

THE CHURCH OF ENGLAND **BIRMINGHAM**

ANNUAL REPORT **2016**



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 2016. 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 2016 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 Cathedral
- The Very Revd Catherine Ogle (resigned 8/12/16)

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 (from 25/2/16)

The Revd Smitha Prasadam (from 29/9/16)

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 Oliver Coss (resigned 2/6/16)

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

Dr Carol Starkie (resigned 29/9/16)

Mrs Gillian Gould (from 9/3/17)

DIOCESAN SECRETARY

Mr Andrew Halstead

DIOCESAN DIRECTOR OF FINANCE

Ms Melanie Crooks

DIOCESAN SURVEYOR

Mr Daniel Mayes (from 21/11/16)

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

1 Colmore Row

Birmingham

B3 2BJ

Company registration number: 440966
Charity registration number: 249403

BISHOP'S FOREWORD



Ten years ago, in Birmingham Cathedral, I smashed a clay pot to show how the love of God is contained in the most fragile of vessels. Ten years later we are perhaps more aware of that fragility than ever. 2016 will be marked in history for political events whose effects are emerging in uncertainty and confusion.

Meanwhile the love of God continues to shine brightly in both the extraordinary and the everyday. One of the most encouraging parts of being a Bishop is the contact with daily parish life, when I see the church at work in many different contexts, nourishing and sustaining disciples of Jesus in revealing his love in the world. This solid base is the foundation of our new programmes to undergird Transforming Church, rooted in the hope of God's eternal purposes in Christ.

In the civic arena, I have been heartened by the resilience of human beings and the power of religion lived for common good. It was a delight to welcome Muslim and Hindu friends to Bishop's Croft to break the fast together in Ramadan and to celebrate Diwali. The Birmingham Conversations continue to enable us to talk about the challenges of living together well as people of faith. The Love Your Neighbour campaign affirmed the commitment of people from many different backgrounds to a united and welcoming society. The St Basil's Sleepout demonstrated Birmingham's concern for vulnerable young people, raising nearly £140,000 for a local charity.

This year we also marked the 50th anniversary of our partnership with the Church in Malawi and it was a real pleasure to welcome the Malawian Bishops in May. In February we opened our new resourcing church in Gas Street that is going from strength to strength in its first year. It was wonderful to bring clergy together for teaching, worship and relaxation at the Swanwick conference this year and it has been a delight to work with Bishop Anne in her first year of episcopal ministry.

None of this work would be possible without money given sacrificially by thousands of local Christians. I am humbled by the sustained generosity of people who continue to give even in times of economic uncertainty. This report accounts for the stewardship of those scarce resources, most of which is invested in parishes where Good News is shared and disciples are grown for world-changing action.

Change has been the constant of 2016 and I am mindful of the pace of change in the world and the church. It can make people feel left behind, but it is vital that we support one another in appreciation and participation. The health of the church is always dependent on the co-working of every part of the body and the encouragement of every kind of ministry.

Let us journey into 2017 together with a commitment to extend our prayer, anticipate new Christians and deepen our trust. Through uncertain times we journey in hope, confident in Christ: the author and perfecter our faith.

The Rt Revd David Urquhart
Bishop of Birmingham

CHAIRMAN'S STATEMENT



The statutory accounts, even for those with a financial background, can appear daunting to understand. They have to meet many legal and regulatory requirements and standards in addition to which there are invariably one-off transactions, both of income and expenditure, which serve only to distort the picture of the Diocesan finances. This year has seen a positive net movement in funds which strengthens our reserves.

However if we extract the one-off transactions we get a different picture. It is the General, unrestricted, Fund which requires the main focus of the Board with the 2 key entries of collection of parish contributions, Common Fund, and which accounts for the largest part of our income, and the cost of stipendiary ministry, including maintenance of their housing, together the principal items of our expenditure.

In setting our annual budget, we seek to achieve no more than a balanced budget on our core day-to-day operations. We were disappointed that Common Fund only brought in the same level of income as 2015 despite an increase in ask primarily to fund an increase in stipends. However offsetting the shortfall in budgeted income the average number of clergy vacancies was higher than anticipated resulting in savings in budgeted expenditure.

Provided Common Fund collection increases in line with budget I am confident we can achieve another balanced budget in 2017. Beyond 2017 we face some real challenges which will require difficult decisions in constructing the budget for 2018. There will be a significant reduction in funding from the Church Commissioners; inflation will impact on our cost base; and there is a prospect of additional contributions required for widening deficits in the pension funds. All that before we respond to a need to fund an increase in the numbers of ordinands coming forward for training. Over the next few weeks we will engage widely as we explore and prioritise all options.

I continue to be grateful for the generosity of those contributing to Common Fund. The new Parish Giving Scheme, with many now agreeing to an automatic annual inflation linked uplift in their voluntary contributions, should enable us to achieve improvements in our income, albeit that we still have a small number of parishes who stubbornly make no or only small contributions despite their enjoying the benefits of stipendiary ministry.

We are fortunate as we look forward that we have a team that has secured new strategic funding to support the Diocesan mission strategy. These funds are specifically designated to support the implementation of the strategy, which formed the basis of our bid. It is not available to fund our existing activities.

I would also like to express my appreciation to the many volunteers who give of their time freely in so many ways across the Diocese and in addition extend my particular 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 has always had its heart in local parishes and in all forms of growth: numerical, spiritual and transformational.”

TRANSFORMING CHURCH

Transforming Church, our mission strategy, was launched in 2009. The strapline spells out its core mission: to ‘grow churches at the heart of each community’. Transforming Church has always had its heart in local parishes and in all forms of growth: numerical, spiritual and transformational. Seven Areas of Transformation alongside Ten Diocesan Goals have provided the framework for this.

The Seven Areas of Transformation

Each parish was invited to explore Seven Areas and to develop the church's mission in ways relevant and achievable in the local context.

TRANSFORMING..:

1. **WORSHIP** *Drawing us into the presence of the Living God.*
2. **RELATIONSHIPS** *Finding healing, encouragement and challenge through our life together.*
3. **DISCIPLESHIP** *Enabling us to grow as confident followers of Jesus.*
4. **LEADERSHIP** *Releasing and harnessing the gifts of all God's people.*
5. **PRESENCE** *Living out God's love in our communities and the wider world.*
6. **OUTREACH** *Leading others to believe in Jesus and belong to his Body.*
7. **PARTNERSHIPS** *Working together with people of goodwill to see God's purposes fulfilled.*

The Ten Diocesan Goals

Each year since 2009, parishes have focused on two or three of the ten goals shown on the right. These have ranged from looking afresh at worship styles, to exploring new ways of serving the local community. Each year it is exciting to hear about all that our parishes are doing and such parish-led activity has attracted new clergy to the diocese. A series of popular Transforming Church Conferences also allowed parishes to share ideas and good practice with each other.

DIOCESAN GOALS

1. To grow the number of adults, young people and children within the worshipping Christian community year on year.
2. To make the most of opportunities presented by the occasional offices, the church calendar and invitational events.
3. To develop an understanding of communications in every parish, promoting a church that is visible, welcoming and accessible.
4. To develop a spiritually enriching children's and youth ministry in every parish and church school, encouraging clustering where appropriate.
5. To ensure that a Christian Basics course of some kind is offered in every parish at least once a year.
6. To implement in every parish an appropriate strategy for making confident, prayerful disciples in their daily life.
7. To encourage an increasing number of worshipping Christians to take tithing seriously and to give at least 5% of their income to the local church.
8. To increase the number, range and spiritual fruitfulness of partnerships and initiatives for social and environmental justice and community building across the diocese and the world.
9. To increase the number of leaders of all ages, and drawn from every ethnic group, who are trained and deployed in the church and wider community.
10. To encourage every parish community to think through the challenges of relating constructively to those of other faiths.

Growing Younger

Following a grant from the Church Commissioners in 2015, we were able to significantly resource Goal 4 through ‘Growing Younger’. This came out of consultation across the diocese that showed that children's and families' ministry was an area most parishes wanted to prioritise (Birmingham is the youngest city in Europe). The additional resources enabled us to employ nine new Mission Apprentices (“MAs”), 15 Children's and Families' Missioners, three Growing Younger Facilitators and to start St Luke's, Gas Street, a city centre resourcing church.

Work began in the spring of 2016 to discern and shape priorities for the next five years, mindful of both local needs and the mission challenges facing the Church nationally. A bid was submitted to the Church Commissioners and, with additional funding, the next phase of Transforming Church, ‘Shaping the Future’, will begin in 2017.

Mission Apprentices



Our Mission Apprentice Scheme continues to offer young people training and support in pioneering new missional opportunities across the diocese. The current cohort are working in ten churches of varying traditions in our more deprived outer estates and inner city areas.

In 2016, MAs were involved in a wide variety of projects including mentoring and intervention programmes in schools, creative community trails, breakfast clubs, stay and play groups, Asian Alpha and street evangelism.

Alongside their own leadership development, many MAs have seen an increase in confidence and leadership skills in the people they serve.

“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).

“Growing churches at the heart of each community”

Highlights from Growing Younger in 2016

Children’s and Families’ Missioners (CFMs)

January 2016 began with nine CFMs in place, and by the end of the year we were pleased to have a full cohort of 15 based in parishes around the diocese.

The group is diverse but all are senior practitioners with proven experience of working well with children and families, in bringing about organisational culture change and possessing an evangelist’s heart and skills.

Over the course of this year we have gathered monthly for training with each term taking a different focus. The term starts with a short residential covering subjects such as: Culture Change, People of Influence and Evangelism. Training is delivered by outside speakers as well as the Growing Younger Team and other diocesan staff, along with the CFMs themselves being key contributors to each other’s learning.

It has been so encouraging to see some exciting developments happening amongst children and families led by the CFMs, including the launch of two breakfast churches, an increased invitation into schools, groups to support parents with children with additional needs, and events that engage with popular elements in children’s culture in creative ways: such as an Elmer day, and days based on Julia Donaldson characters. It has also been really encouraging to see how the CFMs are able to take what they are learning and get alongside other parishes to help them in their outreach to children and families.



Bishop’s Certificate

The group of students that started out on the Bishop’s Certificate in Children’s Ministry back in September 2015 have just completed all their portfolios and received their Certificate from Bishop David at a celebratory meal in April. We hope to welcome a new round of students in September 2017.



Growing with God

In March, Margaret Pritchard-Houston (Children’s Missioner for the Diocese of St Albans) joined about 130 delegates at the annual

Growing with God conference to help us to think about children as lifelong disciples while Bishop Anne encouraged us to explore how we can be a more outward looking church in our work with children and families.

Library of Resources

Thanks to a very generous gift from Hymns Ancient and Modern, we have been able to add to the Children and Family Resources Library based at Colmore Row. In particular we have updated our storytelling, Messy Church and parenting sections.



Growing Younger Facilitators:



Our great team of Growing Younger Facilitators has worked with over 30 parishes offering advice and support in a variety of areas such as prayer, resources, leading services, developing vision and strategy, enabling growth, advertising and publicity, relaunching ministry with children and launching new forms of worship. We are seeing increases in the number of families coming to churches, and growing confidence in parishes as they develop new ways of reaching people in their local community. The team have also run training on a variety of topics including all-age worship, developing a plan for outreach, and considering running a Messy Church. We’re looking forward to working with many more parishes in the coming year.



Youth

We are delighted to have welcomed four new employed youth workers to parishes this year. Our monthly youth workers’ hub offers the opportunity for employed youth workers to meet, share and support each other. In November we welcomed around 40 parish based volunteers to a special evening to thank them and be ‘Celebrating Youth Ministry: Local’. In support of our parish based youth ministry, we have been delighted to offer training and mentoring in a wide variety of topics including mental health challenges, developing a youth strategy and specific tailor-made sessions for individual youth events. Through a partnership with St Martins Trust, we have been able to support several young people from parishes in mission-based life-changing activities such as overseas mission, community development and local missional projects.



HIGHLIGHTS FROM OUR PARISHES AND 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.

