied up in tangible fixed assets.

Designated funds

The BDBF may with the approval of the board, designate additional unrestricted reserves to be retained for an agreed purpose where this is considered prudent. Such designated reserves are reviewed on an annual basis and returned to the general fund in the event that the purpose of their destination is no longer considered adequate for their retention. A description of each reserve with the intended use of the reserve is set out in note 22. The most significant designated reserve is the full provision for the payment of deficit contributions to the clergy and church workers pension schemes over the period to 31 December 2027. This amounts to £3,762,000 as at 31 December 2017.

Restricted and endowment funds

As set out in note 22, the BDBF holds and administers a number of restricted and endowment funds. As at 31 December, 2017 restricted funds totalled £8,333,000 (2016: £7,156,000) and endowment funds totalled £28,881,000 (2016: £28,355,000). Neither are available for the general purposes of the BDBF.

Investment policy

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

A revised Statement of Investment Principles was adopted in 2014 with full implementation over the last 2 years. The overarching investment principles are as follows:

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

The portfolio is managed in the following manner:

- Direct property investments managed by Knight Frank (until 1 October 2017) and Bruton Knowles thereafter.
- Marketable investments actively managed by Smith & Williamson.
- Remaining funds within CCLA/ CBF funds on a self-managed basis.

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

Performance against the WM Balanced Index benchmark was 2.09% above the WM Balanced Index benchmark on a total return basis on a 12-month performance basis. This reflects a complete 12 months of full portfolio investment against the benchmark portfolio. Investment management advisor performance for both direct property and marketable investments will continue to be robustly monitored in the forthcoming year.

Grant making policy

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

Remuneration of key management personnel

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

Principal risks and uncertainties

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

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

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

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

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

Plans for future periods

Our vision to ‘grow churches at the heart of each community’ remains central to our plans for future periods. We are entering a time for ‘re-imagining’ what the shape of ministry and mission should look like across our different contexts in this diverse Diocese. This includes the development of a framework called People & Places to give us a financially sustainable pattern of ministry that remains true to the Anglican calling (being the Church for the whole population) but deploys stipendiary ministry differently to support more ministry in local communities. We are aware that our ministry and mission needs to be relevant to each context and its pattern will vary across locations. This framework will be supported by our ‘Shaping the Future’ and ‘Growing Younger’ initiatives; strengthening lay leadership, fostering Fresh Expressions of church and church plants, together with passing on the baton of the Christian gospel to the next generation.

Going concern

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

Charitable and political donations

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

Taxation status

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

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 RSM UK Audit 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 14 June 2018 and signed on its behalf.

.....
 Mr Andrew Halstead
Diocesan and Company Secretary

The Structure of The Church of England

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

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

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

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

The three National Church Institutions

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

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

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

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

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

The Diocese

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

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

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

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

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

The Bishop's Council

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

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

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

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

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

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

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

COMPANY NUMBER: 440966

Opinion on financial statements

We have audited the financial statements of Birmingham Diocese Board of Finance (the 'charitable company') for the year ended 31 December 2017 which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report and the incorporated Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report and the incorporated Strategic 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 Trustees' Report and the incorporated Strategic Report.

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

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

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out on page 26, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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.

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

Chartered Accountants, St Philips Point,
Temple Row, Birmingham, B5 5AF

Date 14 June 2018

BALANCE SHEET

For year ended 31 December 2017 / Company Number: 440966

	Note	2017		2016	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	15	23,907		26,620	
			23,097		26,620
INVESTMENTS:					
Investment properties	16	5,038		2,932	
Other investments		11,772		10,610	
			16,810		13,542
TOTAL FIXED ASSETS			40,717		40,162
CURRENT ASSETS					
Current asset investments	17	1,880		635	
Debtors	18	998		1,338	
Cash at bank		4,410		3,924	
		7,288		5,897	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	19	(1,767)		(1,807)	
NET CURRENT ASSETS			5,521		4,090
TOTAL ASSETS LESS CURRENT LIABILITIES			46,238		44,252
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	20		(3,501)		(3,824)
NET ASSETS	22		42,737		40,428
FUNDS					
Restricted income funds			8,333		7,156
Endowment funds			28,881		28,355
Unrestricted income funds:					
Designated			(2,059)		(2,148)
Undesignated	22		7,582		7,065
			42,737		40,428

The 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 14 June 2018 and signed on behalf of the Board by:

Mr Phil Nunnerley **Chair**

INCOME AND EXPENDITURE ACCOUNT

For year ended 31 December 2017 / Company Number: 440966

	2017	2016
	£'000	£'000
Total incoming resources	11,885	11,482
Resources expended	(11,052)	(9,967)
Net income before gains for the year	833	1,515
Net gains on investments	211	180
NET INCOME FOR THE YEAR	1,044	1,695
<i>Other comprehensive income:</i>		
Net assets transferred to endowments	-	262
TOTAL COMPREHENSIVE INCOME	1,044	1,957

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 2017 / Company Number: 440966

	Note	2017	2016
		£'000	£'000
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	26	190	(655)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends, interest and rent from investments		694	575
Interest paid		(4)	(6)
Proceeds from sale of:			
Tangible fixed assets for the use of the BDBF		874	550
Fixed asset investments		451	728
Investment property		-	565
Purchase of:			
Tangible fixed assets for the use of the BDBF		(647)	(1,050)
Fixed asset investments		(916)	(1,966)
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES		452	(604)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans repaid by BDBF		(335)	(271)
Loans repaid to BDBF		235	135
New loans made by BDBF		(56)	(7)
NET CASH (USED IN) / PROVIDED BY FINANCING ACTIVITIES		(156)	(143)
CHANGE IN CASH AND CASH EQUIVALENTS IN THE REPORTING PERIOD		486	(1,402)
Cash and cash equivalents at 1 January		3,924	5,324
Cash acquired on transfer of trade from Birdbof Properties		-	2
Cash and cash equivalents at 31 December	27	4,410	3,924

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.

Also consolidated accounts have not been prepared for the reasons given in note 16 below.

