

# THE CHURCH OF ENGLAND **BIRMINGHAM**

ANNUAL REPORT **2014**



THE CHURCH  
OF ENGLAND  
BIRMINGHAM

The trustees, who are also directors for the purposes of company law, present their trustees report together with the financial statements and auditors' report of the charitable company – the Birmingham Diocesan Board of Finance Limited (BDBF) for the year ended 31 December 2014. The financial statements comply with current statutory requirements, the Statement of Recommended Practice 2005 "Accounting and Reporting by Charities" ("SORP2005") and the Companies Act 2006.

This report is set out as follows:

	<i>Page Number</i>
Bishop's Foreword	3
Message from the Chair of the BDBF	5
<b>Annual Report of the Trustees comprising:</b>	
Objectives and Activities*	6
Strategic Report	8
Governance and Performance	20
Summary information about the structure of the Church of England	24
Independent Auditors Report	25
Financial Information	26

*\*It should be noted that the Annual Report gives narrative on the activities of Birmingham Cathedral and Church Schools to give an overview of the diocesan activities. However, the financial information of Birmingham Cathedral and individual church schools are included in their own financial statements as separate constituted entities.*

The members of the Bishop's Council set out below have held office during the period from 1 January 2014 to the date of this report, unless otherwise stated.

*The Lord Bishop of Birmingham* – President

*The Bishop of Aston* (post vacant from December 2014)

*DBF Chair*  
- Mr Philip Nunnerley

#### **Ex-officio**

*The Archdeacon of Birmingham*

*The Archdeacon of Aston* (post vacant until November 2014)

*The Dean of Birmingham Cathedral*

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

*The Chair of the Diocesan House of Laity*  
- Mr Stephen Fraser (Yardley & Bordesley)

#### **General Synod representative**

Dr Rachel Jepson

#### **Bishop's appointees**

Mr Malcolm Owens (Solihull)

#### **Council appointments**

Mrs Waveney Richards

#### **Elected - House of Clergy**

The Revd Canon Freda Evans (Aston)

The Revd Dr Andrew Jolley (Aston)

The Revd Dr Crispin Pailing (Handsworth)  
(resigned 21 June 2014)

The Revd John Routh (Sutton Coldfield)

The Revd Nigel Traynor (Aston)

The Revd Priscilla White (Edgbaston)

#### **Elected - House of Laity**

Mr Ray Buick (Edgbaston)

Mr Michael Hastilow (Moseley)

Mr Guy Hordern (Edgbaston)

Mrs Deirdre Moll (Solihull)

Mr Peter Oakley (Shirley)

Mr Julian Phillips (Solihull)

Mr Steven Skakel (Shirley)

Dr Carol Starkie (Edgbaston)

#### **DIOCESAN SECRETARY**

Mr A W Halstead

#### **DIOCESAN DIRECTOR OF FINANCE**

Ms M J T Crooks

#### **DIOCESAN SURVEYOR**

Mr A N Broadway

#### **DIOCESAN REGISTRAR**

Mr H Carslake

#### **REGISTERED OFFICE**

1 Colmore Row

Birmingham

B3 2BJ

#### **AUDITOR**

Baker Tilly 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 Square

Birmingham

B3 2BJ

#### **PROPERTY AGENTS**

Knight Frank

1 Colmore Row

Birmingham

B3 2BJ

*Company registration number: 440966*

*Charity registration number: 249403*

## BISHOP'S FOREWORD



With wide ranging and adventurous activity, bringing the good news of Jesus to our diverse city region, the Church of England Birmingham continued to develop and grow throughout 2014.

For many years church people, across a Diocese of some 300 square miles, have served their parish communities in such a way as to be recognised and valued by those outside the Church structures for meeting the needs of some of the poorest people in society. I am proud to be part of a team of clergy and lay people working tirelessly with breadth, depth and commitment in serving the elderly, the young, children, refugees, asylum seekers and the homeless.

Preparations for St Philip's Cathedral building's 300th anniversary, in Birmingham city centre, have also brought us into closer contact with the leaders of the UK's largest commercial and professional firms outside London.

At the heart of our calling this year has been the development of the next phase of Transforming Church, 'Growing Younger', with generous matching funding from the Church Commissioners of over a million pounds, as we reach out amongst the youngest city population in Europe.

This expansion is at a time when the capacity of local authorities is being reduced drastically. Birmingham Council has not only had severe budget difficulties but also been required to implement the radical Kerslake Report on governance. The recommendation on civic leadership has been held my particular attention as has the newly formed Multi Agency Safeguarding Hub.

As Bishop I was also part of the Kershaw Investigation into Education and extremism known as 'Trojan Horse'. In response I have been hosting the Birmingham Inter-faith Conversations drawing grass roots members of six main religions into deeper, honest mutual understanding.

In May I made my third visit to our four link Anglican bishops who cover the whole country of Malawi, one of the poorest African nations.

Back home, in a city region of some 187 nations, many Minority Ethnic Anglicans who serve as priests and people in our wonderfully diverse communities bless us mightily.

The Report that follows gives a snapshot of what God is doing for and through his people, for the good of all. I trust it will be an encouragement towards "even greater things than these".

*+David Birmingham*



## CHAIRMAN'S STATEMENT



The Birmingham Diocesan Board of Finance ('BDBF') continues to act as the financial executive providing the resources which support the mission of the Church of England - Birmingham, including the valuable work of the Diocesan Board of Education.

Parish contributions through Common Fund are critical to enabling the BDBF to meet the costs of clergy stipends, pensions and housing provision. I am pleased to report that the generosity of our parishes has been sustained again this year. The Board however recognises the risks which attach to the relative uncertainty of this income stream, particularly where parishes are relying on reserves to meet their commitments.

The accounts themselves continue to reflect a sound financial structure. The reported net surplus for the year, whilst welcome, needs to be kept in context including, as it does, a number of exceptional credits - the recognition of past legacies, donations, and release of a past provision for pension liability on the Church Workers Pension Scheme.

Cash generated from disposal of surplus property was used to reduce amounts outstanding on loans from the Church Commissioners, which will protect us from the costs of the anticipated rise in interest rates, and reinvestment in the mission resourcing church in the centre of Birmingham. This latter acquisition, once construction work is completed later this year, will facilitate a key strand of the 'Growing Younger Strategy' in support of which the Church Commissioners have committed additional funding for 2015-2017.

Growth of the church is now evident in many parts of the Birmingham diocese and the strategy which we are implementing is being built on solid foundations. This would not be possible without the hard work and contribution of the clergy, volunteers in parishes, and the staff employed in the Diocesan office under the leadership of the Diocesan Secretary and the Director of Finance. To all of them I express my deep gratitude.

**Philip Nunnerly**

*Chair of Birmingham Diocesan Board of Finance*



“We will continue to offer conferences, courses and tools to help churches grow both numerically and spiritually”

## TRANSFORMING CHURCH

### “Growing churches at the heart of each community”

The Transforming Church Initiative has been at the heart of our diocesan mission strategy since 2009. Its aims continue to be the same: *growing churches at the heart of each community*. This year we are particularly pleased that significant additional funding has enabled us to ramp up our efforts still further. In practice, rather than just having a portion of the Bishop of Aston’s time and a Transforming Church Co-ordinator, in 2015/16 there will be around 35-40 new staff (mostly paid) who will be working together (some based centrally and some out in parishes) to help us grow God’s Church across the diocese.

Whilst not forsaking other aims, the bulk of our energy and efforts will now be invested in our fourth Transforming Church Diocesan Goal: *to develop a spiritually enriching children’s and youth ministry in every parish and church school*. To this end we have launched ‘Growing Younger’, a goal of which is to work with parishes to reach out with the gospel to 1,000-2,000 children and their families over the next three years.

To support this, a Director of Mission was appointed in October, a Director of Growing Younger in April 2015 and others will soon be joining the centrally-based team. In addition, the Growing Younger Team will include over 15 Children’s and Families’ Missioners, 9-12 Mission Apprentices and a team of 2-4 Growing Younger Facilitators. Each of these will help parishes to reach out to children and families in their localities.

We are also pleased to support the new city centre church which will be led by the Revd Tim Hughes (with a team from Holy Trinity, Brompton) in the parish of St Luke’s, planned to start worshipping in Central Birmingham in the Autumn of 2015. This will help us reach out (further) to the many students, young adults and young families in the city.

Alongside all of this we will continue to offer our usual conferences, courses and tools to help churches grow both numerically and spiritually.

## Ten 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 such as Back to Church Sunday;
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 range and spiritual fruitfulness of partnerships and community initiatives across the diocese;
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.

### Highlights from the year

2014 was a very exciting year for all those involved with Transforming Church, probably the most exciting yet. Particular highlights include:

- Hearing that our bid to the Church Commissioners for £1million to launch Growing Younger had been successful.
- Reading the enthusiastic responses from parishes to the Growing Younger roadshow presentations.
- The widespread interest in the posts we have been advertising.
- Hearing that our bid for £60,000 from the Jerusalem Trust to develop the **soul[food]** initiative had been successful.
- The news of the Archbishop of Canterbury’s visit and his launch of Growing Younger in February 2015.
- The success of the Bishop’s Lay Conference with its clear focus on helping people to share their faith.
- The successful acquisition of a warehouse building in the centre of the city for a new church reaching out to young adults and students.
- 2015 looks as if it will be equally exciting as we start implementing the dreams and plans of 2014.



Photo by Philip King



“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 YOUNGER

We are passionate about developing spiritually-enriching children's and youth ministry across the diocese seeking to make confident, prayerful disciples and to grow the number of younger worshippers in churches. We do this through offering advice and support to a network of both paid and voluntary youth and children's workers. There are regular gatherings and training opportunities offered across the diocese.

More formalised training is offered through courses like the *Bishop's Certificate in Children's Ministry* where this year 22 students have developed their skills in leading children's groups, nurtured their own spiritual practices and begun to make new links with children in their communities. Other course like First Aid Training also offer churches important Health and Safety qualifications.

We also seek to increase the number of young leaders, drawn from every ethnic group, who are trained and deployed in the Church and wider community. As part of this vision, *Urban Disciples* is an innovative project, unique to the Church of England - Birmingham, which seeks to draw together young people from different churches in urban contexts. It seeks to develop young disciples to confident in their faith and grow in leadership skills.