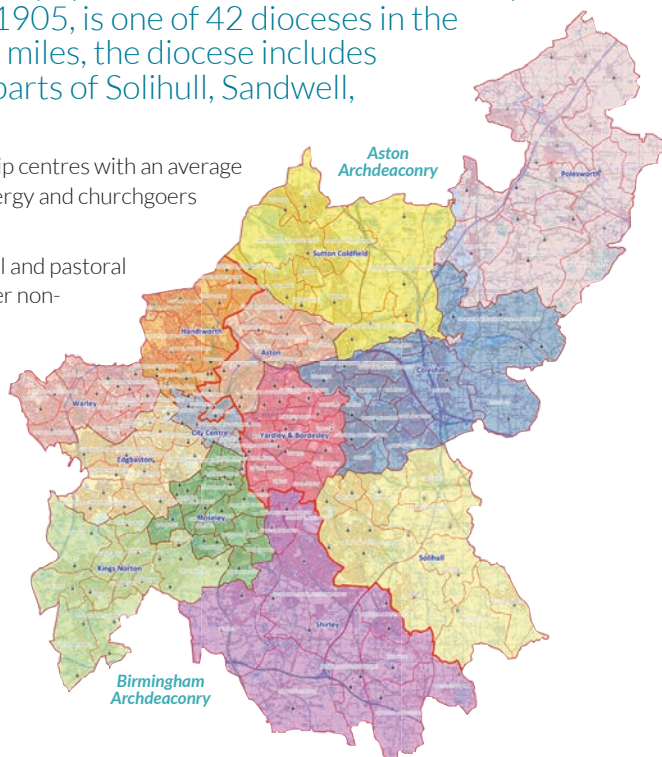
Over 150 paid priests, together with additional self-supporting ministers, offer spiritual and pastoral care in the parishes, together with retired clergy, readers, local ministry teams and other non-ordained ministers.

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, was led by the Dean, The Very Revd Catherine Ogle (who left at the end of the 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.



CHRIST CHURCH Sparkbrook



At Christ Church we have been building prayerful relationships in the community throughout the week so that invitations to Sunday gathered worship are a very natural next step. Our Sunday gatherings endeavour to express some of the different cultures in our community and it was a special moment to see folk come together for a multicultural carol service before Christmas.

ST LUKE'S Gas Street



Our first year at Gas Street has been one of thankfulness for what God has done for us and an excited expectancy for what He will do in the future. We welcome over 700 people every Sunday at three gatherings and during the week about 450 people are connected through our Gas Street Groups.

BUS CHAPLAIN



In June 2016 we ran a Mystery Bus Tour for the Thursday Pensioners Group, Christchurch Yardley Wood to Henley-in-Arden. All in a day's work for a bus chaplain! Thanks to Yardley Wood Bus Depot and NX West Midlands for organising this.

ST JOHN THE EVANGELIST Perry Barr



St John's held its first every Christingle service on 17th December. Organised by Helen, our Mission Apprentice, it brought in a range of new and old families, children and visitors, who enjoyed the story of the Christingle, wrote their own prayers to hang on our prayer tree, and sang hymns and songs of light and love.

CHRIST CHURCH Oldbury



We celebrated our 175th Anniversary with a special weekend in July. We started with a coffee morning, which brought lots of people with photos and memories to share. In the evening we hosted a concert by Warley Male Choir. On Sunday we held a Eucharist presided over by Bishop Anne, followed by lunch in Christ Church School.

ST FAITH and ST LAURENCE Harborne



Junk Nativity was a new venture in our local community school during Advent. Children learned about messages, journeys and birth over three weeks and did a presentation on the fourth. It is part of our response to Growing Younger and plans are in place to follow it up with Junk Easter in 2017.

“At the heart of what we do are 187 churches representing a wide scope of tradition and breadth of ethnicity.”

ST MARY Hobs Moat



With local businesses and Solihull Council we hosted 'Riofest' in 2016, with a treasure trail for children, a climbing wall, Brazilian dancers, much more. We also hosted a Community Fun Day with Mental Health Trust with fairground rides, food and entertainment. For the first time in 25 years, Hobs Moat had a lighted Christmas Tree. Local musicians and the Deputy Lord Mayor attended the celebrations.

ST MARY THE VIRGIN Pye Hayes



Vision and trial in 2015 became whole church commitment in 2016 to proceed intentionally with a monthly Breakfast Service. We invited fringe contacts, friends and neighbours, and incorporating a simple discipleship course, shared with them our own stories of 'following' around breakfast tables. Praise God for new faces, especially for growth in our Youth Cell.

KNOWLE PARISH CHURCH



Last Autumn we ran a series of outreach events under the title "An Unchanging God in a time of uncertainty". This included a men's and women's breakfast, a curry night with speaker, a charity concert, invitational services and an Open House where the whole community was invited into church to look around, talk and pray.

SALTER STREET and SHIRLEY



Eighteen months ago we realised we needed drastically to change the way we work. With Archdeacon Hayward's help throughout 2016 and much prayer we are beginning a new adventure in faith as two parishes not one, both revitalised, raring to grow younger and transform the Church in Shirley and Salter Street, having learned again the truth of Romans 11:33.

ST MICHAEL Hall Green (LEP)



During 2016 St Michael's Hall Green increased the number of groups and people that use our halls. We have welcomed a pre-school who relocated, started a Place of Welcome, an armchair exercises group, doubled the numbers at Boys' Brigade, restarted Wednesday Morning prayers, re-launched Messy Church and more. Our halls are now fully used by the local community.

ST BERNARD Hamstead



St Bernard's is a marvellous resource for the local community. Over the years it has provided venues for special occasions: after years of community provision it had begun to look tired. In 2016, with the help of probationary services, we re-decorated the large function hall: re-established the bar and repainted the outside fencing.

ST GABRIEL Weoley Castle



The churches in Weoley Castle love our estate. We noticed that there aren't any flowers like in other areas. We didn't have any money so we raised some by baking buns and secretly planted daffodil bulbs all over our estate- praying that like these bulbs secretly growing so may God's Kingdom grow and flourish in surprising places on our estate.

ST MARTIN in the Bull Ring



Over 50,000 people visited St Martin's in 2016. Some came to pray (our prayer tree is always full), some to light a candle (we used 100,000 in the year), some to receive counselling, some to worship, (over 350 people every week), some to learn about Christ, some to see the building and much much more. We give thanks as we serve.

ST LEONARD Marston Green



A new curate, a 28 ft knitted Christmas tree, a successful Messy Church now happening every month, a new stay & play run in conjunction with the infant academy and greater engagement in the community and with local schools - a really exciting year of flourishing and growing the Kingdom of God in Marston Green!

ST MARY Wythall



St Mary's had a full and reflective Holy Week in 2016, planning a different event or service for every day including foot washing and a Passover meal. However, the highlight was turning the church into the Garden of Gethsemane, covering the whole floor with AstroTurf and adding dozens of plants, bushes and trees. Breathtaking!



“The Cathedral is a house of prayer, an icon of God’s loving presence, in the heart of our vibrant and diverse city.”

BIRMINGHAM CATHEDRAL*

Living Worship, Growing Disciples and Connecting Communities

The Cathedral continues its multifaceted ministry to both city and diocese by engaging at many levels. The building, at the highest point in the city, is a daily reminder and visual aid to those who walk past it each working day (estimated at 20,000) that there is a God who both exists and who loves. As well as the many groups and activities that we engage with throughout the year, daily prayer continues, (we are looking forward to again being involved in the Archbishop’s 10 days of prayer) and we welcome many, some coming with complex needs and many with a hunger and desire to find new life in Christ. Cathedral ministry is at times challenging, but always rewarding.



Highlights from the Year

Battle of the Somme Commemoration

'Wonder' Children's Christmas Craft Event

'Growing Hope': Daffodil bulb planting by local school children in Cathedral Square

St Basil's Sleep Out; hosting over 600 people sleeping out to raise nearly £140,000 for St Basils.

Mother's Union Street Party

Malawi Fundraising Fair

In:Site Craftspace Event on Cathedral Square

Aston University 50th year Commemoration Service

Roger Hiorns; Lying Down Evensong

Our staff team welcomed Stephen Brooker as Facilities Manager, Ailsa Lightfoot as Administration Assistant and Louisa Harrop as Children & Families Learning Officer'.

New glass entrance doors and mat well in the SW entrance porch.

The 1905 cross has been restored and put on display at the end of the South Aisle

'Midlight': We celebrated Chinese

New Year with a light box art installation Aowen Jin

Soul Boats Quiet Day and reflection run by Jake Lever

A fond farewell to Canon Janet

Live Streaming of Choral Services for Palm Sunday

Pentecost Birthday Service for local children

Festival of Voices Part 3

International Dance Festival on Cathedral Square

Civic Service for the Queen's 90th Birthday

Jazz & Blues Festival on Cathedral Square

Pub Bombings Memorial Service and Vigil

Annual Justice Service

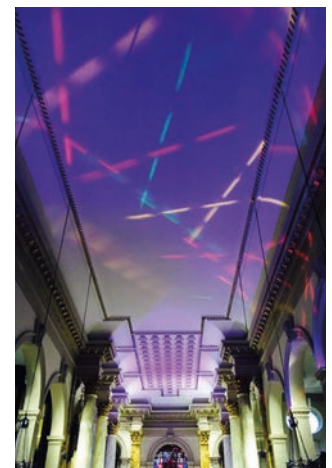
Radio 3 live broadcast of Choral service

Birmingham Poppy Day

Advent Pilgrimages for local school children

Launch of Canon Dr Terry Slater's Book: The Pride of the Place

Something Good 2016: Measures of Us



“The Education Team provides strategic support, advice and guidance for all church and church affiliated schools.”

CHURCH SCHOOLS*

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 secondary 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 includes:

- 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 in 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.
- 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.



Highlights from the Year

The New Year began with the reconstitution of our Diocesan Board of Education, much reduced in numbers but with a very focused, experienced group of lay and clergy members, led by our Archdeacon Hayward Osborne.

The National Society launched its Mission Statement for Education, with an emphasis on 'Life in all its fullness'. This forms the focus of Birmingham Church of England Board of Education's mission for its Church schools, which provide education within an environment that builds on a values system rooted in Christian truth. To that end we have been looking at opportunities to develop secondary Church education in the diocese and have applied to the Department for Education for a secondary Church of England free school. Linked to this have been plans to support all our schools in securing their futures as Church schools by exploring the setting up of a Diocesan Multi Academy Trust. Approval for this was received in December.

The increasing responsibility for providing high quality education in Church schools is falling onto the diocese; consequently the Board of Education has looked to expand its team of officers and appointed a Head of School Effectiveness who will take up post early in 2017.

The Board continues to offer a range of training opportunities which are becoming increasingly popular, resulting in increased income. The annual Year 6 and Year 2 Leavers Services that take place in July were highly successful; these always provide a fitting end to the academic year, reminding us of the great opportunity we have in Church schools to experience something of who Jesus is. During this year's services, our focus as the Church school family was supporting the Malawi-Birmingham Partnership. We were moved by schools' generosity in their attitudes and giving.

Find out more at:
www.cofebirmingham.com/schools



“High value is placed on developing the faith, skills and ministries of all people.”

LAY ADULT EDUCATION AND 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.



Those applying for Reader selection must have completed the 3D Course or an equivalent approved course. Our Initial Reader Training Secretary is the first point of contact for those wishing follow this up. Forms must be returned by the end of March each year for a Selection Day in June. Training begins the following October, and following successful assessment, licensing takes place a year later in January. Training is designed to give access to people with a wide range of educational qualifications. It is practical, based around sermon preparation and group work.

Training continues for the newly licensed Readers in the 'NEXT' course and each year for all Readers the Continuing Ministerial Education committee provides training to support various aspects of Reader ministry.

The Association offers financial support to Readers making available grants and funding for all Readers wishing to develop their ministry.

Along with the Warden of Readers, responsibility for continuing support and pastoral care of Readers is shared with

a group of Deanery Assistant Wardens. To assist in the continuing development of Readers and their various ministries within the parishes we are developing our ministerial review process by recruiting a team of peer reviewers who will conduct the reviews on a rolling four year programme.

In 2016 there were over 200 Readers in active ministry in parishes across the diocese and hospital, industrial, retail and educational chaplaincies.

8 new Readers completed their training in 2016 and were admitted and licensed in our Cathedral by Bishop Anne, with Archdeacon Simon preaching.