Going concern

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

The principal accounting policies and estimation techniques are as follows:

Turnover

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

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

Income

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

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

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

or Shaping the Future mission programmes (Strategic Development Funding). In 2016, annual grants from the Archbishops' Council also included support for specific parish mission and development projects (Mission Development Funding) and clergy stipends (Ministry Support) – these sources of funding ceased with effect from 1 January 2017.

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

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

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

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

Expenditure

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

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

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

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

Grants payable Grants payable are accounted for when authorised, when the award of the grant has been specifically communicated to the recipient and when the trustees have agreed to

pay the grant without condition, or any condition attaching to the grant is outside the control of the BDBF. Grants offered subject to certain conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

Support costs Support costs consist of central management, administration and governance costs. These are costs which are directly attributable to a specific charitable activity.

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

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

Tangible fixed assets and depreciation

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

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

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

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

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

Redundant churches are included at no value.

Properties subject to value linked loans Value linked loans from the Church Commissioners that are administered by the BDBF and the corresponding equivalent value of the property to which they relate are all included in the balance sheet as an asset and corresponding liability, in accordance with the recommendation of the Diocesan Accounts Guide. Each year end the respective property and loan are carried at an index linked current valuation basis. This is based on the Nationwide Housing Index for the West Midlands.

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

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

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

Computer equipment	3 years
Office furniture and fittings	10 years or the end of the property lease if relating to tenants improvements

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

Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The BDBF makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Valuation of investment properties The BDBF carries its investment properties at fair value, with changes in fair value being recognised in the Statement of Financial Activities. The BDBF

engaged independent valuation specialists to determine fair value at 31 December 2015. Some of the key assumptions used to determine the fair value of these assets are based on the valuer's knowledge and experience of the market and values of similar properties, which could be deemed subjective.

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

Valuation of value linked loans Value linked loans are valued annually taking into account indexed values of the properties and the anticipated dates of repayment.

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.

Clergy Pension Scheme deficit funding contributions The church worker's pension fund deficit funding contributions are recognised at their net present value at each balance sheet date using the discount rate of 4%, being the current cost of capital to the BDBF.

Funds

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

Endowments

The Endowment Funds are those whose capital represent permanent endowment and are therefore not available for revenue expenditure. For two of the funds, the income derived from the properties and other investments is available for meeting the costs of clergy stipends:

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

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

Details of the other two endowment funds are given in Note 22 to the financial statements,

along with details of other major funds held by the BDBF.

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

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

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

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

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

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

Trade investments are equity investments over which the Company has no significant influence, joint control or control and are initially measured at transaction price. Transaction price includes transaction costs, except where trade investments are measured at fair value through profit or loss when transaction costs are expensed to profit or loss as incurred.

The fair value of trade investments quoted on a recognised stock exchange is the quoted bid price. The fair value of unlisted investments is measured using valuation techniques which include turnover multiple, earnings multiple, net assets or discounted cash flows, as appropriate, based on the nature and circumstances of the investment.

2. DONATIONS

	Restricted funds		Unrestricted funds		Total funds 2017 £'000	Total funds 2016 £'000
	Endowment funds	Other funds	Designated funds	Undesignated funds		
	£'000	£'000	£'000	£'000		
Parish contributions:						
Common Fund – current	-	-	-	5,561	5,561	5,533
Common Fund – prior	-	-	-	34	34	44
TOTAL COMMON FUND	-	-	-	5,595	5,595	5,577
Contributions to Malawi Fund	-	36	-	-	36	34
TOTAL PARISH CONTRIBUTIONS	-	36	-	5,595	5,631	5,611
Archbishops' Council:						
Ministry Support	-	-	-	-	-	2,021
Mission Development	-	-	-	-	-	229
Strategic Development	-	518	-	-	518	83
Lower Income Communities Funding	-	-	-	1,998	1,998	-
Resourcing Ministerial Education Block Grant	-	29	-	-	29	-
TOTAL ARCHBISHOPS' COUNCIL	-	547	-	1,998	2,545	2,333
Other donations:						
Stipend sources	-	-	-	751	751	524
All Churches Trust	-	100	-	136	236	136
Other donations to Malawi Fund	-	24	-	-	24	56
Resourcing Church – fabric	-	183	-	-	183	479
Resourcing Church – operations	-	-	-	-	-	146
Other donations	-	33	30	26	89	65
TOTAL OTHER DONATIONS	-	340	30	913	1,283	1,406

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

3. INCOME FROM CHARITABLE ACTIVITIES

	Restricted funds		Unrestricted funds		Total funds 2017 £'000	Total funds 2016 £'000
	Endowment funds	Other funds	Designated funds	Undesignated funds		
	£'000	£'000	£'000	£'000		
Statutory fees	-	-	-	436	436	525
Parish training events	-	-	-	11	11	29
Schools training events and services	-	68	-	-	68	66
Payroll Bureau service	-	-	-	10	10	10
Interest receivable on parish loans	-	1	-	41	42	3
TOTAL	-	69	-	498	567	633

4. OTHER TRADING ACTIVITIES

	Restricted funds		Unrestricted funds		Total funds 2017 £'000	Total funds 2016 £'000
	Endowment funds	Other funds	Designated funds	Undesignated funds		
	£'000	£'000	£'000	£'000		
Housing income	-	-	-	252	252	334
Recharges to other Christian organisations	-	-	-	8	8	-
Recharges to Diocese of Birmingham Educational Trust	-	-	-	34	34	51
TOTAL	-	-	-	294	294	385

5. INVESTMENT INCOME

Dividends and interest
Rents
TOTAL

Restricted funds		Unrestricted funds		Total funds 2017	Total funds 2016
Endowment funds	Other funds	Designated funds	Undesignated funds		
£'000	£'000	£'000	£'000	£'000	£'000
6	168	82	223	479	412
-	20	-	202	222	163
6	188	82	425	701	575

6. OTHER INCOME

Gain on sale of fixed assets
Sale of closed school
TOTAL

Restricted funds		Unrestricted funds		Total funds 2017	Total funds 2016
Endowment funds	Other funds	Designated funds	Undesignated funds		
£'000	£'000	£'000	£'000	£'000	£'000
4	-	-	170	174	550
-	700	-	-	700	-
4	700	-	170	874	550