Safeguarding is an essential part of our work with children, young people and vulnerable adults across the diocese. Every child and young person should feel valued, loved and safe when they come to us. Through our training programme we help and support those who work with children and young people and those who have trusted roles in our church communities with their safeguarding responsibilities so that all are welcomed in safety.

## Investing in the “coming generations”

The Bible (in the Letter to the Hebrews) pictures the Christian life as a race, and challenges us to 'run with perseverance the race marked out for us, fixing our eyes on Jesus'; as previous Christian generations cheer us on. The call to mission reminds us that this race is not a solo effort, but is rather a relay, with the baton passing from one generation to the next.

Growing Younger is a new diocese-wide initiative within our overall mission strategy of 'Transforming Church', and has been made possible by a welcome £1 million from the Church Commissioners. The aim is precisely to pass on the baton of the Christian gospel to children and families, and students and young adults as part of our vision of 'growing churches at the heart of each community'.

### There are five main elements of the initiative:

1. *Growing Younger in Every Parish*: Every parish has access to training, advice and resources.
2. *Growing Younger Facilitators*: 2-4 skilled employees will model good practice and work with churches to help them discern a vision and strategy for growing younger.
3. *Mission Apprentices*: 9-12 new Apprentices, predominantly placed in more deprived areas, will expect high quality training as they help to initiate projects.
4. *Children's and Families' Missioners*: Around 20 churches will be offered the services of one of 15 new Children's and Families' Missioners, whose job will be to model good practice and to recruit, train, equip and inspire congregations to reach out to younger generations.
5. *A New Church*: A new resourcing church will be set up in the centre of Birmingham, with a special focus on reaching young adults and students.

## Highlights from the year

*Launch of Mission Academy*, an outward-focused learning community of young people, led by young people and young adults, who seek to be a transforming presence in their communities. Involved in: campaigns, conferences, foodbanks, litter picks, interfaith dialogue and the St Basil's Sleep Out. It was highlighted by the National HOPE 2014 Initiative as a 'flagship' Mission Academy. In putting our faith into action one young person said, 'now I understand what it means to live as a Christian.'

*Transforming Youth Ministry Conference* launched this year with international speaker Mark Yaconelli. TED-style talks on a range of themes inspired a broad range of delegates alongside a marketplace and prayer space. Delegates called it: 'Affirming, inspiring, and encouraging.'

*Urban Disciples* seeks to explore leadership and discipleship with young people from an urban context. 2014 saw its third residential to end the pilot of this project.

*Bishop's Certificate in Children's Ministry* students loved sharing ideas and resources with others from different churches saying, 'I always left our sessions with a new idea and energy to keep moving forward'; and, 'It's encouraged me to make children feel more welcomed and valued and forge links with the community.'

*Growing with God* saw Mary Hawes, the national Going for Growth (children and young people) Adviser, lead 130 children's leaders in an exploration of how we can develop the fruits of the Spirit so that we are better able to live by the Spirit and help to both disciple the children we work with and recognise how God can be revealed to us through them.

*The Knitvity Project*, a knitted sheep trail during Advent, enabled several churches to build relationships with schools and businesses in their local community and in some places doubled the attendance of the Children's Carol Service congregation.





## 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 **188** Church of England churches and worship centres with an average Sunday attendance of 14,000 from a population of 1.3 million. In these churches are clergy and church-goers representing a wide scope of Church tradition and breadth of ethnicity.

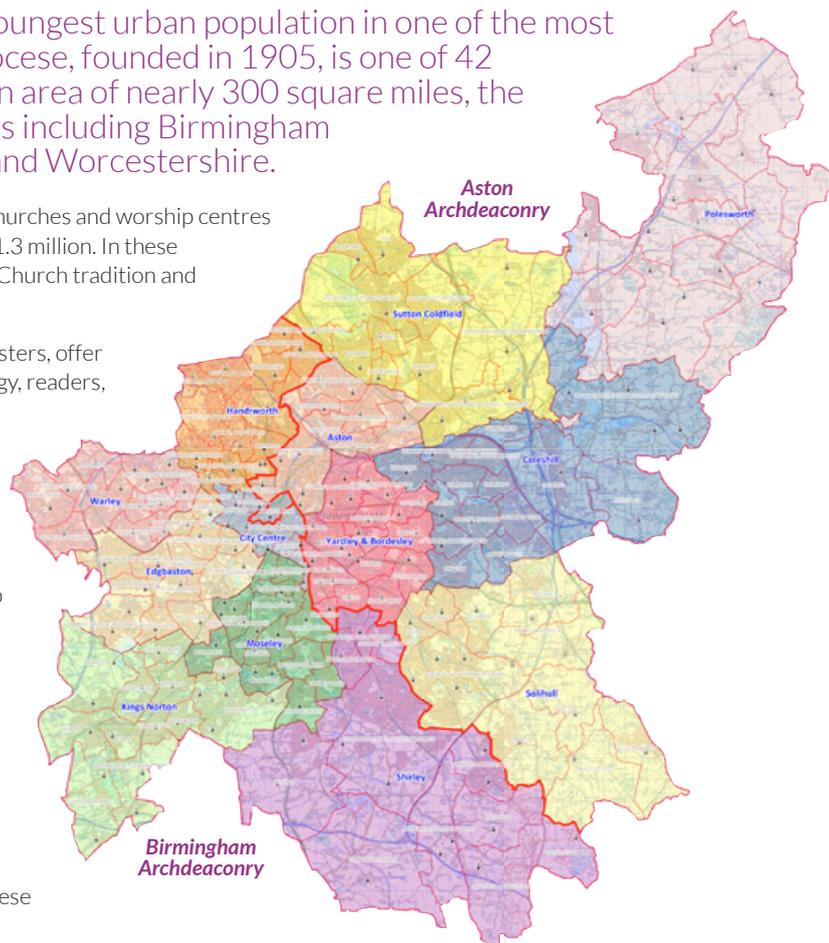
Over 150 paid priests, together with additional self-supporting ministers, offer spiritual and pastoral care in the parishes, together with retired clergy, readers, local ministry teams and other non-ordained ministers.

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.

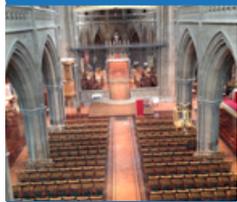
The Bishop shares his Episcopal oversight with the Suffragan Bishop of Aston, The Rt Revd Andrew Watson, who left the post at the end of 2014.

In the heart of the city, Birmingham Cathedral, dedicated to St Philip, is led by the Dean, The Very Revd Catherine Ogle. 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 hard-working clergy, lay people and chaplains in our diocese.



### ST ALBAN Highgate



We are a community of the Anglo-Catholic tradition proud of its musical tradition, magnificent

building, connection to St Alban's Academy, roots in the 19th century Anglo-Catholic drive to reach out for the most marginalised sectors of the local inner-city diverse population.

We are grateful for a 36.5% increase in 2014 of adult congregation and start of a children's Sunday Club.

### HODGE HILL



Celebrated the beginning of the Common Ground Community, an intentional, missional community focused in and

around our two Community Houses. This has already borne fruit in deepening spirituality among church members, and new opportunities to welcome in and engage with our neighbours.

Established Open Door Community Foundation to oversee our various activities engaging, supporting and building community in our neighbourhoods.

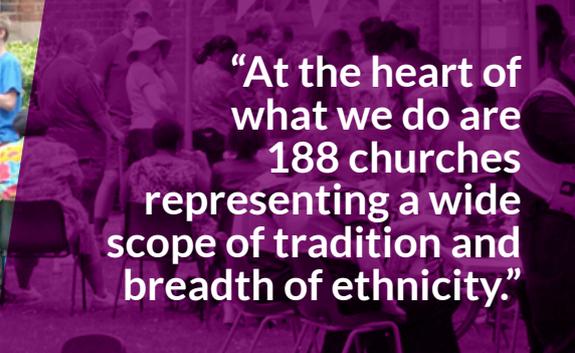
### SALTER STREET and SHIRLEY



Messy Church at Christ the King continues to go well, bringing together people of all stages of life. We've been joined

by families with younger children this year, some from the school where the church meets, and some of our baptism contacts.

Our evening service at Phoenix House Residential Home enables us to serve elderly folk too. Established Open Door Community Foundation to oversee our various activities engaging, supporting and building community in our neighbourhoods.



**“At the heart of what we do are 188 churches representing a wide scope of tradition and breadth of ethnicity.”**

### ALL SAINTS *Small Heath*



Christmas can be a time where families will be, sadly, missing someone, special, sometimes for the first time. At All

Saints our Candlelit Christmas Memorial gave space in this busy season to stop and remember our loved ones before the Lord, mindful of our union in Christ's body and the promise to meet Him whose birth we celebrate (1 Thessalonians 4:17).

### ST THOMAS *Garretts Green*



In August 14 we ran our usual Summer Holiday club; we talked about no-one being beyond God's love

because it's so wide, deep and high. Then the children wrote prayer cards and tied them to helium balloons and released them over the local community just as parents were arriving to collect their children. We released 55 prayer balloons.

### ST MARY *Pype Hayes*



Easter Labyrinth, our new outreach and interfaith project; six stations focusing on Easter themes: 'Suffering,' 'Hope,'

'Confession,' 'Serving,' 'Thanksgiving,' and 'Celebration.'

Gunter Primary School pupils, their staff and parents, each spent an afternoon in church with us, sharing responses to these themes.

“An interesting, absorbing experience for youngsters and adults, especially opportunities for silent reflection, and humbling for those leading.”

### CHAPLAINCY: *Birmingham Children's Hospital*



A highlight of 2014 was the team being filmed for the BBC2 series Children's Hospital: the Chaplains and

raising awareness of the breadth of spiritual and religious care offered by our multifaith chaplaincy team and featuring many brave patients and their families. We also published a booklet of new resources for children's funerals and memorials edited by Rev Nick Ball.

### ST PAUL *Bordesley Green*



A small congregation with a large workforce, employing 40 paid staff and 50 volunteers. We take seriously the

commission to 'Care for Souls', by providing support for unemployed people We also offer training, work placements and real jobs through our social enterprises, including St Paul's Day Nursery, St Paul's Conference and Training Centre, the Crossover Cafe and many other projects.

### ST MARY *Wythall*



After 27 years without a church building, Easter Sunday 2014 saw the opening of the new St Mary's Wythall.

The church was built in partnership with The Coppice Primary School in whose grounds it stands, and has since seen many new fruitful connections and partnerships made with the community as well as exciting growth of the church family.