Check out the Reader website for more information about Reader ministry in the Birmingham diocese.

www.birminghamreaders.org



Highlights from the year

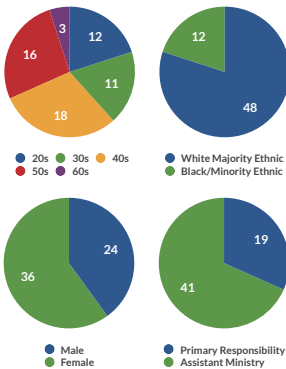
- The Annual Away Day for Commissioned Lay Pastoral Ministers entitled 'Everybody Welcome'. Revd Professor Frances Young was key note speaker in the morning and a wide range of workshops were offered in the afternoon for about 100 people, ministering in teams.
- Soul Spark, a short course exploring prayer and spiritual growth, was held as part of the Growing Gifts programme and once again was very well received by the participants.
- 3D Opening Service at the Cathedral, with Bishop Anne preaching and commissioning the tutors and participants, as they set out on their year-long journey of faith discovery.
- Becoming Dementia Friendly. Following on from the Dementia Matters conference at the QE in 2015, Reader Rose Akeroyd has spoken with a number of church leaders and groups and led training sessions to support churches in becoming more dementia friendly. This is a growing area of mission and ministry in many church communities.
- 150th Anniversary of Reader Ministry. This joyful event was celebrated by 80 Readers at St Barnabas Erdington. Preaching was a main focus of this occasion, with workshops and key note preachers, including the Revd Dr Kate Coleman, formerly Chair of the Evangelical Alliance Council and a former president of the Baptist Union of Great Britain.



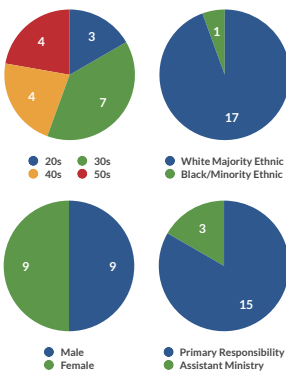
“We are looking for people who are able to inspire and encourage the gifts of all God’s people.”

EXPLORING ORDINATION

Exploring Vocation 2016



Ordinands in Training 2016



The Diocesan Director of Ordinands (DDO) oversees the discernment, selection and training of candidates for the Ordained Ministry. This is done with different emphases in each diocese and along national guidelines, approved by the House of Bishops.

We are looking for people who are able to inspire and encourage the gifts of all God’s people and equip them in their lives as disciples of Jesus Christ. They need to be people who have imagination to make the Gospel attractive, appreciation of the riches of the Church and an ability to proclaim the Good News in fresh ways. They should have generous hearts to reach out to all in their care, of a faith or none and in whatever kind of need, rejoicing in the opportunity the Church of England has with a footprint in every community. They will require energy and stamina – and all this by the grace of God.

The DDO and Vocations Team have been working with the Transforming Church goal ‘to increase the number of leaders of all ages, and drawn from every ethnic group, who are trained and deployed in the church and wider community’. We are already growing younger ordained ministers in Birmingham. 3 of those in training are in their 20s; over half are under 40. Of those exploring ordination we had the most young people since records began: 12 in their 20s and 11 in their 30s.

Archbishop Justin has issued a challenge - to raise 50% more ordained ministers - and we are confident of being to meet this target in Church of England-Birmingham. God is clearly at work and already there is an encouraging bubbling up of vocation.

If we are to raise 50% more deacons and priests it will be important that they are not just ‘more of the same’ and so work is continuing to encourage young women, minority ethnic Anglicans and people from our inner city and outer estate communities – all of whom are under-represented in the ordained ministry.



Highlights from the Year

- Welcoming Bishop Anne as Sponsoring Bishop. She comes with a clear and challenging message – we need to raise new missional leaders who will grow churches.
- The DDO and Young Vocations Champion, Lydia Gaston, worked with the Diocese of Coventry to offer a really encouraging event for young women in their Cathedral in April. A good number of the 80 or so who attended came from Birmingham.
- The DDO and Minority Ethnic Vocations Champion, Joycelyn Lewis-Gregory, ran an exciting vocations weekend at the Queen’s Foundation for BME explorers, ‘Everyday People’.
- In July 8 people were ordained deacon and 8 were ordained priest at the Cathedral – always really encouraging events.
- 26 people attended the Signposts Vocations Course in Lent where we heard stories from a wide range of women and men in ministry – encouragement for a new generation of deacons and priests.
- Attending the launch of St Luke’s, Gas Street and looking forward to fruitful partnership as God calls new leaders for the Church.
- We value partnership with parish clergy and chaplains who are the gatekeepers of vocations. The Ordinal reminds us that it is the duty of every priest to ‘discern and foster the gifts of the people of God’.



“Every year clergy in the diocese carry out an astonishing 1,000 weddings, 4,000 funerals and 2,500 baptisms/christenings.”

CLERGY

Clergy would like to say a very big “Thank you” to PCCs for enabling them to participate in what was undoubtedly the theological highlight of the year: Enjoying the Hospitality of God - the Bishop’s residential conference for clergy in June. This is the one occasion every three years when almost the entire cohort of bishops, priests and deacons from across the diocese go away for four days of prayer, worship, study and reflection. There is a wonderful variety of lectures, workshops and services – and plenty of good fellowship, food, wine, and recreation too! Some Readers and leading lay officers are invited to enrich the mix. Keynote speakers were Professor Amy-Jill Levine, Professor of New Testament from Vanderbilt University, who helped us see many new riches in the teachings of Jesus from the perspective of a Jewish scholar; Sam Wells, Vicar of St Martin-in-the-Fields, London; Archbishop Josiah Idowu Fearon, Secretary General of the Anglican Communion; and Sister Margaret Walsh, who leads ministry to asylum seekers at St Chad’s Sanctuary in central Birmingham. Some other highlights include:

- Study Days: Dr Mike Thomson on Matthew’s Gospel and a day exploring ecological theology led by Dr Ruth Valerio of Arocha and Dr Martin Palmer of ARC
- Retreat for Curates led by Ven Martin Gorick, Archdeacon of Oxford
- Reflection Day for SSM Clergy at Woodbrooke Quaker Study Centre
- Training in Outer Estate Mission and Ministry at St Boniface Quinton with Janet Knox and Andy Delmege
- A new course in personal security and lone working
- Leadership Development Training with clergy colleagues from across the West Midlands.



Clergy Housing

The Finance, Investment and Property Sub-Committee (FIPS), with its members consisting of both clergy and lay officers with property interest and experience, oversee the building, purchase, maintenance and improvement of houses provided for clergy.

The Church of England wishes to continue to support a ministry living in its local community. For many, the parsonage house represents the domestic heart of the parish, serving not only as a home, but also as a base for ministry.

The aim is to provide a house where repair, maintenance and day-to-day running costs and initial costs of moving are reasonably low, but in which the priest and family are able to live and work in safety and comfort. FIPS attempts to meet all aspirations within a controlled budget.

In 2016 the sub-committee:

- Sold three Board houses, including some wholly or partially owned by the Church Commissioners
- Purchased a new parsonage in Chelmsley Wood at a better situated site within the community. The sale of the resulting redundant parsonage was completed in early 2017
- Completed on the sale of parts of gardens at two parsonages for four development plots
- Let vacant parsonages and board houses where possible achieving a gross rental income of around £330,000.



Pastoral Care of Clergy

Working with Susannah Izzard in her team of therapists and counsellors for more than 10 years was an excellent introduction for Heather McCartney when she took over the role of Bishop’s Adviser for the Pastoral Care of Clergy and their Families in September 2016 on Susannah’s departure from the diocese for pastures new.

We can all be affected by the extraordinary stresses, strains and tensions that are the backdrop to life and work in the UK in 2016. When these collide with pressures and demands in our work and personal lives, this can be the time that our equilibrium and flourishing can falter and it can then be helpful to draw on some of the resources available to help.

The Diocesan Clergy Counselling Service is one such source of support and is available to clergy, their partners and children over 16 who live at home. For younger children, other sources of help and support can be signposted. This is a confidential service provided by a team of accredited counsellors and psychotherapists who have particular experience of working with spiritual issues. Life coaching, pastoral supervision and reflective practice mentors are also offered. Clients self-refer to the pastoral adviser who meets each member of the clergy or their family member to explore issues and to think about what sort of counselling or other support would most help. Quiet days and reflective or support groups are also offered. Sometimes what is needed is a break and then help with organising a retreat or restorative holiday can be just what is required.

Feedback from users of the service is consistently positive and it continues to be well-used and valued.

“Advice and support is available to parishes at all stages of any buildings and contents project.”

CHURCH BUILDINGS

Diocesan Advisory Committee for the Care of Churches (DAC)

The Diocesan Advisory Committee for the Care of Churches (DAC) advises the Diocesan Chancellor and the Archdeacons on the use, development, good stewardship and maintenance of church buildings; the living liturgy and worship of the Church of England; church architecture, archaeology, art and history; and the care of historic fabric and furnishings. The DAC is always available to assist clergy and churchwardens in the management of churches as places of worship, mission and the provision of pastoral care from initial thoughts on possible projects, to making applications for needed consents, to final post-completion matters.

This forms a vital part of the Faculty permission system used for the care of churches and churchyards. For the Church of England to retain as much freedom over the development and growth of its listed buildings as possible, the essential requirement of this process is equivalence with secular consents in terms of due process, rigour, consultation, openness, transparency and accountability, while paying due attention to the mission and worship 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 the Local Government Association, giving each parish access to a very wide range of experience and input.



Birmingham Diocesan Trustees Registered (BDTR)*

The Birmingham Diocesan Trust holds land and property in law on behalf of PCCs and some Church schools, along with charitable funds and endowments where the original capital cannot be spent. These properties and funds are vested in the Trust because a PCC is not able to hold them in its own name. However, the Trust acts as a 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 trustees are 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.

The trustees were extremely sorry to note the passing away of Mr Graham Cornfield on 27th October and were very thankful to the contribution that he had made as a trustee over many years.

Highlights from the Year

The DAC:

- was engaged with 142 separate cases that covered everything from removing unused liturgical furniture to the complete renovation, redevelopment and extension of a church building. The Chancellor granted 35 applications for works to go ahead, while 37 projects were given permission by the Archdeacons under the new List B
- was privileged to be involved in Phase 2 of the conversion of St Luke's Gas Street from a historic, unused and abandoned gas manufactory in central Birmingham into a resourcing church as part of the Growing Younger initiative, and looked forward to the final phase that would bring the building into full use for worship and mission
- was very glad to see the planning of the major reordering proposals concluded for the large, Victorian, Grade II-listed Christ Church, Summerfield and wished the PCC well in bringing the building back into use for worship and the community. The large-scale St Mary's Churchyard Heritage and Access Project made substantial forward progress and a significant project had been put underway for the repair and development of St Mary, Handsworth as an important worship space, community centre and historic resource
- was pleased to see the full operation of the simplified Faculty application process through the launch of Lists A and B as part of the Online Faculty System, which was now used by 75 of the 167 churches under Faculty. The DAC hopes that this new facility and associated resources will make seeking Faculty a much more straightforward experience for PCCs.

The BDTR:

- was engaged in 27 separate cases for PCCs and schools, which covered everything from supporting the activities of Scout Groups on church grounds to expanding the sites of a number of church schools
- was glad to start the process of enabling the PCC to take on the full management of the new St Luke's Gas Street, through a formal lease from the Diocesan Board of Finance
- was pleased to see the development of a number of school sites and their conversion into academy and multi-academy trusts, to greater support and enhance educational provision
- was involved in supporting two PCCs in selling houses and one PCC in selling a redundant mission hall, so that the money raised could be re-invested in major improvement and development projects for the parish churches.



TRANSFORMING COMMUNITIES

The Community Regeneration team continues to work as part of the Thrive Together Birmingham* team which is an independent charity and joint venture between the Church of England-Birmingham and Church Urban Fund and part of CUF's Together Network of similar partnerships across England. The core team consists of Fred Rattley, Jo Bagby, Sarah Turner, and Debbie Browning with other part-time staff facilitating different areas of work some of which are featured in our 'Highlights from the Year'. The team continues to be based in the Thrive office at Balsall Heath Church Centre in Balsall Heath.

Our aim is to support and develop the growing movement of Christians, alongside others, who are involved in activities in their local neighbourhoods and across the diocese which address the impact of poverty and help to create flourishing neighbourhoods.

We continue to see many churches and church members engaging in activities that bring them into relationship with people experiencing poverty and, as a result, they are being challenged and changed by these encounters and developing a passion for change that shapes their discipleship.