7. FUND RAISING COSTS

Investment management costs
Property rental costs
TOTAL

Restricted funds		Unrestricted funds		Total funds 2017	Total funds 2016
Endowment funds	Other funds	Designated funds	Undesignated funds		
£'000	£'000	£'000	£'000	£'000	£'000
-	-	-	29	29	18
-	-	-	130	130	103
-	-	-	159	159	121

8. EXPENDITURE ON CHARITABLE ACTIVITIES

<i>Contribution to Archbishops' Council:</i>
Training for ministry
National Church responsibilities
Mission agency pension costs
Retired clergy housing costs
Pooling of ordinands maintenance grants
TOTAL
<i>Resourcing Ministry and Mission:</i>
Parish Ministry:
Stipends and National Insurance
Pension contributions
Housing costs
Removal, resettlement and grants
Resourcing church
Training for ministry tuition fees
Archdeacons, vocations, chaplaincy & other expenses
TOTAL
Mission grants
Support for parish ministry
TOTAL
<i>Expenditure on Education:</i>
Support for Church Schools
TOTAL

Restricted funds		Unrestricted funds		Total funds 2017	Total funds 2016
Endowment funds	Other funds	Designated funds	Undesignated funds		
£'000	£'000	£'000	£'000	£'000	£'000
-	-	-	182	182	179
-	-	-	160	160	152
-	-	-	1	1	11
-	-	-	60	60	58
-	-	-	(57)	(57)	(88)
-	-	-	346	346	312
-	31	-	4,110	4,141	4,094
-	6	(504)	1,315	817	879
-	-	-	1,023	1,023	740
6	12	-	212	230	303
-	-	-	-	-	217
-	28	-	-	28	-
-	-	-	336	336	87
6	77	(504)	6,996	6,575	6,320
-	90	12	24	126	247
-	557	557	2,170	3,284	2,482
6	724	65	9,190	9,985	9,049
-	307	-	202	509	372
6	1,031	65	9,738	10,840	9,733

9. OTHER EXPENDITURE

	Restricted funds		Unrestricted funds		Total funds 2017 £'000	Total funds 2016 £'000
	Endowment funds	Other funds	Designated funds	Undesignated funds		
	£'000	£'000	£'000	£'000		
Interest payable on other loans	-	-	-	4	4	12
Loss on sale of investments	15	-	-	-	15	-
Interest charge on pension liabilities	-	-	55	-	55	107
TOTAL	15	-	55	4	74	119

10. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

	Activities directly undertaken	Grant funding of activities	Support costs	Total 2017
	£'000	£'000	£'000	£'000
RAISING FUNDS	159	-	-	159
<i>Charitable activities:</i>				
Contributions to Archbishops' Council	-	346	-	346
Resourcing parish ministry	8,592	126	1,267	9,985
Education	277	92	140	509
Other	74	-	-	74
	9,102	564	1,407	11,073

	Activities directly undertaken	Grant funding of activities	Support costs	Total 2016
	£'000	£'000	£'000	£'000
RAISING FUNDS	121	-	-	121
<i>Charitable activities:</i>				
Contributions to Archbishops' Council	-	312	-	312
Resourcing parish ministry	7,661	380	1,008	9,049
Education	241	-	131	372
Other	119	-	-	119
	8,142	692	1,139	9,973

11. ANALYSIS OF SUPPORT COSTS

	Restricted funds		Unrestricted funds		Total funds 2017 £'000	Total funds 2016 £'000
	Endowment funds	Other funds	Designated funds	Undesignated funds		
	£'000	£'000	£'000	£'000		
Support for Schools	-	140	-	-	140	131
Administration and premises	-	-	-	841	841	890
Church Workers Pension Scheme	-	-	316	-	316	-
Synod and Diocesan Advisory Committee Support	-	-	-	68	68	79
Governance:						
Auditors	-	-	-	16	16	14
Registrar and Chancellor	-	-	-	26	26	25
TOTAL	-	140	316	951	1,407	1,139

12. ANALYSIS OF GRANTS MADE

	Number	Individuals	Institutions	2017 Total	2016 Total
		£'000	£'000	£'000	£'000
<i>From unrestricted funds for national church responsibilities:</i>					
Archbishops' Council	5	-	346	346	312
<i>From unrestricted / designated funds:</i>					
PCC's for mission (Transforming Church)	8	-	12	12	106
PCC's re: pastoral account activities	3	-	44	44	14
Ordinands in training	7	89	-	89	122
Sundry clergy grants	66	28	-	28	13
TOTAL	84	117	56	173	255
<i>From restricted funds:</i>					
Malawi Partnership dioceses and projects	5	-	78	78	102
PCC's for project workers (Action in the City)	2	-	8	8	13
Church Schools	2	-	92	92	-
PCC's for project workers (Growing Younger)	1	-	4	4	-
PCC's for church repairs (Sites and Buildings)	-	-	-	-	10
TOTAL	10	-	182	182	125
TOTAL GRANTS PAYABLE	99	117	584	701	692

13. STAFF COSTS

	2017	2016
	£'000	£'000
<i>Employee costs during the year (excluding clergy pay):</i>		
Wages and salaries	1,620	1,653
Social security costs	168	148
Pension costs	188	159
Pension costs – Church Workers Pension Scheme deficit contributions	316	-
Redundancy costs	-	56
TOTAL	2,292	2,016
<i>Average number of people employed during the year:</i>		
	No.	No.
Parish mission support	43	44
Discipleship and Ministry support	12	12
Administration and financial management	10	9
Property	2	2
Education	5	4
TOTAL	72	71

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

	2017	2016
	No.	No.
In the band £60,000 – £65,000	2	2
In the band £65,000 – £70,000	1	-
In the band £80,000 – £85,000*	-	1
In the band £85,000 – £90,000*	1	-

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

The total amount of employer defined contribution pension contributions paid on behalf of these employees were £23,165 (2016: £21,501).