### ST NICHOLAS *Baddesley Ensor* with ALL SAINTS *Grendon*



Open the Book has been a huge success at Woodside Primary School. Children are enthralled by the

weekly portrayal of Bible Stories. There was an audible gasp from all the children when Eve took the apple from the tree. Such has been the interest that parents also attend. The team vary from age 70+ to Bethany at 1 year old.

### KNOWLE PARISH CHURCH



An encouraging year. Highlights were Relationship Central courses: Marriage, Parenting Children and Parenting

Teenagers. People from the community and church attend. We ran Marriage Preparation too. People from these four courses have come to the God Relationship courses, Christianity Explored and Alpha. A Lent/Discipleship course and the Growing Leaders course make for a full year.

### ST MATTHEW with ST CHAD *Smethwick*



After a period of uncertainty about our future we are continuing to be a Church in this place and we are glad because

we have begun to welcome families who come intermittently.



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

## BIRMINGHAM CATHEDRAL

Built in 1715 as the new parish church “on the hill”, Birmingham Cathedral is a rare and fine example of elegant English Baroque architecture. It is Grade 1 listed and one of the oldest buildings in the city still used for its original purpose. Fascinating both inside and out, the cathedral is home to some remarkable treasures (not least the inspiring stained-glass windows designed by Edward Burne-Jones) and amazing stories, all set amongst the daily rhythm of people criss-crossing this unique part of the city.

In 1715 the church of St Philips was consecrated. 300 years later we celebrate the growth of the church into a cathedral; mirroring the growth of Birmingham into a city. We will be hosting a wonderful series of special events, pilgrimages, heritage education and mass participation arts events.

The rhythm of prayer ‘morning, noon and night’ shapes our identity, sustains all that we do and provides an environment into which people can come for a moment of quiet reflection during the day. Our excellent choir nurtures over 30 children and young people in the life of faith. We are also well served by the work of two adult voluntary choirs.

At the heart of the business community and at a busy ‘crossing place’ we seek to offer generous hospitality and collaborate widely to promote the common good.

Cathedral Square is a significant place of mission and partnership. We manage a busy programme of activities including charitable fund-raising, education, arts, markets and music events. We often partner with the Colmore Business District and seek to create a sense of beauty, safety and welcome in the only large green space in the city centre.

As Mother Church, it is our joy to host diocesan services and events, often presided over by Bishop David or the Bishop of Aston. These include ordinations, Readers licensing services, school leaver’s services and the Mothers’ Union Festival Service.

### Highlights from the year

- The cathedral hosted a moving evening vigil to commemorate the start of WW1. This six hour vigil combined music and poetry, song and silence in a powerful ‘drop-in’ event that attracted in excess of 600 people. Many spoke of bereavement and family memories for the first time. This event demonstrated that the Christian church can connect meaningfully with people of all faiths and none and consolidated the cathedral relationship with Birmingham City Council events department. In December we hosted, outside the east end of the cathedral a Christmas ‘Truce’ event with the choir of our German twinned town, Birmingham City Council and ‘Imagineer’ Production.
- The National Harvest Festival attended by HRH The Duchess of Cornwall attracted school children and media interest from across the nation and enabled urban children to connect with farming and the countryside.
- The 40th anniversary of the Birmingham Pub Bombing was marked with a commemorative Evensong and vigil outside attended by hundreds of local people. This event has developed as a response to pastoral need and the spontaneous gathering on the anniversary. The cathedral has risen to the challenge of supporting the people and offering ‘apt liturgy’ to give shape and dignity to their gathering.
- Through our regular worship, supported by our excellent choirs, the cathedral has served numerous diocesan events, welcoming a new archdeacon and saying farewell to a Suffragan bishop and archdeacon, as well as ordinations, MU Festival, Schools services, Readers licensing.
- As well as mounting art exhibitions, most notably in 2014 a large gilded landscape by Jake Lever to encourage reflection during Lent, the cathedral is a keen participant in new arts ventures that explore the ‘Christian imagination’. The cathedral worked in partnership with the Old Joint Stock Theatre to mount a ‘Passion Play’ both in the cathedral and its grounds and in the pub itself.

Photo by Roz Guy

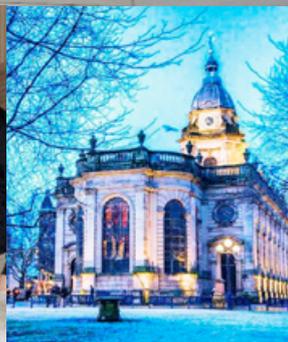


Photo by Roz Guy

**“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 a variety of areas that reflect the nature of the diocese – urban, outer-estate, sub-urban 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 admissions policies are compliant and organises and runs the admissions 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.



Photo by Richard Shephard

### Highlights from the Year

In March we held our Church Schools Senior Leaders Annual Conference on Education, Justice and Peace: Church Schools working for Global Change. This was heralded by the 100-plus delegates as one of the most moving and thought provoking they had ever attended.

In November we held a conference for Church and Church-affiliated school leaders on Faith and Education Today, which followed hot on the heels of the Trojan Horse affair. The conference focused on reconciliation in action, meeting the challenges raised by faith and education today, and we were privileged to welcome the Archbishop of Canterbury, the Most Reverend Justin Welby and both Diocesan Bishops as key note speakers. The Conference did so much to restore confidence and a real sense of hope amongst all who participated and appreciated the leadership shown by the Church of England, locally and nationally at a very difficult time for Birmingham schools.

In May, the Annual Governors Conference was extremely well attended and feedback was excellent.

The highlight of the summer term has to be the Year Six Leavers' Services in the Cathedral which take place across three days each July and enjoyed a very strong school representation. The theme of 'Peace' was most appropriate this year as a response to the hundredth anniversary of the outbreak of the First World War – and marked recognition of the need for reconciliation and harmony within

our own region. Bishops David and Andrew lead us in thoughts about God's peace and Big Ministries led the singing and - through their interpretation of Zacchaeus - helped us to consider the how God brings peace and reconciliation to people.

The celebration Services for Year Two Leavers for seven of our schools, focused upon "Using our talents for others and for God". The theme was interpreted by schools bringing along wonderful representations of pupils using their talents, which were offered as part of the worship.

In November, the Bishop of Aston led a special training event for Clergy with Church schools, which took the form of an open discussion about clergy relationships with their schools, the strategy of mission and how these can be developed in the light of the vision of 'Growing Younger'.

Inspection Outcomes 2014 were also a highlight as many more schools were inspected with the majority gaining Good or Outstanding judgements. During 2014 we saw the percentage of church schools gaining these two judgements rise from about 70% to over 80%.

*The Diocesan Board of Finance wishes to recognise the significant work of Revd Jackie Hughes as she retired in February 2015. Jackie's passion for church schools was inspiring and she leaves an amazing legacy of her work in schools across in the Birmingham diocese.*



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

Photo by Philip King

Photo by David Ash

## 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 diocesan programme for lay development in the diocese, 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 offers a range of learning and training opportunities.

#### *Pastoral Care and Community Skills*

This diocesan 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.

#### *Safeguarding Adults*

A series of introductory training sessions on safeguarding adults were held throughout the diocese in 2014. A safeguarding day specifically for Readers was held in the autumn and covered both child and adult safeguarding training.

#### *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 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 a year later licensing takes place in January. Training is designed to give access to people with a wide range of educational qualifications. It is practically-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 provide training to

support various aspects of Reader ministry.

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

Along with the Warden, 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.

Our Engagements Secretary arranges for Readers to take services at short notice, covering holidays or during an interregnum.

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

[www.birminghamreaders.org](http://www.birminghamreaders.org)



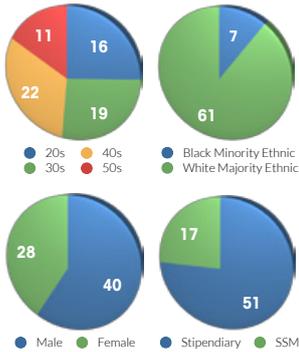
### Highlights from the year

- Annual Away Day for commissioned Lay Pastoral Ministers in March, entitled 'Sharing our Stories of Faith', with the Bishop David and Canon Dr Trevor Dennis, formerly vice dean at Chester Cathedral and a moving story teller.
- A training event for Readers, 'Mental Health Matters: taking our mental health seriously?' with Revd Emma Louis, Mental Health Chaplain in the NHS. One participant wrote that a highlight of the day was, 'To share with others a passionate interest of mental health issues and an understanding of the importance of wholeness in body, mind and spirit.'
- Growing Gifts Exploring Prayer Days at Holland House, Crothorne, Worcs, led by the Warden, the Revd Ian Spencer.
- Inviting Disciples, the Bishop's Lay Conference held at the University of Birmingham. Small Cell Groups were held in the afternoon, facilitated by 97 trained lay facilitators including a number of Readers. One Cell Group facilitator said, 'The whole session was very inspiring and encouraging for me personally, hearing each of their journeys and their enthusiasm to delve deeper into the scriptures to know more of God.'
- The Reader Licensing Service at Birmingham Cathedral in January is a great celebration of Reader Ministry and saw the admission of 16 new Readers.
- In June we held our biggest ever Reader Selection Conference of recent years with 19 candidates, all of whom were selected for training. Coleshill CofE Primary School gave us a warm welcome and provided an excellent venue.

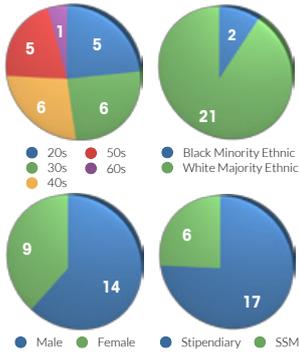
**“We are looking for people who are able to inspire and encourage the gifts of all God’s people.”**

## EXPLORING ORDINATION

### Exploring Vocation 2014



### Ordinands in Training 2014



The Diocesan Director of Ordinands 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.

Forty per cent of stipendiary clergy are due to retire within the next ten years and so Directors of Ordinands are being asked to grow the number of women and men coming forward for ordination. We are already doing this in Birmingham!

One of our Transforming Church goals is ‘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 need to raise young church leaders if we are to grow younger disciples – and we are already doing this in Birmingham!

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.