Additionally, as a result of this visible movement of activists, Christians in Birmingham, alongside people of other faiths, are recognised and valued for their contribution to wellbeing and community cohesion and this gives us a platform to innovate new approaches and activities as well as an opportunity to inform and influence policy making.



Highlights from the Year

Places of Welcome

143 Places of Welcome are now open across England and Wales, with many churches hosting them. In the West Midlands, Thrive has raised funding to employ a part-time co-ordinator, Sue Ball, to support and grow the number of Places of Welcome in our area. (see www.placesofwelcome.org) while CUF are supporting with national rollout of the activity through the Together network (see www.cuf.org.uk/together-network).

Churches Winter Night Shelters

Expansion continues as 14 churches of various denominations provided hospitality and overnight accommodation to 12 homeless men seven nights each week over 12 weeks in January-March. Co-ordinators are working hard to find ways to find longer term solutions to some of the individual needs of our guests and positive stories are emerging. However as numbers of rough sleepers rise in Birmingham and financial cuts to support services increase, the Winter Night Shelter partners, including Thrive staff, continue to meet with other agencies to find more ways to collaborate to address greater needs and avoid duplication.

Sandwell Churches Link

To provide stronger resource for churches in Sandwell, we have been supporting the development of Sandwell Churches Link (SCL) which this year became a registered charity with trustees drawn from local churches. We continue to play an advisory role as well and Thrive contributes funding to SCL. This year SCL recruited their first member of staff, Laura Nott, and have already begun some innovative work around food poverty and financial inclusion which Thrive is learning from.

'Body, Mind and Spirit Partnership'

The creative work of this partnership of 13 churches and Christian projects which has been funded by Birmingham City Council to develop and deliver activities with older people, has seen their range of activities increase and numbers of participants grow significantly as they develop an

exciting new model for this type of work. Sadly, cuts to City Council resources mean that current funding is under threat but we are exploring how the work of the Body, Mind and Spirit Partnership can be sustained and expanded especially as we are exploring with other churches how they might adopt similar approaches.



Love Your Neighbour

With increased community tensions following the European Referendum in June we were able to respond to a challenge to Bishop David from the Chair of Birmingham Humanists to lead a grassroots campaign that would bring people together to show that Birmingham is largely a place where citizens get on well despite their different backgrounds. Collaboration between Church of England-Birmingham colleagues and partners from organisations across Birmingham resulted in a rapid and successful launch of the 'Love Your Neighbour' campaign with 800 banners erected on buildings across the diocese, positive media coverage and a variety of community activities celebrating diversity and relationship through acts of kindness. The idea was picked up and developed in other areas of the country including Sandwell, Wolverhampton and Middlesbrough.

The 'Love Your Neighbour' movement continues and in November a city-wide 'Week of Kindness' was held with numerous members of the Church of England-Birmingham team involved in a launch event in the cathedral grounds giving away flowers and chocolates to passers-by.

Poverty Truth Commission

Thrive received grant funding to host Birmingham's Poverty Truth Commission which is designed to give ordinary people with personal experiences of poverty a safe space to share their stories and then as testifiers to share these with leaders and decision makers from different sectors in the city. Following this the testifiers

“Christians are being seen to be making a difference in the region often in collaboration with people of other faiths and none.”

will work alongside representatives of the leaders as Commissioners to deepen relationships and share insights as they explore key issues that have emerged from the personal stories. It is hoped that the project will deepen understanding of difficult and entrenched issues of poverty, improve perceptions and challenge stereotyping, and lead to better decision making by the city's leaders across business, public and voluntary sectors.

We have started the process by promoting the concept to partners including people from business, city council and charity organisations who are enthusiastic about this new approach, and we have now recruited our Poverty Truth team, Esther Spence and Penny Holbrook, who have begun the task of recruiting testifiers.

Near Neighbours

In March Thrive received a one year grant extension for this programme through CUF. As Jessica Foster had moved on to full time stipendiary ministry as a deacon, we recruited Rabiya K Latif as our new Near Neighbours Development Worker, with Jessica continuing to give support, wisdom and guidance. The year has seen many new groups, including churches, receive grants to host activities to bring people of different backgrounds together while others have continued to deepen friendships and relationships through a range of community activities. The importance of Near Neighbours as a contributor to community cohesion has been even more obvious with increased tensions between communities resulting from national and international events.



Interfaith

The Birmingham diocese is very diverse with people of all the world's faiths living here. We are committed to helping churches discover how God wants them to live out the Gospel in our society. With a church as diverse as the Church of England, there will be many answers to this question and we want to encourage churches to find answers that make sense of them, draw them closer to God's calling and make sense to the people they meet.

The role of Director of Interfaith Relations is full of encounters with people from churches across the diocese and with people of different faiths. This involves work with Christians seeking to discover God's call for how they live out their faith and also to encourage others of different faiths to meet with Christians to build understanding, grow friendships and find ways to work together for the good of their communities.

This work is done, primarily, by tailoring responses to the specific needs of congregations, recognising that each situation brings its own joys, opportunities and challenges. Courses are often run, usually at the Faithful Neighbourhoods Centre in Sparkhill and often in partnership with others such as colleagues in the diocese or outside organisations with specific expertise such as The Feast, the Christian-Muslim Forum or Interserve.



During 2016 a further round of the Birmingham Conversations was held, this time looking at Faith in the Public Sphere. The group of 30 people, which met once a month for six months, considered the role of faith in the workplace, education, on the street, in the media and in politics. Once again we worked with staff from the University of Birmingham and had two artists in residence who captured the spirit and essence of the conversations in creative ways.

There has been an increased emphasis on supporting Presence and Engagement (P&E) parishes, of which there are about 78 across the diocese. These are defined as being those where at least 10% of the population is of another faith. Andrew Smith, the Director of Interfaith Relations, is supported by a team of clergy and lay people to increase capacity in this area of work. In November we ran a day for clergy and lay readers, the main speaker was Rev Mark Poulson the Archbishop of Canterbury's Interreligious Affairs Advisor. Andrew also took part in a national consultation on Evangelism and Mission in P & E parishes.

Once again we held an Iftar event with Bishop David where clergy invited Muslim friends to break the fast together during Ramadan. This has proved to be a very popular event, strengthening friendships and building understanding. In 2016 we held a similar event for Diwali to increase friendships with Hindus in the region. Over food and fireworks we discussed the meaning of light in Christianity and Hinduism. It was very well received and will no doubt lead to further events and friendships.





“We celebrate our faith together and show mutual support in the face of our varying challenges.”

MALAWI PARTNERSHIP



The Malawi Birmingham Partnership has united Anglican Christians in Birmingham and Malawi in love and mutual support for 50 years. We celebrate our faith together and show mutual support in the face of our varying challenges. The 50th anniversary was marked by the visit of all four Malawian bishops in May 2016 and a successful appeal for the building of classroom blocks.

In 2016 Malawi continued to suffer the effects of drought, particularly in the south of the country, which was exacerbated by the El Niño climate event that brought famine to neighbouring countries as well. Much of Malawi has been dependent on relief through the UN World Food Programme. Birmingham contributed to a united programme through the Anglican Alliance, bringing food aid to badly affected communities. Linked parishes in Birmingham gave help to their counterparts in Malawi.

2016 was a particularly generous year for financial support for Malawi. Specifically, the 50th anniversary appeal raised £32,834. Parishes gave £34,499 to support the four dioceses and the Anglican Council in Malawi, plus £3,770 in project funding.

Our eleventh container was sent in March with quality used gifts of furniture and equipment for schools and hospitals, children’s clothes etc. These are sent to all four dioceses and other churches and charities in Malawi to benefit as many as possible.

In February-March the Malawi Partnership Officer visited there, accompanied by his wife. In June two younger members of clergy on the Anglican Communion’s Canterbury Course visited Birmingham.



Highlights from the Year

- The four bishops were invited to the UK in May 2016 to mark the 50th anniversary of the Partnership. Nine parishes in Birmingham hosted them for their busy eight-day visit. The bishops took a full part in the parishes’ life as well as having meetings and visits arranged by the diocese and sharing two Bible studies with Bishop David and Bishop Maurice Sinclair. A celebration service took place in the Cathedral on the Day of Pentecost - see main picture. The bishops also attended a Round Table meeting in London of various charities and agencies supporting the Malawian Anglican church.
- The 50th anniversary appeal ‘Supporting Education across Malawi’ has had generous contributions from parishes and schools. It was the ‘good cause’ at the July Year 6 Leavers’ services at St Martin’s. A total of £32,834 was given in 2016 making a cumulative total of £37,533. By the end of the year one block was well advanced - see picture - and work had begun on two others.
- Parish links continue to be formed and some visits have been made. Rev Martin Stephenson of St Peter’s Hall Green comments on a visit last June: “We had been warned! So many people who had been to Malawi told us to expect a warm welcome and to fall in love with this beautiful country and its people. They also told us to expect to be changed, and to be encouraged as Christians. They were not wrong. Seven of us from St Peter’s Hall Green, visiting our partner parish of St Mark’s Mzuzu, all found that we were touched even beyond our expectations.”



CHAPLAINCY

Churches and Industry Group Birmingham and Solihull www.cigb.org.uk

What Helps Disciples Grow? Chaplaincy does! - One of the research findings by Saltley Trust into discipleship growth showed that going out and putting faith into action enables discipleship. Churches and Industry Group Birmingham and Solihull (www.cigb.org.uk) is an ecumenical network of Christian volunteers engaging their faith in public arenas. Our 60 Workplace Chaplaincy Missioners minister in over 20 different areas across Birmingham and Solihull. Chaplains model a sense of love, work for reconciliation and celebrate the presence of faith in workplaces. They help workers to think about the big issues in life, while listening and responding to their more immediate needs.

Our 'guest' model of cross-cultural ministry is thoroughly Biblical (Mark 6:7-10). In most of our chaplaincies we are there by invitation, not through any right or authority. Chaplaincy is growing nationally as a trend and in excitingly diverse forms. CIGB's chaplains are Pentecostal, Roman Catholic, Baptist, Methodist, Salvation Army, as well as Church of England. The Church of England's Renewal and Reform programme had recognised the opportunity of disciples living out their faith 'on the frontline'. 'Setting God's People Free' calls for discipleship 'in work and school, in gym and shop, in field and factory, Monday to Saturday'.

CIGB is a charity sponsored by the Church Leaders of Birmingham Churches Together. About 50% of the chaplains are Church of England members and about 50% of our funding comes from Church of England-Birmingham. We work closely together with other work-chaplaincy teams in the West Midlands area. A full report of our work can be found at www.cigb.org.uk/about-us/reports.

Our twice-yearly Introduction to Workplace Chaplaincy training course receives good reviews and grows the team. We continue to train new volunteers for workplace chaplaincy and to work with churches for discipleship growth in their mission to their local workplace communities.

Highlights from the Year

- Local chaplaincy increasingly provides a language for churches to relate to their local community. In Kings Heath, chaplains engaged in 'Healing on the Streets' link the church's prayer life with local businesses. A new chaplaincy to the local shops in Oulton Hollow has connected local workers to the church and its 'Shopper's Service'.
- 'Ethical Money Churches' is a new regional project we have helped to set up to work with churches who want to act on the issue of how capitalism is, or is not, helping all members of society to flourish. We will be working with churches as they consider how they use their assets to make a difference locally or nationally.
- Cross-cultural work is increasing and rewarding. We started a new chaplaincy to the Frankfurt Christmas Market in Birmingham, using both German and Polish language skills. Our team of Christian chaplains is increasingly culturally diverse. Our annual study day developed our contacts with other faiths. Our chaplaincies in Construction, at the Airport and NEC, with Buses, and at Bournville FE College are building good relationships with people of other faiths. Workplace Chaplaincy Mission gives us the opportunity to develop understanding within the 'super-diversity' of the region. Not least, Chaplaincy Mission is a sign of peaceful co-operation.

SAFEGUARDING

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.