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 2017 they were:

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

For year ended 31 December 2017 / Company Number: 440966

Remuneration and pensions for these 5 FTE employees amounted to £369,094 (2016: £318,609 for 4.5 FTE employees).

None of the directors received any remuneration as directors. The BDBF paid £1,225 (2016: £2,299) for the premium on the trustees' indemnity insurance.

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 143 (2016: 145 stipendiary clergy as office holders holding parish or Diocesan appointments in the Diocese, and the costs were as follows:

	2017	2016
	£'000	£'000
Stipends	3,978	3,849
National Insurance contributions	314	499
Apprenticeship Levy	15	-
Pension costs – current year	920	879
Pension costs – deficit funding provided	504	496
TOTAL	5,731	5,723

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

	2017	2016
	£'000	£'000
<i>Net income is stated after charging:</i>		
Depreciation – owned assets	48	39
Gain on disposal of fixed assets	174	550
Smoothing of rent free period on land and building operating lease	84	59
Auditor's remuneration – audit of financial statements	16	14
Auditor's remuneration – other services	-	-

15. TANGIBLE FIXED ASSETS

	Freehold Properties (see analysis below)	Long Leasehold Property Asset in Course of Construction	Computer equipment	Office equipment	TOTAL
	£'000	£'000	£'000	£'000	£'000
COST / DEEMED COST OR VALUATION					
At 1 January 2017	23,794	2,663	119	209	26,785
Additions	396	131	23	97	647
Disposals	(60)	-	(2)	-	(62)
Transfers	(458)	(2,794)	-	-	(3,252)
AT 31 DECEMBER 2017	23,672	-	140	306	24,118
ACCUMULATED DEPRECIATION					
At 1 January 2017	-	-	91	74	165
Charge for the year	-	-	20	28	48
Disposals	-	-	(2)	-	(2)
AT 31 DECEMBER 2017	-	-	109	102	211
NET BOOK VALUE					
At 31 December 2017	23,672	-	31	204	23,907
At 31 December 2016	23,794	2,663	28	135	26,620

All the above assets are used for charitable purposes.

In the event of a sale of any of the houses purchased with value-linked loans, the whole or a proportionate part, of the net sale proceeds would go to the Church Commissioners. It is likely that the open market value of the BDBF's freehold land and buildings are materially greater than their book values. The amount of such differences cannot be ascertained without incurring significant costs, which in the opinion of the Trustees is not justified in terms of the benefit to the users of the financial statements.

The long leasehold property as an asset in the course of construction as at 31 December 2016, related to the 109 year lease purchased on Retort House, Gas Street, Birmingham, together with its associated building works. This is our city centre resourcing church – St Luke's at Gas Street. This property was transferred to investment properties as at 31 December 2017.

15. TANGIBLE FIXED ASSETS (CONTINUED)

	2017	2016
	cost or deemed cost	cost or deemed cost
	£'000	£'000
FREEHOLD PROPERTIES		
<i>Endowment funds:</i>		
Benefice houses fund:		
Parsonage houses	17,598	17,598
Glebe funds:		
Housing of team vicars, curates and others	660	900
<i>Unrestricted funds:</i>		
Corporate property:		
Housing of senior clergy, curates and others	1,522	1,404
Other corporate property	3,892	3,892
TOTAL FREEHOLD PROPERTIES (EXCLUDING THOSE SUBJECT TO VALUE LINKED LOANS)	23,672	23,794

16. INVESTMENT HELD AS FIXED ASSETS

	Glebe	Endowment fund	Unrestricted fund	Total
	£'000	£'000	£'000	£'000
a) INVESTMENT PROPERTIES				
At 1 January 2017	1,682	940	310	2,932
Disposals	(5)	-	-	(5)
Transfers	(489)	-	2,794	2,305
Revaluation	-	-	(194)	(194)
AT 31 DECEMBER 2017	1,188	940	2,910	5,038

Properties were valued by Knight Frank (Chartered Surveyors) on an open market existing use basis as at 31 December 2015. The BDBF's policy is to seek formal professional valuations of its investment properties every 5 years with trustee review in the intervening period. The property transferred from fixed assets - asset in course of construction during 2017, relates to the St Luke's - Gas Street property. This property was valued by trustees' valuation after taking appropriate professional advice on an open market existing use basis as at 31 December 2017.

	1 January 2017	Sales	Purchases	Change in market value	31 December 2017
	£'000	£'000	£'000	£'000	£'000
b) OTHER INVESTMENTS					
<i>Endowment funds</i>					
Listed investments	3,831	(402)	363	311	4,103
Unlisted investments	503	-	-	20	523
	4,334	(402)	363	331	4,626
<i>Other restricted funds</i>					
Listed investments	257	-	-	19	276
Unlisted investments	3,654	(4)	400	224	4,274
	3,911	(4)	400	243	4,550
<i>Unrestricted funds</i>					
Designated funds:					
Listed investments	-	-	-	-	-
Unlisted investments	110	-	-	(1)	109
Undesignated funds:					
Listed investments	1,061	(60)	46	88	1,135
Unlisted investments	1,194	-	107	51	1,352
	2,365	(60)	153	138	2,596
TOTAL	10,610	(466)	916	712	11,772

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 2017 was £4,198,356 (2016: £4,291,000) and £5,107,933 (2016: £4,316,000) for unlisted investments.

16. INVESTMENT HELD AS FIXED ASSETS (CONTINUED)

c) SUBSIDIARY UNDERTAKINGS

The BDBF owned the entire share capital of Birdbof Properties Limited, a property investment company registered in England and Wales.

Its trade and assets were transferred to the BDBF on 2 June 2016. The company has been dormant since that date and was struck off at Companies House on 1 August 2017. At 31 December 2016, the company had net assets of £nil.