### Highlights from the Year

- A significant rise in the number of young people coming forward for Ordination. In 2014, five out of 23 Ordinands in training were under 30; just under half were in their twenties and thirties.
- The Signposts 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.
- A pilgrimage to the Taizé Community in France which encouraged the young people we took to think about what God might be calling them to do with their lives.
- Working with a gifted Vocations Team, including Lydia Gaston, our Young Vocations Champion, and Joycelyn Lewis-Gregory, our Minority Ethnic Vocations Champion.
- The decision by the General Synod of the Church of England to allow women to become Bishops, followed by the announcement of first appointment, enabling women and men to respond to God’s call to all orders of ministry.
- A national booklet has been produced entitled ‘Ministry In The Church of England’ which can be seen at [www.churchofengland.org/vocation](http://www.churchofengland.org/vocation)
- The making of a video with Minority Ethnic clergy for the Church of England - Birmingham website to inspire gifted and committed young men and women, from a Minority Ethnic Anglican background, to consider whether God is calling them into ordained ministry as priest. This can be seen at [www.cofebirmingham.com/bishops-advisers/minority-ethnic-anglicans/](http://www.cofebirmingham.com/bishops-advisers/minority-ethnic-anglicans/)

## Bishop’s Adviser for Minority Ethnic Anglicans

The main purpose of the Bishop’s Adviser for Minority Ethnic Anglicans is to give in-depth and hands on assistance to parishes with regard to developing the discipleship of Minority Ethnic young people and young adults as a diocesan priority. This also includes the mature aged Christians who are the backbone of many churches.

As well as meeting with Bishop’s Youth Council, the Bishop’s Adviser for Minority Ethnic Anglicans has been worshipping with, meeting, listening to and encouraging young people in various parishes; assisting, enabling and encouraging them to become fully engaged in the life of the Anglican Church.

We want to inspire gifted and committed young men and women, from Minority Ethnic Anglican background, to consider whether God is calling them into ordained ministry as priest.

In addition the Bishop’s Adviser for Minority Ethnic Anglicans is a Diocesan Link Person and a member of the working groups for the Committee for Minority Ethnic Anglicans (CMEAC).

CMEAC is directly responsible to the Archbishops’ Council. It includes two working groups to address key issues for minority ethnic Anglicans: vocations and youth. The Committee and the Adviser regularly liaise with and support numerous racial justice organizations.

CMEAC work to increase visibility and participation for minority ethnic Anglicans through conferences, consultations, training days, a mentoring programme, maintaining a national network of diocesan link partners, publications, historical displays and ongoing strategic development.



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

## CLERGY

Clergy form a central part in the life of churches in the Birmingham diocese. As well as leading worship and teaching, they offer pastoral care to families and individuals, deepen the discipleship of congregations, and fulfil important roles in local communities. Clergy carry out an astonishing 1,000 weddings, 4,000 funerals and 2,500 baptisms/christenings every year. Training and supporting clergy in this key role is a priority of the BDBF; clergy stipends represent by far its largest financial commitment. As an integral part of their ministry, all clergy participate in a process of Continual Ministerial Development and Review. Led by Canon Mark Pryce, CMD is most intensive during the early years of Curacy, and continues to retirement. A programme of study, alongside prayer and reading Scripture, is at the heart of ministerial life. In 2014 some of the highlights in the CMD programme were:

- Bishop’s Study days on the ethics of WW1 with Prof Nigel Biggar; on Mark’s Gospel led by Bishop Gordon Mursell; and on Theology of Care led by Prof Frances Young.
- A Retreat for Curates based on the Book of Jonah led by Canon Stewart Jones.
- New mid-service programmes to refresh West Midlands clergy: Celebrating Ministry and Celebrating Wisdom.
- Residential conferences on Handling Power, Conflict, and Change appropriately in churches.

### Pastoral Care of Clergy

The stresses of clerical family life are well-documented; various research findings over recent years attest to the unique cocktail of stressors from tied accommodation to the nature of the appointments system, exacerbated by the current cultural and social contexts in which the Church is operating.

Ministry can be fulfilling; it is also demanding, requiring psychological and spiritual resilience, so both proper ongoing support and assistance in times of crisis are vital. The Bishop’s Adviser for Pastoral Care of the Clergy seeks to provide both of these; ongoing support is provided via groups, workshops, work-life balance reviews and quiet days; and assistance in times of crisis is provided by way of the Diocesan Clergy Counselling Service.

The Diocesan Clergy Counselling Service is accessible to clergy, clergy spouses and Civil Partners, and clergy children over 16 who live at home. It is a totally confidential service provided by nine accredited counsellors and psychotherapists who have particular gifts in working with spiritual issues. There is also a life coach to whom referrals may be made. Clients self-refer via the Adviser for Pastoral Care of the Clergy, who meets with each potential client to explore the presenting issues and think about what kind of counselling or coaching support may be of most help.

Many of the pressures clergy experience are common to other occupations: long work hours, organisational and personal and family pressures. Particular pressures for clergy and those in ministry include: an open ended occupation, which means there is always something you could be doing, or someone you could be visiting; working from home, so it is hard to leave “work” behind and callers at the door don’t respect days off. Isolation can be a problem; working at weekends when others are off, in some cases little contact with colleagues. Following a vocation is a source of joy but also brings challenges of its own.



Photo by Jack Boskett



Photo by Philip King

### 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 the priests work.

Whilst there is an understandable wish to keep some older houses because of their historical, architectural or local associations, there is ever more the need to provide accommodation of more moderate size, capable of being repaired, improved or adapted at reasonable cost and economically furnished, decorated, heated, lit and cleaned.

The provision of a house is an important part of a priest’s overall remuneration package



and clergy are entitled to expect a reasonable standard of accommodation. The aim is to provide a house where repair, maintenance and day-to-day running costs and the initial expense of moving are reasonably low, but in which the priest and family are able to live and work in safety and comfort.

A clergy house should be welcoming to visitors and yet allow the family necessary privacy with ‘public’ and ‘private’ areas well separated. FIPS attempts to meet all aspirations within a controlled budget.

The year ended with 126 benefice-owned parsonages and 34 other DBF and Glebe houses.

**“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

The DAC gives advice to the Diocesan Chancellor and Archdeacons on the architecture, archaeology, art and history of churches, in the context of their maintenance and improvement. This forms a vital part of the Faculty system used for the care of church buildings. The DAC also offers free guidance to clergy and churchwardens involved in the planning of work to churches and churchyards. The DAC aims to help parishes in the management of church buildings as places of worship, mission and the provision of pastoral care.

The DAC has a detailed experience and knowledge of the use, development and good stewardship 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. Advice and support is available to parishes at all stages of any buildings and contents project, from initial thoughts, to making applications for required consents, to final matters of post-completion.

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 the Faculty 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. As such, the DAC membership is constituted of experienced specialists (such as architects, heating engineers and heritage planners), 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 English Heritage, 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

The BDTR was created to hold, on behalf of Parochial Church Councils, all charitable trusts and endowments where the original capital cannot be spent, and all land and property used for parish purposes. This means that PCCs do not, generally, need to appoint their own trustees for the management of charity assets. The land used for a number of Church of England schools is also vested in the BDTR on behalf of governing bodies, to ensure that the sites continue to be used for education.

The BDTR keeps property and funds in trust for parishes because, currently, the law does not allow PCCs to do so in their own right. However, the BDTR functions only as a custodian that holds assets for the benefit of a PCC, which is the managing trustee. As such, the PCC has full discretion over the running and development of property and the deployment of funds, so is free to decide how these might be best used and invested in the interests of supporting the parish community and its mission. The PCC must, however, seek the agreement of the BDTR when making formal agreements, the seal of which is needed on most legal documents.

The BDTR is constituted by a range of members of both the clergy and laity with expertise in the law and procedures relating to charities and the Church of England, six of whom are elected by the Diocesan Synod and five of whom are appointed by the Bishop. All members of the BDTR offer their expert advice 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.



### Highlights from the Year

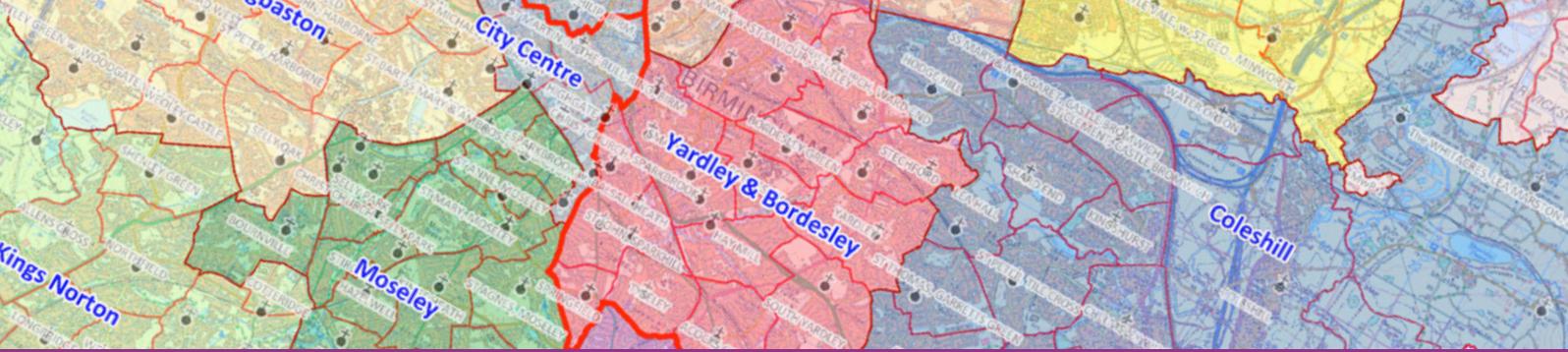
*The DAC was glad to be involved in:*

- 149 parish cases, which covered everything from placing memorial benches to the complete demolition and rebuilding of a church. The Chancellor granted 69 Faculties;
- Significant, £1m+ renovation of St Margaret, Ward End as a worship and community hub, which re-opened in September to provide a valuable resource for the local area;
- Establishment of sign and notice boards at 17 churches, in conclusion of a Transforming Church grant programme that helped around 40 parishes bolster their welcome, mission and outreach from 2012-14;
- Sustainability works at St Peter, Maney, which was the sixth church in the diocese granted permission to install solar panels;

Although, sometimes, it becomes necessary to close churches, St Michael and All Angels, Langley was renovated and reopened as a Unitarian place of worship in November.