Highlights from the Year

- In April diocesan safeguarding arrangements were independently audited by SCIE - we are a 'safe' diocese and are now working towards implementing the auditor's recommendations to improve further.
- In June we said goodbye to Peter Baldwin who retired, after twelve years of service as Bishop's Safeguarding Adviser, and welcomed Steph Haynes as our new adviser. Steph joins a growing safeguarding team of three officers to increase the support and advice we provide to parishes with concerns, training, recruitment, policy and good practice.
- In the autumn, we collaborated with our communications team to develop a poster for every church to display helplines and details of their safeguarding team and a small pocket guide for every volunteer and worker with good practice tips and how to respond to and report a concern.
- We delivered an extensive training programme of new national safeguarding modules to church officers. To help clergy work safely in pastoral contexts we partnered with ministry colleagues to commission a series of four short films to support discussion and reflection in training sessions.
- Throughout the year we have visited parishes to offer support and advice and responded to national draft policy consultations on domestic violence, risk assessment and a new national safeguarding policy. We continue to support parishes to manage issues relating to vulnerable adults in congregations and in the community alongside providing Listening Services for adults engaged in taking action against abusers.



TRANSFORMING CHURCH - SHAPING THE FUTURE

Work began in the spring of 2016 to discern and shape priorities for the next five years, mindful of both local needs and the mission challenges facing the Church nationally. At the start of 2017, we heard that we had been given another significant grant by the Church Commissioners towards a new phase of Transforming Church, which enables us to move ahead more quickly than we might otherwise have done.

In this next phase of Transforming Church, we want to build on the amazing work done since 2009 and we now have resources to do so. The new things that God is doing through his Church can take root at a deeper level and the gifts of more people, both ordained and lay, can be released.

New resources will support four major areas



NEW CHRISTIAN COMMUNITIES



CHILDREN, YOUTH AND FAMILIES



LEADERSHIP AND DISCIPLESHIP



MISSION AND EVANGELISM IN DIVERSE CULTURES

The intention is to extend and underpin the good work that has already begun in so many contexts, with an emphasis on encouraging every member of every church to hear a fresh call to service. In baptism we share that call and everyone has a part to play.

These four areas are therefore not about introducing new, separate mission goals, but rather about supporting and equipping individuals and church communities to grow in confidence and understanding of the mission to which God calls us.



NEW CHRISTIAN COMMUNITIES

Reaching new people, in new places, in new ways

Supporting parishes of all traditions in all contexts in reaching out to their local communities has always been part of the vision of Transforming Church. It is hoped that this new phase will inspire reflection and activity that reaches new people, in new places, in new ways.

Doing things in a 'new way' will mean different things in different places, depending on what is appropriate in each context. Some examples could include:

Church Plants

Starting a new church in a new area. Sometimes this is appropriate when e.g. new housing developments are built, or there are population changes in an area.

Fresh Expressions of Church (fxC)

New Christian communities grown among those with whom the Church finds it hardest to connect. These may grow within distinct cultural groups or within networks of people e.g. 'church' in a gym, a pub or at a local park.

Revitalisations

Breathing new life into an existing church. This might include a new ministry structure, a new sense of direction for an existing congregation, or perhaps being joined by a new group of Christians moving from another church.



CHILDREN, YOUTH & FAMILIES

Passing it on to the next generation

Growing Younger has been a key priority over the past couple of years and continues to be so. We are committed to helping young people, children and families understand more of what it means to be a follower of Jesus. As part of this, the greatly valued work of our Growing Younger Facilitators will continue and be extended, along with the offer of other resources:

Schools

Building on the great work that is already going on in our church schools, churches will be supported to serve their local schools (church schools or not), through projects such as 'open the book', 'prayer spaces in schools' and others appropriate to their context.

Youth

Our original growing younger initiative supported work with children 11 and under but this will now extend to include all children and young people. We aim to encourage and help build up both existing and new youth ministry through new posts that will focus on envisioning, supporting and equipping local volunteers and leaders. New expressions of youth ministry will be explored which enable young people to be both rooted in their parish as well as connected with others across the diocese.



“supporting individuals and church communities to grow in confidence and understanding of the mission to which God calls us.”



LEADERSHIP & DISCIPLESHIP

Everyone has a part to play

We are all called by God to loving service in the world and to share the hope we have in Christ. The Church as the Body of Christ needs the gifts of all its members; women and men who are able to live out their faith confidently and creatively, meeting today's challenges, engaging minds and hearts and being part of the transforming work

of God's Spirit. Our vision is that every Christian will grow as a disciple of Christ and the gifts of a greater diversity of leaders, both ordained and lay, across all backgrounds, ethnicities and ages will be released. New Mission Learning and Development streams will add to our capacity to support this vision through resources such as:

Jesus Shaped People and Growing Leaders Courses

These courses have been run over the past few years in a number of contexts within our diocese, with encouraging feedback. It would be great to see more parishes being equipped to run courses like this, encouraging a new generation of lay leaders that are confident in whole life discipleship.

Lay Leaders

Ordained or not, every person has a calling. As well as increasing ordained ministries, we want

to focus on developing lay leaders, seeing every person equipped to share and live out their faith in their daily lives.

Encouraging MEA Leaders (Minority Ethnic Anglican)

Within our diocese and across the Church of England in general, ethnic diversity in the church is not well represented. There needs to be more deliberate encouragement of MEA leaders. A course for lay leaders under 40 from MEA backgrounds will be piloted so that we can strengthen the support and leadership training offered to young, minority ethnic Anglicans.

Mentors

Mentoring is vital in leadership development and training will be offered for potential mentors in order to build a culture of widespread mentoring across our diocese.



MISSION AND EVANGELISM IN DIVERSE CULTURES

The world in one diocese

We live in a super-diverse diocese, so how we go about sharing our faith involves humility, prayer and careful listening - both to God and to our context. We need to understand the culture of those around us in order to communicate God's love in a way that makes sense to them. We are already blessed by networks and individuals with a wealth of experience in ministering to distinct communities across our region, and this

area will be further strengthened by the work of an Intercultural Missioner. It is hoped to build and draw on all this expertise as we enter this new phase, focusing on five specific contexts:

Urban Estates

We already benefit from missional communities in a number of estate areas and the insights of the Strengthening Estates Ministry Group. With new resourcing and further facilitation, more parishes can now be supported in engaging with their estate communities and building connections with local communities with whom the Church currently has no contact.

Inner Urban and Majority MEA Churches

The intention is to foster lay leaders and evangelists in these contexts, as well as continuing to support pre-established networks for urban and estate clergy.

'Presence and Engagement' (P&E) areas

We have 78 P&E parishes, in which at least 10% (and often far more) of the population

are of other faiths. A learning community will be established for clergy and Readers in this context, helped by our Director of Interfaith Relations, experienced clergy colleagues and new posts.

Suburban

Some of our largest and youngest (demographically) churches are in suburban areas. These churches will be offered the opportunity to share peer learning about culture change and ways of making the next step-change in each church.

Rural

We are in the process of developing a strategy to help rural parishes grow larger, wider, deeper and younger. Applying the knowledge of rural mission experts, new posts and consultancy we commissioned in 2015, there will also be a learning community for lay people and clergy from rural areas to share good practice and encourage growth.

Together, through our Transforming Church vision, we seek to be led by God remembering that 'it is not the Church of God that has a mission to the world, but the God of mission who has a Church in the world.'

BIRMINGHAM DIOCESAN BOARD OF FINANCE

Supporting the Mission

The Church of England in 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 in Birmingham's interests.

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

Constitution

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

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

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

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

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

Mr Andrew Halstead – Diocesan Secretary

Ms Melanie Crooks – Director of Finance

Mrs Sarah Smith – Director of Education

Mr Alan Broadway – Diocesan Surveyor (until April 2016)

Mr Daniel Mayes – Property Director (from 21 November 2016)

Dr Jan Smart – Director of HR

Recruitment and Training of Trustees

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

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

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

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

Management Structure

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

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

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


Transforming Church Fund Committee – has oversight of the Growing Younger initiative and other mission opportunities. It also 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



“...the number of active volunteers given to the mission and ministry of the church is a key indicator of the health of a church.”

of the various national boards and councils, as well as General Synod.

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

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

At local level key relationships include:

Parochial Church Councils (PCCs) which are the main income source for the BDBF through the Common Fund system. PCC's are independent charities and operate under the Parochial Church Councils (Powers) Measure 1956. They 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 operates as a sponsor or co-sponsor of Church of England Academies in the diocese as required and supports Academy Trusts to both fulfil their responsibilities and provide a challenge to governors in this regard.

Birmingham 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 Neighbourhood Centre and The Feast, as part of our cross community work to promote good interfaith relations.

Birdbof Properties Limited which is a subsidiary property management company of the BDBF. Any resulting profits from such activities are gift aided to the BDBF in furtherance of its charitable objectives. As explained in note 16 to the accounts the trade and assets of the company were transferred to the BDBF on 2 June 2016.

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 in 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 in Birmingham through the BDBF reviews its work each year and

considers outcomes and plans for the future. It takes account of the Charity Commission 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 in order 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.

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.

For year ended 31 December 2016

Financial Review

With a 2016 headline income figure of £11,493,000 compared to £11,809,000 last year, it would be easy to be complacent about BDBF finances. We need to dig deeper to understand the core underlying trends beneath the headlines.

As reported last year, the subtle shift in funding sources to those that are more restrictive in nature continues and this will become more pronounced in 2017 onwards. In 2016 these restricted income sources included £625,000 of grants and donations towards our city centre resourcing church at St Luke's, Gas Street and £148,000 towards missional initiatives such as Growing Younger, "soul[food] and Leading Your Church into Growth. We are immensely grateful to Church Commissioner, All Churches Trust and the many grant making trusts and individual donors who share our mission vision. As outlined elsewhere in the annual report, work has continued around on these activities and we look forward to further 'Shaping the Future' in 2017 onwards.

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 in often difficult circumstances. Common Fund contributes to approximately 80% of our costs in providing local parish ministry and support. It is a source of income that is coming under increasing pressure and this pressure was acutely felt in 2016. Parishes were only able to increase their current year Common Fund by £26,000 compared to the prior year and the budgeted Common Fund target for the year was not met for the first time in some years. 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.

Longer than expected interregnum periods in filling parish clergy vacancies has relieved this pressure on the 2016 "bottom line" but this is not a sustainable relief. Statutory fees from occasional offices, in particular funerals remain fragile with increasing competition from both other denominations and those of no faith.

Moving forwards from our strategic disposals of surplus properties in previous years, we have invested resulting funds in our investment portfolio which has yielded an increase in investment income returns year on year.

Overall expenditure is £9,973,000 compared to £9,664,000 in 2015. This takes into account a full year of operational activity on our 'Growing Younger' missional initiatives -funding for which was "front loaded" and received in the prior year. We have also invested further resources in the

safeguarding support and advice we provide to parishes. Expenditure in other core areas has been contained.

This gives an overall surplus for the year of £1,520,000 before taking into account the net unrealised gains on the yearend revaluation of investments (£559,000), investment properties (£499,000) and a reduction in the clergy pension scheme deficit in the year yielding a further £222,000. It should be recognized that these unrealised gains of some £1,280,000 are not actually in physical cash available to spend in supporting our mission objectives. The balance of our surplus will be used to continue our investment in parish ministry and support for the future.

Work has begun on formulating a 5-year sustainable financial and organisational 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

2016 has seen the continued implementation of our People and Places strategy with respect to reviewing our operational asset requirements. We have disposed of three surplus properties and garden plots at two parsonages, together with the settlement of associated secured loans from Church Commissioners. We have invested in a new parsonage and with the externally funded works at our city centre resourcing church – St Luke's, Gas Street. 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.

As reported in the 2015 annual report, the trading activities of the BDBF's subsidiary company Birdbof Properties Limited was transferred to the BDBF on 2 June 2016.

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 £40,428,000 (2015: £37,628,000, it must be remembered that included in this total are properties, mostly in use for ministry whose carrying value amounted to £26,457,000 (2015: £25,727,000). 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.

The BDBF receives significant support from the Church Commissioners and the basis upon which funding is allocated to dioceses is transitioning in 2017 to one that is more strategic focus lead. Although the BDBF continues to be one of the most economically deprived dioceses within the Church of England and we will continue to receive an element of support based on economic need, we need to ensure that we continue to develop our strategic mission plans to enable us to bid for future strategic development funding from the Church Commissioners.

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 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 £4,917,000 (when designated funds of (£2,148,000) deficit are taken into account). The overall net designated fund deficit includes the total clergy pension scheme liability of £3,932,000). An amount of £2,412,000 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 £7,065,000 of which £3,323,000 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 pension scheme over the period to 31 December 2025. This amounts to £3,932,000 as at 31 December 2016.