The company's trading results until 2 June 2016 and balance sheet can be summarised as follows:

	2017	2016
	£'000	£'000
1 PROFIT AND LOSS ACCOUNT:		
Turnover	-	43
Administrative expenses	-	(27)
Profit / (loss) on ordinary activities	-	16
RESULT FOR THE PERIOD TO 2 JUNE 2016	-	16
2 NET ASSETS:		
Tangible Fixed Assets	-	-
Net current liabilities	-	-
Creditors: amounts falling due after more than one year	-	-
NET LIABILITIES	-	-

17. CURRENT ASSET INVESTMENTS

	2017	2016
	£'000	£'000
<i>Property asset held for resale:</i>		
Transfer from fixed assets	458	306
Transfer from investment properties	489	-
Revaluation to fair value	933	329
CARRYING VALUE AS AT 31 DECEMBER 2017	1,880	635

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

18. DEBTORS

	2017	2016
	£'000	£'000
<i>Receivable within one year:</i>		
Parish loans (concessionary loans)	60	36
Other loans (concessionary loans)	21	35
Prepayments and other debtors	704	896
Accrued income	52	79
	837	1,046
<i>Receivable after one year:</i>		
Parish loans (concessionary loans)	99	78
Other loans (concessionary loans)	62	214
	161	292
TOTAL DEBTORS	998	1,338

Parish loans in 2017 include an amount of £32,337 (2016: £217,853) due from parishes in respect of "back-to-back" loans made to parishes from funds made available to the BDBF by the Central Board of Finance. The corresponding liability, being the amount repayable by the BDBF to the Central Board of Finance, is included within other loans in notes 19 and 20 below. Interest was payable and receivable at the same rate, being 0.55% above the CBF deposit rate.

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£'000	£'000
Other loans – Church Commissioners (concessionary loan)	33	258
Other loans – Gloucester Diocesan Board of Finance (concessionary loan)	68	68
Trade creditors	113	152
Other creditors	545	368
Pension fund deficit – church workers pension scheme	39	-
Pension fund deficit – clergy pension scheme	508	505
Accruals and deferred income	461	456
	1,767	1,807

Included within accruals is the following deferred income in relation to grant monies received in advance for 2018.

	2017
	£'000
Deferred income at 1 January 2017	100
Released in the year	(100)
Amounts recognised in the year	30
DEFERRED INCOME AT 31 DECEMBER 2017	30

Other loans (Church Commissioners) relate to advances from the Church Commissioners for house purchases (2016 only) and parish "back to back loans" from the Central Board of Finance. The loans are variable interest loans at the rate of the Central Board of Finance (Church of England) Deposit Fund rate plus 0.55%

The Church Commissioners have up to 100% equity in certain Diocesan houses subject to value linked loans. The loans are secured on the buildings for which the money was loaned. Repayment of each house purchase loan is due upon the sale of the related property. The remaining value linked loan was repaid to the Church Commissioners during 2017. The parish "back to back" loans are unsecured in nature and their repayment maturity matches that of the respective parish loan debtor to the BDBF.

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

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

	2017	2016
	£'000	£'000
Pension fund deficit – clergy pension scheme	2,938	3,427
Pension fund deficit – church workers pension fund	277	-
Other loans – Church Commissioners (concessionary loan)	150	193
Other loans – Gloucester Diocesan Board of Finance (concessionary loan)	136	204
	3,501	3,824

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

	2017	2016
	£'000	£'000
Between one to two years	101	101
Between two to five years	135	216
In five years and more	50	80
	286	397

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

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

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

21. ANALYSIS OF ASSETS AND LIABILITIES BETWEEN FUNDS

	Restricted funds		Unrestricted funds		Total funds 2017 £'000	Total funds 2016 £'000
	Endowment funds	Other funds	Designated funds	Undesignated funds		
	£'000	£'000	£'000	£'000		
<i>Tangible assets:</i>						
Other fixed assets	18,259	14	-	5,634	23,907	26,620
<i>Investments - fixed:</i>						
Investment properties	2,128	1,514	-	1,396	5,038	2,932
Other	4,626	4,550	109	2,487	11,772	10,610
Investment - current	935	-	-	945	1,880	635
<i>Debtors:</i>						
Due within one year	-	170	6	661	837	1,046
Due after one year	-	134	-	27	161	292
Cash at bank	2,933	2,525	1,588	(2,636)	4,410	3,924
<i>Creditors</i>						
Due within one year	-	(438)	(547)	(782)	(1,767)	(1,807)
Due after one year	-	(136)	(3,215)	(150)	(3,501)	(3,824)
NET ASSETS	28,881	8,333	(2,059)	7,582	42,737	40,428

22. MOVEMENTS IN FUNDS

	1 January 2017	Income	Expenditure	Transfers	Capital movements	31 December 2017
	£'000	£'000	£'000	£'000	£'000	£'000
ENDOWMENT FUNDS						
Glebe Fund*	5,580	3	(15)	(240)	142	5,470
Birmingham Diocesan Endowment Fund*	4,969	1	-	-	206	5,176
Parsonage Houses Fund	17,598	-	-	240	170	18,008
Bishop Brown Legacy Endowment Fund*	208	6	(6)	-	19	227
	28,355	10	(21)	-	537	28,881
OTHER RESTRICTED FUNDS						
Sites and Buildings Fund	960	1	2	-	-	963
Church Schools Fund*	4,439	940	(307)	-	229	5,301
Action in the City Fund*	52	3	(8)	-	2	49
Malawi Partnership Fund*	360	74	(92)	-	12	354
Growing Younger Fund (1)	-	339	(416)	77	-	-
St Luke's at Gas Street - Fabric Fund	1,309	183	-	-	-	1,492
soul[food]	25	17	(8)	-	-	34
LyCiG	11	3	(33)	19	-	-
Training for Ministry Fund	-	29	(32)	3	-	-
Shaping the Future	-	189	(137)	(19)	-	33
All Churches Trust Mission Apprentice Fund	-	100	-	-	-	100
Empowering Disciples	-	2	-	5	-	7
	7,156	1,880	(1,031)	85	243	8,333
UNRESTRICTED FUNDS						
<i>Designated funds:</i>						
Pastoral Fund*	1,080	13	(44)	-	(1)	1,048
Pensions Reserve	(3,932)	-	133	-	37	(3,762)
Transforming Church Fund	95	-	(13)	-	-	82
Growing Younger Fund (2)	581	99	(196)	47	-	531
Curate fund	28	-	-	14	-	42
<i>Undesignated funds:</i>						
General Fund*	7,065	9,893	(9,901)	(146)	671	7,582
	4,917	10,005	(10,021)	(85)	707	5,523
TOTAL	40,428	11,895	(11,073)	-	1,487	42,737