*The BDTR was glad to be involved in various projects, including:*

- Cases for 31 parishes, covering everything from the auction of a small strip of PCC land to the building of new community and worship facilities in the parishes of St Mary, Wythall and St Andrew, Chelmsley Wood;
- The establishment of further Church of England schools as Academies, as in the benefice of Kings Norton;
- The sale, under difficult and challenging circumstances, of a mission hall in the parish of St Leonard, Dordon, to establish a fund for future mission and growth in the area;
- The transfer of a working farm to the parish of St Mary, Tanworth-in-Arden, following a bequest, which opened a wide range of possible opportunities;
- The purchase of houses for ministry in the parish of St Philip and St James, Hodge Hill, as part of the PCC's initiative to establish four main centres for mission in the area.



## TRANSFORMING COMMUNITIES

This year the BDBF formalised the relationship between the Community Regeneration team and Church Urban Fund in its joint venture—Thrive Together Birmingham (Thrive)—which is an independent charity. The team now consists of Fred Rattley, Jo Bagby, Sarah Turner and Debbie Browning. In April, Thrive took over responsibility for management of the Near Neighbours programme in Birmingham and Jessica Foster joined our team.

Our aim is to support and develop the growing movement of Christians involved in activities in their local neighbourhoods and across the diocese who are challenging the impact of poverty and disadvantage on individuals and wider communities.

We are seeing members of many churches responding voluntarily to the needs around them and coming into relationship with people who are suffering the effects of poverty and deprivation. As a result they are being challenged and changed by these encounters. We are discovering a real enthusiasm for this approach which enables us to innovate and discover more projects through which the specific needs of people suffering disadvantage might be met. The consequence is that Christians are being seen to be making a difference in the region often in collaboration with people of other faiths and none.



### Highlights from the Year

#### Support to vulnerable older people

A network of 12 churches and Christian organisations are involved in delivering support and activities to older people funded by Birmingham City Council through a partnership called Together in Body, Mind and Spirit. Together they are developing new approaches to meeting the needs of this group in neighbourhoods across Birmingham.

#### Places of Welcome

The formal launch of Places of Welcome was held at St Martin in the Bull Ring to celebrate this activity which has gathered momentum around the diocese and is attracting interest from around the country. 30 Places of Welcome are now open, many of them hosted by churches, and a website [www.placesofwelcome.org](http://www.placesofwelcome.org) has been launched to show their locations and promote the project.

#### Winter Night Shelters

Further development of this project meant that seven churches offered hospitality and overnight accommodation to 12 homeless men for seven nights each week over eight weeks in January-March. The project remains a significant collaboration of different churches, projects and individuals.

#### Safe Families for Children

Through the Church Urban Fun we heard about this highly successful approach to involving volunteers from churches in supporting families in crisis and we have been exploring how it might be brought to the Midlands. Through the project volunteers and churches are recruited and managed to:

- Offer a safe and friendly temporary home for children
- Befriend and support struggling parents
- Access useful goods and services

Safe Families for Children have now secured funding to develop the project in the Midlands in 2015 and we will be supporting their new team to make this happen.

Photo by Ian Cuthbert



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

### Supporting churches to develop and manage local activities and projects

Because we believe that the Church of England has a connection to every neighbourhood we are working to encourage local churches to use their buildings, people and other resources to serve the communities around them. We do this through facilitating tailored training programmes and offering one to one support as requested by each church. Activities can range from running a simple Place of Welcome to large projects generating substantial financial turnover and employing numerous staff to address a local need.

#### Sandwell Churches Link

We are working hard to offer support to churches in all parts of the diocese and in order to increase our capacity Thrive has been investing in the longstanding Sandwell Churches Link project so that it can become a registered charity with greater focus and resource to effectively encourage and support churches in activities that tackle poverty.

#### Near Neighbours

In March Church Urban Fund announced that the Department for Communities and Local Government had asked them to deliver a new and expanded programme of community interfaith activities supported by a Small Grants programme. Birmingham has been able to involve 10 more parishes and the Warley Deanery parishes are now included under the new Black Country Near Neighbours programme.

Photo by Rabiyyah Latif



## 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 to 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.

2014 was a year of challenges for people of different faiths in Birmingham. Much of the year was dominated by the news of the alleged 'Trojan Horse' plot and the concerns about the attitudes some Muslims had towards education and society. People in Birmingham have also been deeply affected by global issues such as Israel - Palestine, Syria, Paris, ISIS, etc, which has also caused suspicion and anger between different people. During this time Director of Interfaith Relations has been working to keep relationships strong and to help people find effective ways to respond often at a local level.

## Highlights from the year

A very successful conference was held in the Autumn called 'Growing Churches in Multi-faith Areas' which challenged and inspired people from across the region and this inspired work with individual churches to help them in their local context.

As a positive response to 'Trojan Horse' the Director of Interfaith Relations has been working with Bishop David on the 'Birmingham Conversations' a series of facilitated discussions with 24 people from different faiths and denominations. The theme of the conversations has been 'What does lived faith look like in the 21st Century'. This group was made up of lay people as well as those in leadership as we seek to hear the perceptions of those living in local communities. The conversations have been fascinating and, at times deeply challenging. During 2015 the results of these conversations will be published with the hope that this will be a model others outside Birmingham can utilise for their own needs.



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

## MALAWI PARTNERSHIP

malawi  
birmingham  
PARTNERSHIP



together in mission

The Malawi Birmingham Partnership has united Anglican Christians in Birmingham and Malawi in love and mutual support for almost 50 years.

Since the establishment of the partnership in 1966, the Anglican Church in Malawi and in Birmingham has developed a mission relationship, seeking to support each other in the work of God in our own contexts.

The Partnership has grown and widened over four decades and through the breadth of activity, is owned by people in all five dioceses. We celebrate our faith together and show mutual support in the face of our varying challenges.

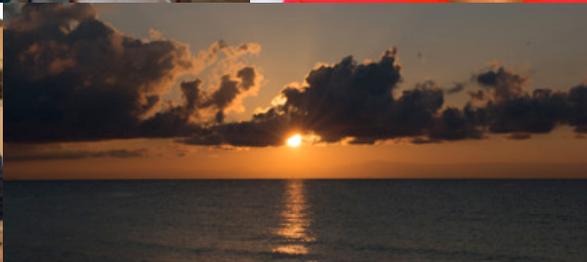
The Birmingham diocese supports Malawi financially; in 2014, 73 parishes gave £36,618 to support the four dioceses and the Anglican Council in Malawi, plus £4,949 in project funding.

Visits take place in each direction and the Malawi Partnership Officer visits the country at least annually. Bishop David visited in May at the head of a group of eight, including the Mothers Union Diocesan President. The visit served to cement and renew friendships and included a rare visit by the MU party to MU community development groups in Karonga in the far north of the country. The second half of the year saw a succession of visits to Birmingham by bishops and others, who had meetings with senior figures in the diocese and visited church primary schools.

In March 2014 we filled two containers 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.

Parish links continue, some more actively than others. Every two years a teacher skills share group goes to give in-service training to Malawian teachers.

The Malawi Task Group meets bi-monthly to direct all the Partnership's activities.



### Highlights from the Year

- A 25 minute DVD entitled 'Matilda's Malawi' was made as a means of celebrating the Partnership and giving Malawians a voice to speak about it. Details can be found at [www.cofebirmingham.com/malawi](http://www.cofebirmingham.com/malawi). Other video and audio resources for schools and parishes are also being developed.
- An independent review of the Partnership has been written by Canon Janice Price of Church House Westminster. This gives thanks for all aspects of the link and encourages both sides to work for greater self-sustainability in the Malawian Church. Discussion of the Review has begun. A summary of the Review and initial responses to it can be found on the website.
- A Malawi calendar with photos taken on the group visit in 2014 has been produced as a fundraiser.
- The Malawi website has been reorganised and all material is now on [www.cofebirmingham.com/churchlife/worldmission/malawi](http://www.cofebirmingham.com/churchlife/worldmission/malawi). We are grateful to Sophie Tubb, who ran the Partnership website which has now closed.
- Thank you - Many of the diocesan staff help to support the Partnership. Our thanks go to all, particularly Steve Squires, Director of Communications, who gave very generously of his time and skills during 2014.





## CHAPLAINCY

### Churches and Industry Group Birmingham and Solihull [www.cigb.org.uk](http://www.cigb.org.uk)



CIGB is a growing network of over 50 Workplace Chaplains, ministering in a dozen different areas. Chaplains care, create a sense of community and mark the presence of faith in Workplaces. They offer a gentle pre-evangelistic introduction to Faith and Christianity: Professor Linda Woodhead's research into non-churchgoers contact with religious representatives, shows that outside of the parish church, people are as likely to meet or know a chaplain, as a Church of England parish priest in the community.

CIGB is an ecumenical team, sponsored by the Church Leaders of Birmingham Churches Together. About 50% of the chaplains are Anglican members and about 50% of our funding comes from Birmingham diocese. We have chaplaincy teams in places like Birmingham City Centre, Solihull Town Centre, Birmingham Airport, Jaguar Land Rover, National Express Buses, NEC Group, Birmingham City Council, Longbridge Town Centre, Kings Heath High St and Bournville FE College. We work closely together with ChaplaincyPlus and their work with the Commercial District of Birmingham. A full report of our chaplaincies can be found at [www.cigb.org.uk/about-us/reports](http://www.cigb.org.uk/about-us/reports).

Businesses say that they also appreciate the independent feedback to management that Chaplains can offer. The Birmingham Markets Chaplains have been advocating the anxieties of the markets workers, in the uncertainties around the redevelopments. One Chaplaincy team chaired their local Business Improvement District committee for a year and helped change their High Street. In Birmingham City Centre, Chaplaincy support has been included in the Council's resilience planning, in the case of a major emergency.

Our Introduction to Workplace Chaplaincy training course receives good reviews and was completed by 27 people during the year. CIGB receives requests to help with training other UK teams – from places like Sussex, North Wales and Somerset. The Church of England's commission into Chaplaincy ([www.stmichaels.ac.uk/chaplaincy-studies](http://www.stmichaels.ac.uk/chaplaincy-studies)) reported in April and described Chaplaincy as an asset that is informing the church in 'reimagining ministry for the future'.