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 2016 restricted funds totalled £7,156,000 (2015: £6,768,000) and endowment funds totalled £28,355,000 (2015: £27,447,000). 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
- 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 3.94% below the WM Balanced Index benchmark. Although it is disappointing, it is noted that despite the final tranche of funds being transferred to Smith & Williamson at the end of 2015, the full investment of these funds was hampered by the state of the global stock market in the first half of 2016. Full investment was only achieved for the final 6 months of 2016 compared to a benchmark portfolio that is fully invested for the entire 12 months. Investment management advisor performance for both direct property and marketable investments will 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 four 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 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.
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

As explained in detail on page 20, our plan for future periods is about investing to continue in our core vision ‘to grow churches at the heart of each community’. Our next phase of Transforming Church –“Shaping the Future” is about investing new resources from the Church Commissioners Strategic Development Fund to support the four areas of:

- New Christian communities
- Leadership and discipleship
- Children, youth and families
- Mission and evangelism in diverse cultures.

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 15 June 2017 and signed on its behalf.

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 Archdeaconries

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

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

Opinion on financial statements

We have audited the financial statements of Birmingham Diocesan Board of Finance (the 'charitable company') for the year ended 31 December 2016 which comprises the Statement of Financial Activities, the Summary 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 2016 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on other matter prescribed by the Companies Act 2006

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

Respective responsibilities of trustees and auditor

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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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
B2 5AF

Date: 15 June 2017

STATEMENT OF FINANCIAL ACTIVITIES

For year ended 31 December 2016 / Company Number: 440966

Note	Restricted funds		Unrestricted funds		Total funds 2016 £'000	Total funds 2015 £'000	
	Endowment funds	Other funds	Designated funds	Undesignated funds			
	£'000	£'000	£'000	£'000			
INCOME							
<i>Income and endowments from:</i>							
Donations:							
2							
	Parish contributions	-	34	-	5,577	5,611	5,604
	Archbishops' Council	-	83	361	1,889	2,333	2,833
	Other donations	-	746	-	660	1,406	1,829
3	Charitable activities	-	69	-	564	633	638
4	Other trading activities	-	176	158	51	385	335
5	Investments	6	158	45	366	575	408
6	Other income	5	-	-	545	550	162
	TOTAL INCOME	11	1,266	564	9,652	11,493	11,809
EXPENDITURE ON							
7	Raising funds	-	23	16	82	121	90
8	Charitable activities	6	1,453	109	8,165	9,733	9,449
9	Other expenditure	-	-	115	4	119	125
	TOTAL EXPENDITURE	6	1,476	240	8,251	9,973	9,664
	Net income / (expenditure) before investment gains and losses	5	(210)	324	1,401	1,520	2,145
	Net gains / (losses) on investments	379	187	6	(13)	559	44
	NET INCOME	384	(23)	330	1,388	2,079	2,189
22	Transfers between funds	262	411	144	(817)	-	-
24	Other recognised gains / (losses)	-	-	222	-	222	(91)
	Gains / (losses) on revaluation of fixed assets	262	-	-	237	499	282
	NET MOVEMENT IN FUNDS	908	388	696	808	2,800	2,380
22	Total funds brought forward	27,447	6,768	(2,844)	6,257	37,628	35,248
22	TOTAL FUNDS CARRY FORWARD	28,355	7,156	(2,148)	7,065	40,428	37,628

Transfers between Funds

For analysis of Transfers between Funds see note 22.

All activities derive from continuing operations. During the year, the BDBF merged the investment property activities of its subsidiary undertaking Birdbof Properties Limited into the charity. It is considered that this activity is not materially significant to be shown on the face of the Statement of Financial Activities. Details are given in note 16.

BALANCE SHEET

For year ended 31 December 2016 / Company Number: 440966

	Note	2016		2015	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	15	26,620		25,922	
			26,620		25,922
<i>Investments:</i>					
Investment properties	16	2,932		2,366	
Other investments		10,610		8,813	
			13,542		11,179
TOTAL FIXED ASSETS			40,162		37,101
CURRENT ASSETS					
Current asset investments	17	635		827	
Debtors	18	1,338		1,262	
Cash at bank		3,924		5,324	
			5,897		7,413
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	19	(1,807)		(2,176)	
NET CURRENT ASSETS			4,090		5,237
TOTAL ASSETS LESS CURRENT LIABILITIES			44,252		42,338
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	20		(3,824)		(4,710)
NET ASSETS	22		40,428		37,628
FUNDS					
Restricted income funds			7,156		6,768
Endowment funds			28,355		27,447
<i>Unrestricted income funds:</i>					
Designated			(2,148)		(2,844)
Undesignated	22		7,065		6,257
			40,428		37,628

The Income and Expenditure Account, Cash flow Statements and the Notes form part of these financial statements. Funds include revaluation reserves of £3,065,000 as detailed in note 22. The financial statements were approved by the Board of Trustees and authorised for issue on 15 June 2017 and signed on behalf of the Board by:

.....
Mr Phil Nunnerley - Chair

INCOME AND EXPENDITURE ACCOUNT

For year ended 31 December 2016 / Company Number: 440966

	2016	2015
	£'000	£'000
Total incoming resources	11,482	11,640
Resources expended	(9,967)	(9,657)
Net income before gains for the year	1,515	1,983
Net gains on investments	180	130
NET INCOME FOR THE YEAR	1,695	2,113
<i>Other comprehensive income:</i>		
Net assets transferred to endowments	262	347
TOTAL COMPREHENSIVE INCOME	1,957	2,460

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 2016 / Company Number: 440966

	2016	2015
	£'000	£'000
NET CASH (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES	(655)	1,932
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends, interest and rent from investments	575	408
Interest paid	(6)	(17)
Proceeds from sale of:		
Tangible fixed assets for the use of the BDBF	550	359
Fixed asset investments	728	3,096
Investment property	565	911
Purchase of:		
Tangible fixed assets for the use of the BDBF	(1,050)	(1,592)
Fixed asset investments	(1,966)	(4,524)
NET CASH (USED IN) / PROVIDED BY INVESTING ACTIVITIES	(604)	(1,359)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans repaid by BDBF	(271)	(747)
New loans received by BDBF	-	540
Loans repaid to BDBF	135	149
New loans made by BDBF	(7)	(208)
NET CASH (USED IN) / PROVIDED BY FINANCING ACTIVITIES	(143)	(266)
CHANGE IN CASH AND CASH EQUIVALENTS IN THE REPORTING PERIOD	(1,402)	307
Cash and cash equivalents at 1 January	5,324	5,017
Cash acquired on transfer of trade from Birdbof Properties	2	-
Cash and cash equivalents at 31 December	3,924	5,324

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 material 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 is 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 has applied to Companies House for a striking off order.

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: Grants received which are subject to pre-conditions for entitlement or use specified by the donor which have not been met at year end are included in creditors to be carried forward to the following year.

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 specific parish mission and development projects (Mission Development Funding), clergy stipends (Ministry Support) or the Growing Younger mission programme (Strategic Development Funding).

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. 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: Consolidated accounts have not been prepared on the basis that the results of the subsidiary company are not material to the accounts of the Birmingham Diocesan Board of Finance. These financial statements therefore present the information about the company as an individual entity rather than as a group.

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 clergy pension scheme deficit funding contributions are recognised at their net present value at each balance sheet date and are based on an annual actuarial valuation carried out by the scheme actuary. The key judgments in performing this valuation are noted in the pension's note 24.

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. The income derived from the properties and other investments is available for meeting the costs of clergy stipends. There are two such funds:

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 major funds held by the BDBF are given in note 22 to the financial statements.

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.

NOTES TO THE ACCOUNTS

For year ended 31 December 2016 / Company Number: 440966

2. DONATIONS

Parish contributions:	
Common Fund - current	-
Common Fund - prior	-
TOTAL COMMON FUND	-
Contributions to Malawi Fund	-
TOTAL PARISH CONTRIBUTIONS	-
Archbishops' Council:	
Ministry Support	-
Mission Development	-
Strategic Development	-
City Centre Resourcing Churches Fund	-
TOTAL ARCHBISHOPS' COUNCIL	-
Other donations:	
Stipend sources	-
All Churches Trust	-
Other donations to Malawi Fund	-
Legacies	-
Resourcing Church - Fabric	-
Resourcing Church - Operations	-
Other donations	-
TOTAL OTHER DONATIONS	-

Restricted funds		Unrestricted funds		Total funds 2016	Total funds 2015
Endowment funds	Other funds	Designated funds	Undesignated funds		
£'000	£'000	£'000	£'000	£'000	£'000
-	-	-	5,533	5,533	5,507
-	-	-	44	44	64
-	-	-	5,577	5,577	5,571
-	34	-	-	34	33
-	34	-	5,577	5,611	5,604
-	-	132	1,889	2,021	1,920
-	-	229	-	229	230
-	83	-	-	83	333
-	-	-	-	-	350
-	83	361	1,889	2,333	2,833
-	-	-	524	524	630
-	-	-	136	136	130
-	56	-	-	56	55
-	-	-	-	-	162
-	479	-	-	479	685
-	146	-	-	146	119
-	65	-	-	65	48
-	746	-	660	1,406	1,829

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 programme of mission activities. The City Centre Resourcing Churches Funding was restricted to the St Luke's - Gas Street resourcing church.

3. INCOME FROM CHARITABLE ACTIVITIES

Statutory fees	-
Parish training events	-
Schools training events and services	-
Payroll Bureau service	-
Interest receivable on parish loans	-
TOTAL	-

Restricted funds		Unrestricted funds		Total funds 2016	Total funds 2015
Endowment funds	Other funds	Designated funds	Undesignated funds		
£'000	£'000	£'000	£'000	£'000	£'000
-	-	-	525	525	557
-	-	-	29	29	19
-	66	-	-	66	45
-	-	-	10	10	9
-	3	-	-	3	8
-	69	-	564	633	638

4. OTHER TRADING ACTIVITIES

Housing income	-
Recharges to Diocese of Birmingham Educational Trust	-
TOTAL	-

Restricted funds		Unrestricted funds		Total funds 2016	Total funds 2015
Endowment funds	Other funds	Designated funds	Undesignated funds		
£'000	£'000	£'000	£'000	£'000	£'000
-	176	158	-	334	290
-	-	-	51	51	45
-	176	158	51	385	335

5. INVESTMENT INCOME

Dividends and interest
Rents
TOTAL

Restricted funds		Unrestricted funds		Total funds 2016	Total funds 2015
Endowment funds	Other funds	Designated funds	Undesignated funds		
£'000	£'000	£'000	£'000	£'000	£'000
6	158	45	203	412	298
-	-	-	163	163	110
6	158	45	366	575	408

6. OTHER INCOME

Gain on sale of fixed assets
TOTAL

Restricted funds		Unrestricted funds		Total funds 2016	Total funds 2015
Endowment funds	Other funds	Designated funds	Undesignated funds		
£'000	£'000	£'000	£'000	£'000	£'000
5	-	-	545	550	162
5	-	-	545	550	162

7. FUND RAISING COSTS

Investment management costs
Property rental costs
TOTAL

Restricted funds		Unrestricted funds		Total funds 2016	Total funds 2015
Endowment funds	Other funds	Designated funds	Undesignated funds		
£'000	£'000	£'000	£'000	£'000	£'000
-	-	-	18	18	20
-	23	16	64	103	70
-	23	16	82	121	90

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	
Mission grants	
Other expenses	
Support for parish ministry	
TOTAL	
<i>Expenditure on Education:</i>	
Support for Church Schools	
TOTAL	

Restricted funds		Unrestricted funds		Total funds 2016	Total funds 2015
Endowment funds	Other funds	Designated funds	Undesignated funds		
£'000	£'000	£'000	£'000	£'000	£'000
-	-	-	179	179	178
-	-	-	152	152	151
-	-	-	11	11	11
-	-	-	58	58	56
-	-	-	(88)	(88)	28
-	-	-	312	312	424
-	-	-	4,094	4,094	4,165
-	-	(496)	1,375	879	859
-	557	183	-	740	898
6	-	-	297	303	331
-	217	-	-	217	53
-	125	120	2	247	470
-	-	-	87	87	96
6	899	(193)	5,855	6,567	6,872
-	331	302	1,849	2,482	1,849
6	1,230	109	7,704	9,049	8,721
-	223	-	149	372	304
6	1,453	109	8,165	9,733	9,449