22. MOVEMENTS IN FUNDS (CONTINUED)

	1 January 2016	Income	Expenditure	Transfers	Capital movements	31 December 2016
	£'000	£'000	£'000	£'000	£'000	£'000
ENDOWMENT FUNDS						
Glebe Fund*	5,293	5	-	(60)	342	5,580
Birmingham Diocesan Endowment Fund*	4,691	-	-	-	278	4,969
Parsonage Houses Fund	17,276	-	-	322	-	17,598
Bishop Brown Legacy Endowment Fund*	187	6	(6)	-	21	208
	27,447	11	(6)	262	641	28,355
OTHER RESTRICTED FUNDS						
Parsonage Fund	-	176	(580)	404	-	-
Sites and Buildings Fund	967	3	(10)	-	-	960
Church Schools Fund*	4,269	206	(223)	-	187	4,439
Action in the City Fund*	64	3	(13)	-	(2)	52
Malawi Partnership Fund*	355	105	(102)	-	2	360
Growing Younger Fund (1)	198	123	(321)	-	-	-
St Luke's, Gas Street - Fabric Fund	830	479	-	-	-	1,309
St Luke's, Gas Street - Operational Fund	71	146	(217)	-	-	-
soul[food]	14	21	(10)	-	-	25
LyCiG	-	4	-	7	-	11
	6,768	1,266	(1,476)	411	187	7,156
UNRESTRICTED FUNDS						
<i>Designated funds:</i>						
Houses Fund	-	158	(207)	49	-	-
Pastoral Fund*	1,077	11	(14)	-	6	1,080
Pensions Reserve	(4,543)	-	389	-	222	(3,932)
Transforming Church Fund	128	150	(106)	(77)	-	95
Growing Younger Fund (2)	494	245	(302)	144	-	581
Curate fund	-	-	-	28	-	28
<i>Undesignated funds:</i>						
General Fund*	6,257	9,652	(8,251)	(817)	224	7,065
	3,413	10,216	(8,491)	(673)	452	4,917
TOTAL	37,628	11,493	(9,973)	-	1,280	40,428

The funds denoted with * include the following revaluation reserves:

	2017	2016
	£'000	£'000
<i>Within endowment funds:</i>		
Glebe Fund	1,414	1,279
Birmingham Diocesan Endowment Fund	952	696
Bishop Brown Legacy Endowment Fund	42	23
	2,408	1,998
<i>Within restricted funds:</i>		
Church Schools Fund	1,453	1,225
Malawi Partnership Fund	13	-
Action in the City Fund	5	3
	1,471	1,228
<i>Within designated funds:</i>		
Pastoral Fund	(190)	(189)
	(190)	(189)
<i>Undesignated funds:</i>		
General Fund	1,922	1,726
TOTAL	5,611	4,763

22. MOVEMENTS IN FUNDS (CONTINUED)

Details of the major funds are as follows:

Endowment Funds

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

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

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

Restricted Funds

Sites and Buildings Fund was originally created under a scheme of the Charity Commissioners by the Worcester Diocese in November 1906, when Birmingham was

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

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

The Malawi Partnership Fund 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) 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 is the specific donations raised to fund the building works at the Mission Resourcing Church at Retort House, Gas Street, Birmingham

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

LyCiG Fund relates to the donation monies raised primarily by attendees at the 2016 *Leading Your Church into Growth* (LyCiG) conference for future LyCiG conferences.

Shaping the Future 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 and other external funding sources.

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

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

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

Unrestricted funds

Pastoral Fund The Diocesan pastoral fund represents the proceeds of the sale 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.

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

Growing Younger Fund (2) relates to our *Growing Younger* strategic programme which is being part funded by a Strategic Development Funding grant from Church Commissioners with match funding from our own resources. This fund relates to our own resources that we have designated towards the programme.

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

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

22. MOVEMENTS IN FUNDS (CONTINUED)

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

	Unrestricted general	Unrestricted designated	Restricted	Endowment	Total
	£'000	£'000	£'000	£'000	£'000
General Fund to Empowering Disciples ①	(5)	-	5	-	-
General Fund to Growing Younger ②	(124)	124	-	-	-
Growing Younger Designated Fund to Growing Younger Restricted Fund ③	-	(77)	77	-	-
LyCIG to Shaping the Future Fund ④	-	-	(19)	19	-
Glebe to Parsonage House Fund ⑤	-	-	-	(240)	240
General Fund to Curate Fund ⑥	(14)	14	-	-	-
Training for Ministry Fund to General Fund ⑦	(3)	-	3	-	-
TOTAL	(146)	61	85	-	-

① This represents the creation of a separate Empowering Disciples Fund.

② This represents agreed match funding support from the General Fund to the Growing Younger Programme.

③ This represents the transfer of Growing Younger Designate Fund to cover the excess expenditure within the Growing Younger Restricted Fund.

④ This represents the transfer of contributions to the LCYIG conference to the Shaping the Future Programme.

⑤ This represents the transfer of 86 Tythne Barn Lane from Glebe Fund to Parsonage House Fund following the Shirley team pastoral reorganisation.

⑥ This represents the transfer of early curacy end stipend savings to help fund future curacies.

⑦ This represents the transfer of General Fund to cover the tuition costs of ordinands in training not adequately covered by the Training for Ministry Fund.

23. COMMITMENTS

At 31 December 2017 the BDBF had capital commitments of £265,000 which were contracted for but not provided in the financial statements (2016: £36,888).

The BDBF had also approved loan facilities of £nil for parishes and £nil for church schools but these had not been drawn down by the parish/ school concerned as at 31 December 2017. (2016: £130,331). The BDBF had approved a grant of up to £300,000 towards the establishment of the Diocesan multi-academy trust – Birmingham Diocesan Academies Trust (BDAT) if required by BDAT during its early years of operation. As at 31 December 2017, BDAT had drawn down £90,000 of this amount (2016: £nil).