### Highlights from the Year

- "It has opened my eyes to the difference that culture, arts and faith can make to a place." Our Chaplains in Longbridge have been working with the Longbridge Arts Project and Developers in 'Place Making' in this new Town Centre. With local churches, they contributed to the October Light Festival that drew in 1000's of people; and while making 250 Christingles with families, they talked about God's role there.
- Staff and building growth at Jaguar LandRover has meant more dedicated Faith Space for staff. Chaplains say that some of their most interesting conversations are with workers of other faiths. Our Team Diversity Day learnt about Muslim chaplaincy, as well as how ethnicity, disability and status continue to impact lives.
- With Remembrance taking a higher profile in workplaces, Chaplains took part in a dozen special events. They are being asked to be more involved in marking and supporting bereavements/crises. They are also getting requests for blessings, baptisms and weddings.
- About 20 special meetings took place during Chaplaincy Fortnight in the summer, as we celebrated with other forms of chaplaincy. We started eight new volunteer chaplains during the year, and set up a new chaplaincy team in a Christian social enterprise.

## 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. We are committed to the safeguarding principles adopted by the House of Bishops:

#### Principles

We are committed to:

- The care, nurture of, and respectful pastoral ministry with, all children and all adults
- The safeguarding and protection of all children, young people and adults when they are vulnerable
- The establishing of safe, caring communities which provide a loving environment where there is a culture of 'informed vigilance' as to the dangers of abuse.
- The careful selection and training of all those with any responsibility within the Church, in line with current safer recruitment principles and legislation
- Responding without delay to every complaint made which suggests that an adult, child or young person may have been harmed, co-operating with the police and local authority in any investigation.
- Seeking to work with anyone who has suffered abuse, developing with him or her an appropriate ministry of informed pastoral care.
- Seeking to offer pastoral care and support, including supervision and referral to the proper authorities, to any member of our church community known to have offended against a child, young person or adult when they are vulnerable.
- Our safeguarding policies are available online.

#### Highlights from the Year

A programme of training for those who with children and vulnerable adults in churches continued throughout the year with the majority of clergy now having attended safeguarding for those in leadership. An annual day was introduced for Readers to ensure they are able to update their safeguarding every three years. New safeguarding sessions included safeguarding and social media, responding well to survivors of sexual abuse and safer recruitment to support churches following the move to online Disclosure & Barring Service checks at the beginning of the year.

## 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 of 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 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 examine issues in detail and makes recommendations. The Council also take executive action in certain matters and deals with day to day issues. The membership of

the Bishop's Council is contained on page 2 of this report.

The day to day management and administration of the BDBF's affairs are undertaken by the staff employed at its principal office. The key staff with responsibility for meeting the BDBF's objectives and goals are:

*Mr Andrew Halstead* – Diocesan Secretary  
*Ms Melanie Crooks* – Director of Finance  
*Revd Jackie Hughes* – Director of Education (until 26 February 2015)  
*Mrs Sarah Smith* – Director of Education (from 26 February 2015)  
*Mr Alan Broadway* – Diocesan Surveyor

### 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 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 (statutory body) forms part of the BDBF, with its responsibilities discharged by the Board of Education Committee. This committee is also responsible for the Diocesan Church Schools' Fund (restricted fund).

*Pastoral Sub-Committee* – discharges responsibility inter alia for considering applications for grants and loans from the parishes of the diocese and making recommendations to Bishop's Council.

*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.

### 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 2.

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

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

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



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

*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 a development worker who is 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 in 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 and Churches Together Birmingham.

*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.

*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 this church managed volunteering also has a significant impact on people's approach to the church at time of crisis and other aspects of church life and community engagement.

Within this, the BDBF greatly values the considerable time given by all the committee members across the diocese in pursuit of the diocese's mission.

## 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 and Growing Younger mission initiatives.

- *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 2014

## Financial Review

In 2014 overall income levels have held up well on 2013 rising to £10,501,000. This does include a number of "one off" items of income including the recognition of the Bishop Brown (ordinand maintenance costs) and Woodhams (stipend support) legacies and a donation from the sale of an ex parish mission hall. These donations account for £510,000 of income in 2014.

The single largest source of income continues to be parochial contributions or "Common Fund". This represents 53% of our total income. Parishes despite the challenges they face have managed to increase the overall level of Common Fund in 2014. The introduction of an incentive scheme has particularly assisted the management of our cash flow with more parishes providing regular monthly contributions. However, the economic outlook still remains uncertain with many of our parishes not having significant reserves to fall back on. The BDBF continues to closely monitor the amounts of Common Fund received on a monthly basis.

Overall expenditure is £9,166,000 compared to £9,876,000 in 2013. For 2014 this takes into account an exceptional credit release of £426,000 re pension liability on the Church Workers Pension Scheme. 2013 expenditure was higher due to the exceptional cost of £524,000 recognised in the cost of generating funds line. This represented the recognition of a write down in the carrying value of the Birdbof Properties loan investment following an external professional valuation of their 2 properties.

This gives an overall surplus for the year of £1,335,000 before taking into account the net gains on disposal of properties and assets in the year yielding £1,014,000. The resulting cash flow from these disposals of surplus property has been used to repay external Church Commissioners debt and for reinvestment in long term strategic operational assets such as the mission resourcing church at St Luke's at Gas Street.

The BDBF has still been able to fund its core activities of placing and funding clergy, housing and pensions plus the advisory officers. Average parochial clergy deployment during the year was 144.

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 continues to receive significant and increased support from the Church Commissioners. The amount of these selective grants is outside the BDBF's direct control, but is generally known in advance of budgets being set.

## Reserves Policy

Free reserves are maintained for the following purposes:

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

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

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

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

We held this position over the year.

The unrestricted reserve stands at £6,024,000 (when designated funds of £1,460,000 are taken into account). As at 31 December 2014, the amount of readily realisable assets within this reserve is £3,581,000. An amount of £2,287,500 representing 3 months operating expenditure is retained as a general reserve to allow for any unexpected rises in expenditure or shortfall in income. The trustees believe that retaining such reserves will cushion the BDBF from short term revenue problems and will enable them to meet their legal requirements in case of serious financial problems.

## 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.

During the final quarter of 2013, the Trustees undertook a review of (non direct property) both investment strategy and advisors. A revised Statement of Investment Principles was adopted and implementation commenced during 2014.

The overarching investment principles are as follows:

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

2014 was a transition year for the portfolio and hence was managed in the following manner:

- Direct property investments managed by Knight Frank;
- Marketable investments actively managed by Smith & Williamson with transfers from CCLA/CBF Funds;
- Remaining funds within CCLA/ CBF funds on a self-managed basis.

Performance against the WM Index benchmark was 2% below the benchmark, but this was adversely affected by the timing of fund transfers and as at 31 December 2014, not all the funds were fully invested compared to a benchmark portfolio that is fully invested.

## Risk Management of 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 key risks, which may impact on the BDBF include:

- Failure to grow the Church in its mission;
- Failure to attract and retain high quality clergy;
- Non-payment of Common Fund;
- The future funding of clergy pensions;
- Unforeseen property management and maintenance costs;
- Litigation and associated legal costs

## Plans for future periods

As explained in detail on page 6, our plan for future periods is about investing in the “coming generations”. Growing Younger is our new diocese –wide initiative within our overall mission strategy of “Transforming Church”. The aim is precisely to pass on the baton of the Christian gospel to children and families, students and young adults as part of our vision of “growing churches at the heart of each community”

## 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 Act 1926 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’ 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 profit or loss of the 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

As best governance practice, a review of the BDBF’s external audit arrangements was undertaken in 2014 that included a competitive tender process. As a result of this process, Mazars LLP were succeeded by Baker Tilly UK Audit LLP as external auditors. Mazars LLP confirmed and filed at Companies House a statement that there were no circumstances upon their resignation that they wished to bring to the attention of the BDBF’s members or creditors.

A resolution to re appoint Baker Tilly 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 11 June 2015 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 43 in England.

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 in England is divided into parishes. Each parish is overseen by a parish priest, who is usually called an incumbent, vicar, rector or priest in charge. From ancient times through to today, they 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 112 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 diocesan 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 broadly 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.

### *Benefices, Parishes, Deaneries and Archdeacons*

A benefice is a parish or group of parishes normally served by a single incumbent or priest in charge, with the exception of team ministries, which may have several clergy serving 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 to the Diocesan Bishop, although many archdeacons' duties can be delegated.

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

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

We have audited the financial statements of Birmingham Diocesan Board of Finance for the year ended 31 December 2014 on pages 26-44. 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).

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.

## Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Responsibilities of the Trustees set out on page 23, 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.

## 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 <http://www.frc.org.uk/auditscopeukprivate>

## Opinion on financial statements

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 2014 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 Companies Act 2006.

## 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.

## Matters on which we are required to report by exception

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:

- the charitable company has not kept adequate accounting records, 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.