9. OTHER EXPENDITURE

Interest payable on other loans	
Interest charge on pension liabilities	
Loss on sale of fixed assets	
TOTAL	

Restricted funds		Unrestricted funds		Total funds 2016	Total funds 2015
Endowment funds	Other funds	Designated funds	Undesignated funds		
£'000	£'000	£'000	£'000	£'000	£'000
-	-	8	4	12	17
-	-	107	-	107	106
-	-	-	-	-	2
-	-	115	4	119	125

10. ANALYSIS OF EXPENDITURE INCLUDING ALLOCATION OF SUPPORT COSTS

	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
TOTAL	8,142	692	1,139	9,973

	Activities directly undertaken	Grant funding of activities	Support costs	Total 2015
	£'000	£'000	£'000	£'000
RAISING FUNDS	90	-	-	90
<i>Charitable activities:</i>				
Contributions to Archbishops' Council	-	424	-	424
Resourcing parish ministry	7,142	629	950	8,721
Education	165	-	139	304
Other	125	-	-	125
TOTAL	7,522	1,053	1,089	9,664

11. ANALYSIS OF SUPPORT COSTS

Support for Schools	
Administration and premises	
Church Workers Pension Scheme	
Synod and Diocesan Advisory Committee Support	
Governance:	
Auditors	
Registrar and Chancellor	
TOTAL	

Restricted funds		Unrestricted funds		Total funds 2016	Total funds 2015
Endowment funds	Other funds	Designated funds	Undesignated funds		
£'000	£'000	£'000	£'000	£'000	£'000
-	131	-	-	131	139
-	-	-	890	890	854
-	-	-	-	-	(38)
-	-	-	79	79	91
-	-	-	14	14	14
-	-	-	25	25	29
-	131	-	1,008	1,139	1,089

12. ANALYSIS OF GRANTS MADE

	Number	Individuals	Institutions	2016 Total	2015 Total
		£'000	£'000	£'000	£'000
<i>From unrestricted funds for national church responsibilities:</i>					
Archbishops' Council	5	-	312	312	424
<i>From unrestricted / designated funds:</i>					
PCC's for mission (Transforming Church)	27	-	106	106	155
PCC's re: pastoral account activities	6	-	14	14	178
Ordinands in training	7	122	-	122	159
Sundry clergy grants	23	13	-	13	29
TOTAL	63	135	120	255	521
<i>From restricted funds:</i>					
Malawi Partnership dioceses and projects	5	-	102	102	93
PCC's for project workers (Action in the City)	3	-	13	13	11
Church Schools	-	-	-	-	-
PCC's for church repairs (Sites and Buildings)	2	-	10	10	4
TOTAL	10	-	125	125	108
TOTAL GRANTS PAYABLE	78	135	557	692	1,053

A full list of grant recipients is available upon request in writing from the BDBF's Registered Office.

13. STAFF COSTS

	2016	2015
	£'000	£'000
<i>Employee costs during the year (excluding clergy pay):</i>		
Wages and salaries	1,653	1,112
Social security costs	148	107
Pension costs	159	159
Redundancy costs	56	39
TOTAL	2,016	1,417

Redundancy payments were made on a statutory basis.

<i>Average number of people employed during the year:</i>	No.	No.
Parish mission support	44	22
Discipleship and Ministry support	12	9
Administration and financial management	9	9
Property	2	3
Education	4	4
TOTAL	71	47

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

	2016	2015
	No.	No.
In the band £60,000 - £65,000	2	1
In the band £70,000 - £75,000	-	1
In the band £80,000 - £85,000*	1	-

*This individual relinquished their right to employer pension contributions during the year 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 £21,501 (2015: £16,213).

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 2016 they were:

Diocesan Secretary and Company Secretary	Andrew Halstead	Property Director (from November 2016)	Daniel Mayes
Director of Finance	Melanie Crooks	Human Resources Director	Jan Smart
Diocesan Surveyor (until April 2016)	Alan Broadway	Director of Education	Sarah Smith

NOTES TO THE ACCOUNTS

For year ended 31 December 2016 / Company Number: 440966

Remuneration and pensions for these 4.5 FTE employees amounted to £318,609 (2015: £321,941 for 5 FTE employees)

None of the directors received any remuneration as directors. The BDBF paid £2,299 (2015: £2,226) 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 145 (2015: 147 stipendiary clergy as office holders holding parish or diocesan appointments in the diocese, and the costs were as follows:

	2016	2015
	£'000	£'000
Stipends	3,849	3,746
National Insurance contributions	499	324
Pension costs – current year	879	859
Pension costs – deficit funding provided	496	484
TOTAL	5,723	5,413

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

	2016	2015
	£'000	£'000
<i>Net income is stated after charging:</i>		
Depreciation – owned assets	39	39
Gain on disposal of fixed assets	550	160
Smoothing of rent free period on land and building operating lease	59	59
Auditor's remuneration – audit of financial statements	14	14
Auditor's remuneration – other services	-	-

15. TANGIBLE FIXED ASSETS

	Freehold Properties (see analysis below)	Freehold Properties subject to value linked loans	Long Leasehold Property Asset in Course of Construction	Computer equipment	Office equipment	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
COST / DEEMED COST OR VALUATION						
At 1 January 2016	23,601	246	1,880	105	216	26,048
Additions	253	-	783	14	-	1,050
Disposals	-	-	-	-	(7)	(7)
Transfers	(60)	(246)	-	-	-	(306)
AT 31 DECEMBER 2016	23,794	-	2,663	119	209	26,785
ACCUMULATED DEPRECIATION						
At 1 January 2016	-	-	-	75	51	126
Charge for the year	-	-	-	16	23	39
Disposals	-	-	-	-	-	-
AT 31 DECEMBER 2016	-	-	-	91	74	165
NET BOOK VALUE						
At 31 December 2016	23,794	-	2,663	28	135	26,620
At 31 December 2015	23,601	246	1,880	30	165	25,922

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, relates 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.

15. TANGIBLE FIXED ASSETS (CONTINUED)

	2016	2015
	cost or deemed cost	cost or deemed cost
	£'000	£'000
FREEHOLD PROPERTIES		
<i>Endowment Funds:</i>		
Benefice houses fund:		
Parsonage houses	17,598	17,276
Glebe funds:		
Housing of team vicars, curates and others	900	960
<i>Unrestricted funds:</i>		
Corporate property:		
Housing of senior clergy, curates & others	1,404	1,404
Other corporate property	3,892	3,961
TOTAL FREEHOLD PROPERTIES (EXCLUDING THOSE SUBJECT TO VALUE LINKED LOANS)	23,794	23,601

16. INVESTMENT HELD AS FIXED ASSETS

	Glebe	Endowment fund	Unrestricted fund	Total
	£'000	£'000	£'000	£'000
a) INVESTMENT PROPERTIES				
At 1 January 2016	1,426	940	-	2,366
Additions			310	310
Disposals	(6)	-	-	(6)
Transfers				
Revaluation	262	-	-	262
AT 31 DECEMBER 2016	1,682	940	310	2,932

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 properties acquired during 2016, relate to the 2 properties that were transferred to the BDBF from its subsidiary undertaking Birdbof Properties Limited on 2 June 2016. These 2 properties were also valued by Knight Frank (Chartered Surveyors) on an open market existing use basis.

	2016	2015
	£'000	£'000
b) BIRDBOF PROPERTIES LIMITED LOAN		
Loan principal at 1 January 2016	-	829
Provision against under-recovery at 1 January 2015	-	(561)
Movement in provision in year	-	-
Provision against under-recovery at 31 December 2015	-	(561)
Transfer to current asset investments	-	(268)
Amount realised on transfer of trade and assets on 2 June 2016	268	-
AMOUNTS RECOVERABLE AT THE YEAR END	-	-

The amount realised on transfer of trade and assets relates to the partial repayment of the loan advanced to Birdbof Properties Limited in prior periods.

16. INVESTMENT HELD AS FIXED ASSETS (CONTINUED)

	1 January 2016	Sales	Purchases	Change in market value	31 December 2016
	£'000	£'000	£'000	£'000	£'000
c) OTHER INVESTMENTS					
<i>Endowment funds</i>					
Listed investments	3,503	(235)	210	353	3,831
Unlisted investments	473	-	-	30	503
	3,976	(235)	210	383	4,334
<i>Other restricted funds</i>					
Listed investments	233	-	-	24	257
Unlisted investments	3,500	(10)	-	164	3,654
	3,733	(10)	-	188	3,911
<i>Unrestricted funds</i>					
Designated funds:					
Listed investments	-	-	-	-	-
Unlisted investments	104	-	-	6	110
Undesignated funds:					
Listed investments	1,000	(487)	482	66	1,061
Unlisted investments	-	-	1,274	(80)	1,194
	1,104	(487)	1,756	(8)	2,365
TOTAL	8,813	(732)	1,966	563*	10,610

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 2016 was £4,291,000 (2015: £3,691,000) and £4,316,000 (2015: £3,118,000) for unlisted investments.

*The net gain on investments of £559,000 within the Statement of Financial Activities includes a realised loss of £4,000.

d) SUBSIDIARY UNDERTAKINGS

The BDBF owns 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. An application for a striking off order has been made at Companies House. At the end of the year, the company had net assets of £100. The company's trading results to the transfer date of 2 June 2016 are shown below.

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

	2016	2015
	£'000	£'000
1 PROFIT AND LOSS ACCOUNT:		
Turnover	43	65
Administrative expenses	(27)	(93)
Profit / (loss) on ordinary activities	16	(28)
RESULT FOR THE PERIOD TO 2 JUNE 2016	16	(28)
2 NET ASSETS:		
Tangible Fixed Assets	-	-
Net current liabilities	-	(566)
Creditors: amounts falling due after more than one year	-	-
NET LIABILITIES	-	(566)

Consolidated accounts have not been prepared on the basis that the results of the subsidiary company are not material to the accounts of the Birmingham Diocesan Board of Finance.

17. CURRENT ASSET INVESTMENTS

	2016	2015
	£'000	£'000
<i>Property asset held for resale:</i>		
Transfer from fixed assets	306	392
Revaluation to fair value	329	167
Birdbof Properties loan (transfer from fixed asset investments)	-	268
CARRYING VALUE AS AT 31 DECEMBER 2016	635	827

The current asset property investment for the year ended 31 December 2016 relates to two properties that were deemed surplus to requirements. One of the properties was subject to a value linked loan from the Church Commissioners. The connected loan on this property has been disclosed as creditors due within one year (see note 19).

18. DEBTORS

	2016	2015
	£'000	£'000
<i>Receivable within one year:</i>		
Parish loans (concessionary loans)	36	56
Other loans (concessionary loans)	35	39
Amounts due from subsidiary undertaking	-	4
Prepayments and other debtors	896	673
Accrued income	79	20
	1,046	792
<i>Receivable after one year:</i>		
Parish loans (concessionary loans)	78	129
Other loans (concessionary loans)	214	341
	292	470
TOTAL DEBTORS	1,338	1,262

Parish loans in 2016 include an amount of £217,853 (2015: £290,885) 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 note 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

	2016	2015
	£'000	£'000
Other loans - Church Commissioners (concessionary loan)	258	174
Other loans - Gloucester Diocesan Board of Finance (concessionary loan)	68	68
Trade creditors	152	400
Other creditors	368	240
Pension fund deficit - clergy pension scheme	505	491
Accruals and deferred income	456	803
	1,807	2,176

Included within accruals is the following deferred income in relation to grant monies received in advance for 2017

	2016
	£'000
Deferred income at 1 January 2016	131
Released in the year	(131)
Amounts recognised in the year	100
DEFERRED INCOME AT 31 DECEMBER 2016	100

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (CONTINUED)

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

The 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. As at 31 December 2016 it was

anticipated that the final value linked loan will be repayable within one year as the property is held as a current asset. 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

	2016	2015
	£'000	£'000
Pension fund deficit - clergy pension scheme	3,427	4,052
Other loans - Church Commissioners (concessionary loan)	193	386
Other loans - Gloucester Diocesan Board of Finance (concessionary loan)	204	272
	3,824	4,710

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

	2016	2015
	£'000	£'000
Between one to two years	101	105
Between two to five years	216	306
In five years and more	80	247
	397	658