24. PENSION COSTS

Employees – Church Workers Pension Scheme

The BDBF participates in the Church of England Defined Benefits Section ('DBS') of the Church Workers Pension Fund (the Fund), a pension scheme administered by the Church of England Pensions Board to provide benefits to lay employees based on final pensionable salaries. The assets of the fund are held separately from those of the employer. For funding purposes the DBS is divided into sub-pools in respect of each participating employer as well as a further sub-pool, known as the Life Risk Pool. The Life Risk Pool exists to share certain risks between employers, including those relating to mortality and post retirement investment returns. The division of the DBS into sub-pools is notional and is 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.

It is not possible to attribute the scheme's

assets and liabilities to specific employers, since each employer, through the Life Risk Pool, is exposed to actuarial risks associated with the current and former employees of other entities participating in the DBS. The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102 and as such contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year contributions are payable towards benefits and expenses accrued in that year (2017: £nil, 2016: £nil), plus any impact of deficit contributions payable, giving a total charge of £316,000 for 2017 (2016: £nil). If, following an actuarial valuation of the Life Risk Pool, there is a surplus or deficit in the pool and the Actuary so recommends, further transfers may be made from the Life Risk Pool to the employers' sub-pools, or vice versa. The amounts to be transferred (and their allocation between the sub-pools) will be settled by the Church of England Pensions Board on the advice of the Actuary.

A valuation of the DBS is carried out once every three years, the most recent having been finalised as at 31 December 2013.

In this valuation, the Life Risk Section was shown to be in deficit by £4.9m and £4.3m 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 £12.9m.

Following the valuation, the Employer has entered into an agreement with the Church Workers Pension Fund to pay expenses of £6,800 per year.

The overall valuation of the DBS as at 31 December 2016 is currently being finalised, however the BDBF as at 31 December 2017 was aware that it would need to make deficit recovery payments into its Life Risk Section sub-pool and had agreed a 10 year recovery plan with the Church Workers Pension Fund at £38,962 per year. The total agreed recovery plan payments amount to £389,620. Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. A liability of £316,000 has been recognised and this represents the present value of the deficit contributions agreed as at the accounting date and has been valued using a discount rate of 4%. The legal structure of the scheme is

24. PENSION COSTS (CONTINUED)

such that if another employer fails, the employer could become responsible for paying a share of that employer’s pension liabilities.

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

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

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

Pension contributions are recorded in an account for each member. This account may have bonuses added by the Board before retirement. The bonuses depend on investment experience and other factors. There is no requirement for the Board to grant any bonuses. The account, plus any bonuses declared, is payable from members’ Normal Pension Age.

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

The scheme is considered to be a multi-employer scheme as described in Section

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

A valuation of the scheme is carried out once every three years. The most recent scheme valuation completed was carried out as at 31 December 2013. This revealed, on the ongoing assumptions used, a surplus of £0.5m. There is no requirement for deficit payments at the current time.

The pension cost for the year shown in the financial statements is equal to the total contributions. The total contributions for the year were £180,570 (2016: £156,067).

The BDBF also contributes to a Group Personal Pension Plan organised by Aviva for certain employees. This is defined contribution, money purchase arrangement. The pension cost for the year shown in the financial statements is equal to the total contributions. The total contributions for the year were £632 (2016: £3,000).

Stipendiary Clergy

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme’s assets and liabilities to specific employers and that contributions are accounted for as if

the Scheme were a defined contribution scheme. The pensions costs charged to the Statement of Financial Activities in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions.

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at 31 December 2015. The 2015 valuation revealed a deficit of £236m, based on assets of £1,308m and a funding target of £1,544m, assessed using the following assumptions:

- An investment strategy of:
 - » For investments backing liabilities for pensions in payment, an allocation to gilts of 33% from the valuation date until 31 December 2019 and thereafter, increasing linearly to 70% by 31 December 2030, and;
 - » For investments backing liabilities prior to retirement, a 100% allocation to return seeking investments.
- Investment returns of 2.6% pa on gilts and 4.6% pa on return seeking assets;
- RPI inflation of 3.2% pa (and pension increases consistent with this);
- Increase in pensionable stipends 3.2% pa; and
- Mortality in accordance with 80% of the S2NFA and S2NMA tables, with allowance for future improvements in mortality rates in line with the CMI 2015 core projections, with a long term annual rate of improvement of 1.5%. Following the valuation of the Scheme as at 31 December 2015, a recovery plan was put in place until 31 December 2025 and the deficit repair contributions payable (as a percentage of pensionable stipends) are as set out in the table below. Contributions since 2015 are shown for reference.

% of pensionable stipends	2015 to 2017	2018 to 2025
Deficit recovery contributions	14.1%	11.9%

As at December 2015, the deficit recovery contributions payable under the recovery plan in force were 14.1% of pensionable stipends until December 2025. As at December 2016 and 2017 the deficit recovery contributions under the recovery plan in force were as set out in the table above.

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

Section 28.11A of FRS102 requires the agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out in the table below:

	2017	2016
	£'000	£'000
Balance sheet liability at 1 January	3,932	4,543
Deficit contributions paid	(504)	(496)
Interest cost	55	107
Impact of change in discount rate used to value to balance sheet liability	(37)	(222)
BALANCE SHEET LIABILITY AS AT 31 DECEMBER	3,446	3,932

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

	Discount rate	Price Inflation	Increase in pensionable payroll
31 December 2015	2.5% pa	2.4% pa	0.9% pa
31 December 2016	1.5% pa	3.1% pa	1.6% pa
31 December 2017	1.4% pa	3.0% pa	1.5% pa

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

25. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2017 the charity was committed to making the following payments under non-cancellable operating leases:

	Land and buildings 2017	Other 2017	Land and buildings 2016	Other 2016
	£	£	£	£
<i>Operating leases which expire:</i>				
Within one year	191,208	-	145,320	-
Within one to two years	191,208	-	145,320	-
Within two and five years	477,741	-	435,960	-
After five years	-	-	106,821	-
	860,157	-	833,421	-