**PHILIP COLEMAN**  
**(Senior Statutory Auditor)**

*For and on behalf of*  
**BAKER TILLY UK AUDIT LLP,**  
**Statutory Auditor**

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

**Date: 11 June 2015**

# STATEMENT OF FINANCIAL ACTIVITIES

For year ended 31 December 2014

	Note	Restricted funds		Unrestricted funds		Total funds 2014	Total funds 2013
		Endowment funds	Other funds	Designated funds	Undesignated funds		
		£'000	£'000	£'000	£'000	£'000	£'000
<b>INCOMING RESOURCES</b>							
<i>Incoming resources from generated funds:</i>							
Parochial contributions		-	38	-	5,461	5,499	5,351
Church Commissioners		-	-	218	1,739	1,957	1,957
Stipend Sources		-	-	-	765	765	660
Other donations - Allchurches and other		185	-	-	322	507	142
Activities for generating funds: Housing income		-	204	50	37	291	252
Investment income: Investment income	8 (e)	371	176	13	17	577	553
<i>Incoming resources from charitable activities:</i>							
Fees		-	-	-	506	506	542
<i>Other income:</i>							
Other income		-	77	184	138	399	313
<b>TOTAL INCOMING RESOURCES</b>		<b>556</b>	<b>495</b>	<b>465</b>	<b>8,985</b>	<b>10,501</b>	<b>9,770</b>
<b>RESOURCES EXPENDED</b>							
<i>Costs of generating funds</i>							
Investment and property management costs (2013 includes exceptional item of £524,000)	2	61	38	71	14	184	
<i>Charitable Activities</i>							
<i>Resourcing ministry and mission:</i>							
Clergy pay, including national insurance and pension contributions		7	-	-	5,706	5,713	5,710
Housing		-	895	-	-	895	861
Diocesan Forums		-	-	-	727	727	648
Synodical support		-	-	-	192	192	174
Grants	3	-	113	282	12	407	479
Interest	5	-	6	34	4	44	65
Administration (including exceptional item of £426,000)		-	-	(426)	668	242	541
<i>Contributions to Archbishops' Council:</i>							
National Church responsibilities		-	-	-	219	219	227
Ministry training		-	-	-	185	185	197
<i>Education:</i>							
Board of Education		-	180	-	123	303	227
Grants		-	6	-	-	6	30
Governance Costs	2	-	-	-	49	49	57
<b>TOTAL RESOURCES EXPENDED</b>	<b>2</b>	<b>68</b>	<b>1,238</b>	<b>(39)</b>	<b>7,899</b>	<b>9,166</b>	<b>9,876</b>
Net incoming/(outgoing) resources before transfers		488	(743)	504	1,086	1,335	(106)
Transfers between funds		(1,015)	735	(89)	369	-	-
<b>NET INCOMING/(OUTGOING) RESOURCES FOR THE YEAR</b>	<b>6</b>	<b>(527)</b>	<b>(8)</b>	<b>415</b>	<b>1,455</b>	<b>1,335</b>	<b>(106)</b>
Gains/(losses) on fixed assets	7	326	-	(16)	-	310	111
Gains on investments	8	444	252	8	-	704	368
Net gains/losses		770	252	(8)	-	1,014	479
<b>NET MOVEMENT IN FUNDS</b>		<b>243</b>	<b>244</b>	<b>407</b>	<b>1,455</b>	<b>2,349</b>	<b>373</b>
Balance brought forward		26,671	5,251	1,238	4,569	37,729	37,356
Balance carried forward	14	26,914	5,495	1,645	6,024	40,078	37,729

## Transfers between Funds

For analysis of Transfers between Funds see note 14. All activities derive from continuing operations.

For year ended 31 December 2014

	Note	2014		2013	
		£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>					
Tangible assets	7	24,950		24,097	
			24,950		24,097
<i>Investments:</i>					
Investment properties	8 (a)	2,260		2,885	
Birdbof Properties Limited loan	8 (b)	268		268	11,012
Other investments	8 (c)	7,341		7,859	
			9,869		11,012
<b>TOTAL FIXED ASSETS</b>			<b>34,819</b>		<b>35,109</b>
<b>CURRENT ASSETS</b>					
Current asset investment	9	907		24,097	
<i>Debtors:</i>					
Receivable within one year	10	1,196		1,313	
Receivable after one year	10	336		520	
			2,439		2,283
Cash at bank		5,017		4,287	
			7,456		6,570
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	11	(1,703)		(1,042)	
<b>NET CURRENT ASSETS</b>			<b>5,753</b>		<b>5,528</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>40,572</b>		<b>40,637</b>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	12		<b>(494)</b>		<b>(2,908)</b>
<b>NET ASSETS</b>			<b>40,078</b>		<b>37,729</b>
<b>FUNDS</b>					
Restricted income funds			5,495		5,251
Restricted property fund			16,772		16,938
Endowment funds			10,142		9,733
<i>Unrestricted income funds:</i>					
Designated			1,645		1,238
Undesignated			6,024		4,569
	13/14		40,078		37,729

Approved by the Board and authorised for issue on 11 June 2015  
And signed on its behalf

.....  
Mr Phil Nunnerley – Chair

# INCOME AND EXPENDITURE ACCOUNT

For year ended 31 December 2014

	2014	2013
	£'000	£'000
Gross income from continuing activities	10,501	9,770
Total expenditure from continuing activities	(9,166)	(9,876)
Net operating income/ (expenditure) for the year	1,335	(106)
Profit on disposal of fixed assets and investments	551	170
<b>Net income/ (expenditure) for the year</b>	<b>1,886</b>	<b>64</b>

# STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For year ended 31 December 2014

	2014	2013
	£'000	£'000
Net income / (expenditure) for the year	1,886	64
Unrealised gain / (loss) on revaluation of investments	463	309
<b>TOTAL GAINS AND LOSSES FOR THE YEAR</b>	<b>2,349</b>	<b>373</b>

# CASH FLOW STATEMENT

For year ended 31 December 2014

		2014	2013
	Note	£'000	£'000
Cash inflow / (outflow) from operating activities	18	1,156	871
Servicing of finance	19	533	488
Capital expenditure and financial investment	19	(236)	1,505
<b>Cash inflow / (outflow) before use of liquid resources and financing</b>		<b>1,453</b>	<b>2,864</b>
Use of liquid resources	19	1,031	24
Cash flow from financing	19	(1,754)	(620)
<b>INCREASE / (DECREASE) IN CASH IN THE YEAR</b>		<b>730</b>	<b>2,268</b>

# RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

For year ended 31 December 2014

		2014	2013
	Note	£'000	£'000
Increase / (decrease) in cash in the year		730	2,268
Net cash outflow relating to loans and deposits		1,754	620
<b>Movement in net funds in the year</b>	20	<b>2,484</b>	<b>2,888</b>
Non cash movement on value linked loans		(51)	95
Net (debt) / funds at beginning of year		1,474	(1,509)
<b>NET FUNDS / (DEBT) AT END OF YEAR</b>	20	<b>3,907</b>	<b>1,474</b>

## 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 and the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities – March 2005", The Church of England Diocesan Annual Reports and Financial Statements Guide and under the historical cost accounting rules except that fixed asset investments and investment properties are included at market valuation.

Also consolidated accounts have not been prepared for the reasons given in note 8 below. Compliance with Statement of Recommended Practice "Accounting and Reporting by Charities" requires departure from the requirements of the Companies Act 2006 relating to depreciation, and an explanation of the departure is given below.

### 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.

### Incoming Resources

#### *Common Fund and income from parochial fees*

The principal source of income comes from voluntary giving in the form of parochial 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*

Grant income is accounted for when the amount can be measured reliably and there is clear entitlement and certainty of receipt. 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.

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.

#### *Other income*

All other material forms of income are accounted for on a receipts basis, other than investment income which is accounted for when due.

### Expended Resources

Expended resources are included on the accruals basis under the following headings; all costs are allocated to a specific category.

#### *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.

#### *Costs of Generating Funds*

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

#### *Charitable Activities*

Resourcing ministry and mission – these are 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.

Contributions to Archbishop's Council – this is the Board's contribution to the training of clergy.

Education – these are the costs for the Diocesan Board of Education, which supports the activities of the Church of England schools within the Diocese.

Support Costs - these are costs incurred directly in support of the charitable activities. These are costs which are directly attributable to a specific activity.

#### *Governance Costs*

These are costs incurred in connection with the administration of the charity and compliance with constitutional and statutory requirements, including external audit and diocesan registrar fees

### Tangible fixed assets and depreciation:

#### *Freehold properties*

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 (by reference to prices ruling at the time of acquisition of the

capitalised asset in each case) 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. The Trustees perform annual impairment reviews in accordance with requirements of FRS15 and FRS 11 to ensure that the carrying value is not more than the recoverable amount.

#### *Parsonage houses*

The BDBF has followed the requirements of FRS5 in its accounting treatment for benefice houses (parsonages). FRS5 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 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 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.

*Continued overleaf*

For year ended 31 December 2014

## Investment properties

In accordance with the SORP, investment properties are revalued 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 in December 2010, the results of which are included in these financial statements. The next professional valuation of properties is due as at December 2015. No depreciation is provided on investment properties.

The Companies Act 2006 requires all properties to be depreciated. However this requirement conflicts with the generally accepted accounting principle set out in the SORP. The directors consider that, because these properties are held as investments, to depreciate them would not give a true and fair view, and that it is necessary to adopt the SORP in order to give a true and fair view. If this departure from the Act had not been made, the profit for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified because depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

## 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

## 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.

The loan to Birdbof Properties Limited is stated at the value of the properties transferred from the BDBF less an impairment provision.

All other investments are stated at market value. Unrealised gains and losses on these investments are shown in the Statement of Financial Activities.

## Pension costs and other post-retirement benefits

The BDBF contributes to the Church of England Funded Pension Scheme for clergy and the Defined Benefit section of the Church Workers Pension Fund for other staff. Both these schemes are multi-employer pension schemes and, after consulting the schemes' actuaries, the BDBF has concluded that it is not possible to identify the underlying assets and liabilities of the schemes attributable to the BDBF on a consistent and reliable basis. Therefore, in accordance with FRS 17, payments to the schemes are accounted for as for defined contribution schemes and the BDBF accounts for pension costs on the basis of contributions payable to the schemes for the year, including obligations under specific deficit-reduction payment plans. Details of the schemes are given in note 16 to the accounts.

## 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 only. 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 14 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 shorter of the overall lease term or first break clause, whichever is shorter in time.

## Irrecoverable VAT

Irrecoverable VAT is grossed up and included in all relevant expenditure.

## 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.

## 2. ANALYSIS OF EXPENDED RESOURCES

	Activities directly undertaken	Grant funding of activities	Support costs	Total 2014
	£'000	£'000	£'000	£'000
Costs of generating funds	184	-	-	184
Resourcing ministry and mission (including exceptional item – see below)	7,813	407	-	8,220
Contributions to Archbishop's council	404	-	-	404
Education	215	6	88	309
Governance	-	-	49	49
	<b>8,616</b>	<b>413</b>	<b>137</b>	<b>9,166</b>

(Note 3)

	Activities directly undertaken	Grant funding of activities	Support costs	Total 2013
	£'000	£'000	£'000	£'000
Costs of generating funds (including exceptional item – see below)	660	-	-	660
Resourcing ministry and mission	7,999	479	-	8,478
Contributions to Archbishop's council	424	-	-	424
Education	139	30	88	257
Governance	-	-	57	57
	<b>9,222</b>	<b>509</b>	<b>145</b>	<b>9,876</b>

(Note 3)

	2014	2013
	£'000	£'000
<b>EXCEPTIONAL ITEMS</b>		
<i>Included within Costs of Generating Funds:</i>		
Write down of the carrying value of the investment in its subsidiary undertaking BIRDBOF Properties Limited	-	524
<i>Included within Resourcing ministry and mission:</i>		
Release of pension provision in respect of Church Workers Pension Scheme	(426)	-

## 3. GRANTS

	2014	2013
	£'000	£'000
Sites and Building approvals	7	-
Education	6	30
Pastoral account	50	106
Transforming Church	232	214
Malawi Link	98	122
Action in the City	8	26
Other	12	11
	<b>413</b>	<b>509</b>

For year ended 31 December 2014

## 4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2014	2013
	No.	No.
<i>Full time equivalent numbers employed during the year:</i>		
Executives	14	14
Secretarial	5	5
Administration	6	6
Youth Adviser	1	1
	<b>26</b>	<b>26</b>

	2014	2013
	£'000	£'000
<i>Employee costs during the year (excluding clergy pay):</i>		
Wages and salaries	938	863
Social security costs	90	83
Pension costs 171 152	171	152
	<b>1,199</b>	<b>1,098</b>

Two employees earned more than £60,000 in the year, in the following bandings (2013: One):

	2014	2013
	No.	No.
In the band £60,000 - £65,000	1	-
In the band £65,000 - £70,000	-	1
In the band £70,000 - £75,000	1	-

The total amount of employer defined contribution pension contributions paid on behalf of these employees were £ 15,882 (2013:£8,062).