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 2016	Total funds 2015
	Endowment funds	Other funds	Designated funds	Undesignated funds		
	£'000	£'000	£'000	£'000	£'000	£'000
<i>Tangible assets:</i>						
Other fixed assets	18,498	1,385	3,414	3,323	26,620	25,922
<i>Investments - fixed:</i>						
Investment properties	2,622	-	-	310	2,932	2,366
Other	4,335	3,909	111	2,255	10,610	8,813
<i>Investment - current</i>	-	-	415	220	635	827
<i>Debtors:</i>						
Due within one year	-	178	-	868	1,046	792
Due after one year	-	100	-	192	292	470
Cash at bank	2,900	2,118	(1,930)	836	3,924	5,324
<i>Creditors</i>						
Due within one year	-	(330)	(731)	(746)	(1,807)	(2,176)
Due after one year	-	(204)	(3,427)	(193)	(3,824)	(4,710)
NET ASSETS	28,355	7,156	(2,148)	7,065	40,428	37,628

22. MOVEMENTS IN FUNDS

	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:

	2016	2015
	£'000	£'000
<i>Within endowment funds:</i>		
Glebe Fund	1,279	1,078
Endowment Fund	696	421
Bishop Brown Legacy Endowment Fund	23	3
	1,998	1,502
<i>Within restricted funds:</i>		
Church Schools Fund	1,225	1,038
Action in the City Fund	3	5
	1,228	1,043
<i>Within designated funds:</i>		
Pastoral Fund	(189)	(195)
	(189)	(195)
<i>Undesignated funds:</i>		
General Fund	28	-
	28	-
TOTAL	3,065	2,350

Details of the major funds are as follows:

Endowment Funds

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

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

Restricted Funds

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

Parsonages Fund This fund was established in 1972 following the implementation of the 'Repair of Benefice Buildings' measure of 1971. The cost of all repairs and renewals to benefice properties (parsonages) incurred by the BDBF are charged to this fund, which is credited with parish contributions to repairs plus any grants received from external trusts, together with any monies allocated from the sale of redundant parsonages. The balance of expenditure is met by a transfer from the BDBF's General Fund.

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

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

continues to be used to support parishes engaged in community regeneration activities.

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

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

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

St Luke's at Gas Street - Operational Fund This fund is the specific donations raised to fund the day to day operations of the Mission Resourcing Church at Retort House, Gas Street, Birmingham.

Soul Food Fund This fund relates to the monies raised by donations for the Soul Food social media mission initiative.

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

Unrestricted funds

Houses Fund This fund is used to fund expenditure on houses owned by the BDBF and used to accommodate parish and diocesan non-beneficed clergy.

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

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

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

Growing Younger Fund (2) This fund relates to our “Growing Younger” strategic programme which is being part funded by a Strategic Development Funding grant from Church Commissioners with match funding from our own resources.

This fund relates to our own resources that we have designated towards the programme.

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

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

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

	Unrestricted general	Unrestricted designated	Restricted	Endowment	Total
	£'000	£'000	£'000	£'000	£'000
Transforming Church Fund to General Fund ①	100	(100)	-	-	-
Growing Younger to Transforming Church Fund ②	-	(30)	-	-	-
	-	30	-	-	-
General Fund to Curate Fund ③	(28)	28	-	-	-
General Fund to Growing Younger ④	(174)	174	-	-	-
General Fund to Board Housing Fund ⑤	(49)	49	-	-	-
General Fund to Parsonage Fund ⑥	(404)	-	404	-	-
Parsonage House Fund to General Fund ⑦	60	-	-	(60)	-
General Fund to Parsonage House Fund ⑧	(322)	-	-	322	-
Transforming Church to LYCIG ⑨	-	(7)	7	-	-
Glebe to Parsonage House Fund ⑩	-	-	-	(60)	-
	-	-	-	60	-
TOTAL	(817)	144	411	262	-

- ① This represents the support for stipendary mission costs from the Transforming Church Fund.
- ② This represents an over commitment from the Transforming Church Fund in the past to Growing Younger Fund that is required by the Transforming Church Fund to meet its commitments to parishes.
- ③ This represents the creation of a future curate fund.
- ④ This represents agreed match funding support from the General Fund to the Growing Younger Programme.
- ⑤ This represents the support from the unrestricted general fund towards the in year net expenditure on the Board Housing Fund.
- ⑥ This represents the support from the unrestricted general fund towards the in year net expenditure on the Parsonage Fund.
- ⑦ This represents the transfer of Pike Drive from parsonage house fund to unrestricted corporate property.
- ⑧ This represents the transfers of Abbots Road following the Erdington team pastoral reorganisation and Keepers Lodge as a replacement parsonage for Chemsley Wood from corporate property to parsonage house fund.
- ⑨ This represents agreed match funding from the Transforming Church Fund to the Leading Your Church into Growth fund.
- ⑩ This represents the transfer of Tyburn Road following the Erdington team pastoral reorganisation from Glebe to parsonage house fund.

23. COMMITMENTS

At 31 December 2016 the BDBF had capital commitments of £22,337 which were contracted for but not provided in the financial statements (2015: £392,416).

The BDBF had also approved loan facilities of £30,331 for parishes and £100,000 for church schools but these had not been drawn down by the parish/ school concerned as at 31 December 2016. (2015: £360,000 – parish only).

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. 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.

The pension cost for the year shown in the financial statements is equal to the total contributions. The total contributions for the year were £ nil (2015: £37,775). This pension cost in 2015 represented the payment of deficit funding contributions into the scheme. A valuation of the fund was carried out as at 31 December 2013. In order to fund its share of the fund deficit the BDBF is having to pay a liability of £99,400 in annual instalments of £64,757 (being £5,396 per month) to 1 August 2015. This liability was extinguished on 1 August 2015.

At 31 December 2016 the BDBF had 0 active members and 29 deferred

pensioner members in the Fund.

For eligible salaried employees who commenced employment after 1 January 2006 the BDBF participates in the 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.

At 31 December 2016, the BDBF had 50 active members, 13 deferred members and 3 pensioners in the Pension Builder Classic section.

The pension cost for the year shown in the financial statements is equal to the total contributions. The total contributions for the year were £156,067 (2015: £116,030).

The BDBF also contributes to a Group Personal Pension Plan organised by Friends Life for certain employees. This is defined contribution, money purchase arrangement. The pension cost for the year shown in the financial statements is equal to the total contributions. The total contributions for the year were £3,000 (2015: £465).

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. Following the valuation of the Scheme as at 31 December 2012, a recovery plan was put in place until 31 December 2025 and the contribution rates (as a percentage of pensionable stipends) were set as follows:

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

As at December 2014 and 2015, the deficit repair contributions payable under the recovery plan in force were 14.1% of pensionable stipends until December 2025.

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:

	2016	2015
	£'000	£'000
Balance sheet liability at 1 January	4,543	4,830
Deficit contributions paid	(496)	(484)
Interest cost	107	106
Impact of change in discount rate used to value to balance sheet liability	(222)	91
BALANCE SHEET LIABILITY AS AT 31 DECEMBER 2016	3,932	4,543

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 2014	2.3% pa	2.7% pa	1.2% pa
31 December 2015	2.5% pa	2.4% pa	0.9% pa
31 December 2016	1.5% pa	3.1% pa	1.6% pa

25. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2016 the charity was committed to making the following payments under non-cancellable operating leases:

	Land and buildings 2016	Other 2016	Land and buildings 2015	Other 2015
	£	£	£	£
<i>Operating leases which expire:</i>				
Within one year	145,320	-	145,320	-
Within one to two years	145,320	-	145,320	-
Within two and five years	435,960	-	435,960	-
After five years	106,821	-	252,141,	-
	833,421	-	978,741	-

The Birmingham Cathedral contributes to the above operating lease commitment in respect of shared offices.

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

	2016	2015
	£'000	£'000
NET INCOME FOR THE YEAR ENDED 31 DECEMBER	2,079	2,189
Depreciation charges	39	39
Dividends, interest and rent from investments	(575)	(408)
Interest on payable loans	12	17
Interest on clergy pensions liability	107	106
Loss / (profit) on sale of fixed assets	(543)	(160)
Decrease / (increase) in debtors	(210)	329
(Decrease) / increase in creditors	(987)	(131)
Change in fair value of investments	(559)	(44)
Change in fair value of financial instruments - value linked loans	-	(5)
Release of provision against Birdbof loan following trade transfer	(18)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	(655)	1,932

27. ANALYSIS OF CASH AND CASH EQUIVALENTS

	At January 2016	Cash flow	From Birdbof transfer	At 31 December 2016
	£'000	£'000	£'000	£'000
Cash in hand and at bank	2,746	(1,809)	2	939
Cash held on deposit	2,578	407	-	2,985
	5,324	(1,402)	2	3,924

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 (2015: £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	<p>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 2016 was in the range of £34,180 to £35,500 (2015: £33,670 - £34,966) and for other clergy who were trustees the diocesan stipend rate was £24,990 (2015: £24,623).</p> <p>The Archbishops' Council has estimated the value to the occupant, gross of income tax and national insurance, of church provided housing in 2016 at £10,313 (2015: £9,910).</p> <p>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 2016 was £180,000 (2015: £200,000). Interest on this loan amounted to £7,484 during the year (2015: £nil).</p>
The Archdeacon of Birmingham	Yes	Yes	
The Archdeacon of Aston	Yes	Yes	
The Revd Canon Martin Stephenson	Yes	Yes	
The Revd Oliver Coss (to 2 June 2016)	Yes	Yes	
The Revd Julian Francis	Yes	Yes	
The Revd Chris Hobbs (from 30 January 2016)	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 Prasad (from 29 September 2016)	Yes	Yes	

The Cathedral shares office space with the BDBF and an amount of £23,250 (2015: £23,250) was payable for this space for the year ended 31 December 2016.

The Cathedral paid Common Fund of £40,000 to the BDBF for the year ended 31 December 2016 (2015: £40,000).

29. FUNDS ADMINISTERED AS AGENT

	2016	2015
	£'000	£'000
Government grants received in respect of school capital projects	994	1,321
Contributions from Church School governors for school capital projects	333	198
Total received in	1,327	1,519
Amounts paid out on school capital projects	(1,075)	(1,219)
NET POSITION FOR THE YEAR	252	300

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

	2016	2015
	£'000	£'000
FINANCIAL ASSETS		
<i>Debt Instruments measured at amortised cost:</i>		
Loan Commitments receivable within 1 year	71	95
Loan Commitments receivable outside 1 year	292	470
Other	4,159	5,400
Instruments measured at fair value through profit or loss	10,610	8,813
TOTAL	15,132	14,778
FINANCIAL LIABILITIES		
<i>Debt Instruments measured at amortised cost:</i>		
Loan Commitments receivable within 1 year	326	242
Loan Commitments receivable outside 1 year	397	658
Other	733	1,199
TOTAL	1,456	2,099

31. PRIOR YEAR COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

	Restricted funds		Unrestricted funds		Total funds 2015
	Endowment funds	Other funds	Designated funds	Undesignated funds	
	£'000	£'000	£'000	£'000	£'000
INCOME					
<i>Income and endowments from:</i>					
Donations:					
Parish contributions	-	33	-	5,571	5,604
Archbishops' Council	-	683	337	1,813	2,833
Other donations	-	907	-	922	1,829
Charitable activities	-	53	-	585	638
Other activities	-	154	97	84	335
Investments	7	170	7	224	408
Other income	162	-	-	-	162
TOTAL INCOME	169	2,000	441	9,199	11,809
EXPENDITURE ON					
Raising funds	-	41	9	40	90
Charitable activities	7	1,152	77	8,213	9,449
Other expenditure	-	2	123	-	125
TOTAL EXPENDITURE	7	1,195	209	8,253	9,664
<i>Net income / (expenditure) before investment gains and losses</i>	162	805	232	946	2,145
Net gains on investments	(86)	133	(4)	1	44
NET INCOME / (EXPENDITURE)	76	938	228	947	2,189
Transfers between funds	347	335	32	(714)	-
Other recognised gains / (losses)	-	-	(91)	-	(91)
Gains / (losses) on revaluation of fixed assets	110	-	172	-	282
NET MOVEMENT IN FUNDS	533	1,273	341	233	2,380
Total funds at 1 January 2015	26,914	5,495	(3,185)	6,024	35,248
TOTAL FUNDS AT 31 DECEMBER 2015	27,447	6,768	(2,844)	6,257	37,628

Note

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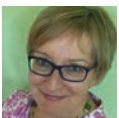
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