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

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

	2017	2016
	£'000	£'000
NET INCOME FOR THE YEAR ENDED 31 DECEMBER	1,534	2079
Depreciation charges	48	39
Dividends, interest and rent from investments	(701)	(575)
Interest on payable loans	4	12
Interest on clergy pensions liability	37	107
Loss / (profit) on sale of fixed assets	174	(543)
Decrease / (increase) in debtors	168	(210)
(Decrease) / increase in creditors	(362)	(987)
Change in fair value of investments	(712)	(559)
Release of provision against Birdbof loan following trade transfer	-	(18)
NET CASH PROVIDED BY OPERATING ACTIVITIES	190	(655)

27. ANALYSIS OF CASH AND CASH EQUIVALENTS

	At 1 January 2017	Cash flow	From Birdbof transfer	At 31 December 2017
	£'000	£'000	£'000	£'000
Cash in hand and at bank	939	366	-	1,305
Cash held on deposit	2,985	120	-	3,105
	3,924	486	-	4,410

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

28. RELATED PARTY TRANSACTIONS

No trustee received any remuneration for services as a director. The trustees received travelling and out of pocket expenses totalling £nil (2016: £nil).

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

	Stipend	Housing
The Bishop of Aston	No	Yes
The Archdeacon of Birmingham	Yes	Yes
The Archdeacon of Aston	Yes	Yes
The Revd Canon Martin Stephenson	Yes	Yes
The Revd Julian Francis	Yes	Yes
The Revd Chris Hobbs	Yes	Yes
The Revd Douglas Machiridza	Yes	Yes
The Revd Claire Turner	Yes	Yes
The Revd Nigel Traynor	Yes	Yes
The Revd Priscilla White	Yes	Yes
The Revd Madhu Smitha Prasadam	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 2017 was in the range of £34,700 to £36,040 (2016: £34,180 – £35,500) and for other clergy who were trustees the Diocesan stipend rate was £25,365 (2016: £24,990).

The Archbishops' Council has estimated the value to the occupant, gross of income tax and national insurance, of church provided housing in 2017 at £10,850 (2016: £10,313).

The BDBF facilitated a Central Board of Finance loan for the Cathedral in October 2015. The balance outstanding on the loan as at 31 December 2017 was £nil (2016: £180,000). Interest on this loan amounted to £8,059 during the year (2016: £7,484).

The Cathedral, as the Mother Church of the Diocese, shares office space with the BDBF and an amount of £23,250 (2016: £23,250) was payable for this space for the year ended 31 December 2017

The Cathedral paid Common Fund of £40,000 to the BDBF for the year ended 31 December 2017 (2016: £40,000).

The Birmingham Diocesan Academies Trust ("BDAT") shares office space with the BDBF and an amount of £3,000 (2016: £nil) was payable for this space for the year ended 31 December 2017. BDAT also purchased at cost the services of the Diocesan Board of Education School Improvement Officer. This amounted to £3,200 for the year ended 31 December 2017 (2016: £nil). The Diocesan Board of Education (as incorporated within the Diocesan Board of Finance) made a grant of £90,000 to BDAT during the year ended 31 December 2017 (2016: £nil) to facilitate the establishment of the Diocesan multi-academy trust. BDAT is deemed to be a related party by the nature of its membership structure contained in its Memorandum and Articles of Association.

29. FUNDS ADMINISTERED AS AGENT

	2017	2016
	£'000	£'000
Government grants received in respect of school capital projects	1,224	994
Contributions from Church School governors for school capital projects	82	333
Total received in	1,306	1,327
Amounts paid out on school capital projects	(1,113)	(1,075)
NET POSITION FOR THE YEAR	193	252

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.

30. FINANCIAL INSTRUMENTS

	2017	2016
	£'000	£'000
FINANCIAL ASSETS		
<i>Debt Instruments measured at amortised cost:</i>		
Loan Commitments receivable within 1 year	82	71
Loan Commitments receivable outside 1 year	161	292
Other	4,982	4,159
Instruments measured at fair value through profit or loss	11,772	10,610
TOTAL	16,997	15,132
FINANCIAL LIABILITIES		
<i>Debt Instruments measured at amortised cost:</i>		
Loan Commitments receivable within 1 year	101	326
Loan Commitments receivable outside 1 year	286	397
Other	972	733
TOTAL	1,359	1,456

31. PRIOR YEAR COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

	Restricted funds		Unrestricted funds		Total funds 2016
	Endowment funds	Other funds	Designated funds	Undesignated funds	
	£'000	£'000	£'000	£'000	
INCOME					
<i>Income and endowments from:</i>					
Donations:					
Parish contributions	-	34	-	5,577	5,611
Archbishops' Council	-	83	361	1,889	2,333
Other donations	-	746	-	660	1,406
Charitable activities	-	69	-	564	633
Other activities	-	176	158	51	385
Investments	6	158	45	366	575
Other income	5	-	-	545	550
TOTAL INCOME	11	1,266	564	9,652	11,493
EXPENDITURE ON					
Raising funds	-	23	16	82	121
Charitable activities	6	1,453	109	8,165	9,733
Other expenditure	-	-	115	4	119
TOTAL EXPENDITURE	6	1,476	240	8,251	9,973
Net income / (expenditure) before investment gains and losses	5	(210)	324	1,401	1,520
Net gains on investments	379	187	6	(13)	559
NET INCOME / (EXPENDITURE)	384	(23)	330	1,388	2,079
Transfers between funds	262	411	144	(817)	-
Other recognised gains / (losses)	-	-	222	-	222
Gains / (losses) on revaluation of fixed assets	262	-	-	237	499
NET MOVEMENT IN FUNDS	908	388	696	808	2,800
Total funds at 1 January 2016	27,447	6,768	(2,844)	6,257	37,628
TOTAL FUNDS AT 31 DECEMBER 2016	28,355	7,156	(2,148)	7,065	40,428

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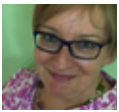
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