None of the directors received any remuneration as directors. The BDBF paid £2,438 (2013: £1,913) 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 Diocesan Board is merely responsible for the central administration and payment of the stipends on behalf of the parishes.

## 5. INTEREST PAYABLE AND SIMILAR CHARGES

	2014	2013
	£'000	£'000
<b>BANK LOANS, OVERDRAFTS AND OTHER LOANS</b>	<b>44</b>	<b>65</b>

## 6. NET INCOMING RESOURCES

	2014	2013
	£'000	£'000
<i>Net movement in funds is stated after charging:</i>		
Depreciation – owned assets	37	34
Profit on disposal of fixed assets	495	(161)
Payments under operating leases – plant and equipment	27	50
Smoothing of rent free period on land and building operating lease	145	145
Auditor's remuneration – audit of financial statements	16	22
Auditor's remuneration – other services	3	-

## 7. 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
<b>Cost/deemed cost or valuation</b>						
At 1 January 2014	21,472	2,469	-	121	147	24,209
Additions	1,480	-	1,091	9	-	2,580
Disposals	(168)	(1,062)	-	-	-	(1,230)
Transfers/ revaluations	421	(881)	-	-	-	(460)
<b>At 31 December 2014</b>	<b>23,205</b>	<b>526</b>	<b>1,091</b>	<b>130</b>	<b>147</b>	<b>25,099</b>
<b>Accumulated depreciation</b>						
At 1 January 2014	-	-	-	91	21	112
Charge for the year	-	-	-	22	15	37
<b>At 31 December 2014</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>113</b>	<b>36</b>	<b>149</b>
<b>Net book value</b>						
<b>At 31 December 2014</b>	<b>23,205</b>	<b>526</b>	<b>1,091</b>	<b>17</b>	<b>111</b>	<b>24,950</b>
At 31 December 2013	21,472	2,469	-	30	126	24,097

	2014 Cost or deemed cost	2013 Cost or deemed cost
	£'000	£'000
<b>FREEHOLD PROPERTIES</b>		
<b>Endowment funds:</b>		
<b>Benefice houses fund:</b>		
Parsonage houses	16,771	16,938
<b>Glebe funds:</b>		
Housing of team vicars, curates & others	960	960
<b>Unrestricted funds:</b>		
<b>Corporate property:</b>		
Housing of senior clergy, curates & others 850	1,482	850
Other corporate property	3,991	2,724
<b>TOTAL FREEHOLD PROPERTIES (excluding those subject to value linked loans)</b>	<b>23,204</b>	<b>21,472</b>

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 2014, relates to the 109 year lease purchased on Retort House, Gas Street, Birmingham on 23 December 2014. This listed building will be converted into a Mission Resourcing Church – St Luke's at Gas Street in future financial periods.

For year ended 31 December 2014

## 8. INVESTMENT HELD AS FIXED ASSETS

	Glebe	Endowment fund	Total
	£'000	£'000	£'000
<b>a) INVESTMENT PROPERTIES</b>			
At 1 January 2014	1,605	1,280	2,885
Disposals	(108)	-	(108)
Transfer to corporate fixed assets	(517)	-	(517)
<b>AT 31 DECEMBER 2014</b>	<b>980</b>	<b>1,280</b>	<b>2,260</b>

Properties were valued by Knight Frank (Chartered Surveyors) on an open market existing use basis as at 31 December 2010. The BDBF's policy is to seek formal professional valuations of its investment properties every 5 years with trustee review in the intervening period.

	£'000	£'000
<b>b) BIRDBOF PROPERTIES LIMITED LOAN</b>		
Loan principal	965	965
Repaid	-	-
Provision against under-recovery	(697)	(697)
<b>AMOUNTS RECOVERABLE AT THE YEAR END</b>	<b>268</b>	<b>268</b>

The loan is unsecured, interest free, and will only be repayable upon the disposal of the properties held in BirdbofPropertiesLimited.

	Listed investments	Unlisted investments	Total
	£'000	£'000	£'000
<b>c) OTHER INVESTMENTS</b>			
<i>At valuation</i>			
At 1 January 2014	1,802	6,057	7,859
Sales	(1,265)	(2,805)	(4,070)
Purchases	2,787	252	3,039
Change in market value	66	447	513
<b>AT 31 DECEMBER 2014</b>	<b>3,390</b>	<b>3,951</b>	<b>7,341</b>
<i>Historic cost:</i>			
<b>AT 31 DECEMBER 2014</b>	<b>2,491</b>	<b>3,124</b>	<b>5,615</b>
At 31 December 2013	1,223	5,442	6,665
<i>Investments at market value comprised:</i>			
UK fixed interest securities	270	-	270
UK equities	422	-	422
UK investment and unit trusts	1,000	3,951	4,951
Foreign investment and unit trusts	492	-	492
Cash with investment manager pending investment	1,206	-	1,207
	<b>3,390</b>	<b>3,951</b>	<b>7,341</b>

Unlisted investments consist of freely marketable shares in The Central Board of Finance Investment Fund and COIF administered by the CCLA Fund Managers.

**d) SUBSIDIARY UNDERTAKINGS**

The BDBF owns the entire share capital of Birdbof Properties Limited, a property investment company registered in England and Wales. At the end of the year, the company had net liabilities of £675,000, and appropriate provision has been made against its indebtedness to the BDBF (see above).

The company's trading results and balance sheet can be summarised as follows:

	2014	2013
	£'000	£'000
<b>1 PROFIT AND LOSS ACCOUNT:</b>		
Turnover	70	23
Administrative expenses (2013: including exceptional charge of £527,000)	(49)	(547)
Profit/(loss) on ordinary activities	21	(524)
<b>RESULT FOR THE YEAR</b>	<b>21</b>	<b>(524)</b>
<b>2 NET ASSETS:</b>		
Tangible Fixed Assets	310	310
Net current liabilities	(20)	(41)
Creditors: amounts falling due after more than one year	(965)	(965)
<b>NET LIABILITIES</b>	<b>(675)</b>	<b>(696)</b>

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.

**e) INVESTMENT INCOME**

	Endowment funds	Other funds	Designated funds	Undesignated funds	Total funds 2014	Total funds 2013
	£'000	£'000	£'000	£'000	£'000	£'000
Investment properties	171	-	-	-	171	128
UK equities, unit trusts and deposits	200	176	13	17	406	425
	<b>371</b>	<b>176</b>	<b>13</b>	<b>17</b>	<b>577</b>	<b>553</b>

**9. CURRENT ASSETS INVESTMENTS**

	2014	2013
	£'000	£'000
<b>Property asset held for resale:</b>		
Transfer from fixed assets	907	-
Transfer from investment property	-	600
Revaluation to net realisable value	-	(150)
<b>CARRYING VALUE AS AT 31 DECEMBER 2014</b>	<b>907</b>	<b>450</b>

The current asset investment for the year ended 31 December 2014 relate to five properties that were deemed surplus to requirements and were on the market for sale as at 31 December 2014. Sales were completed on these properties after the year end. Four of the properties were subject to value linked loans from the Church Commissioners. The connected loans on these properties have been disclosed as creditors due within one year (see note 11).

The current asset investment for the year ended 31 December 2013 related to the former investment property – 3 Temple Row West. This was disposed on 28 February 2014.

For year ended 31 December 2014

## 10. DEBTORS

	2014	2013
	£'000	£'000
<i>Receivable within one year:</i>		
Parish loans	107	202
Other loans	8	328
Amounts due from subsidiary undertaking	6	
Prepayments and other debtors	990	637
Accrued income	85	146
	<b>1,196</b>	<b>1,313</b>
<i>Receivable after one year:</i>		
Parish loans	185	318
Other loans	151	202
	<b>336</b>	<b>520</b>
<b>TOTAL DEBTORS</b>	<b>1,532</b>	<b>1,833</b>

Parish loans in 2014 include an amount of £ 124,500 (2013: £453,000) 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 12 below. Interest was payable and receivable at the same rate, being 0.55% above the CBF deposit rate.

## 11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014	2013
	£'000	£'000
Other loans	615	370
Trade creditors	122	47
Other creditors	228	196
Accruals and deferred income	738	429
	<b>1,703</b>	<b>1,042</b>

Other loans less than one year relate principally to advances from the Church Commissioners for house purchases. The Church Commissioners have up to 100% equity in certain diocesan houses subject to value linked loans.

All loans are variable interest loans at the rate of the Central Board of Finance Church of England Deposit Fund rate plus 0.55%

Repayment of each loan is due upon the sale of the related property. As at 31 December 2014 it was anticipated that four of these loans will be repayable within one year as the properties were held as current assets and on the market for sale. Sales were completed on these properties after the year end.

The Church Commissioners and bank loans are secured on the buildings for which the money was loaned.

**12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2014	2013
	£'000	£'000
Pension fund deficit	-	465
Other loans (including value linked loans)	494	2,443
	<b>494</b>	<b>2,908</b>

Other loans due after more than one year relate principally to advances from the Church Commissioners for house purchases. The Church Commissioners have up to 100% equity in certain diocesan houses subject to value linked loans.

All loans are variable interest loans at the rate of the Central Board of Finance Church of England Deposit Fund rate plus 0.55%

Repayment of each loan is due upon the sale of the related property. As at 31 December 2014 it was not anticipated that

any of these loans will be repayable within five years, unless the properties to which they relate are sold.

The Church Commissioners and bank loans are secured on the buildings for which the money was loaned.

The pension fund deficit creditor is now included in creditors falling due within one year as it is anticipated that the balance of the liability will be settled by 1 August 2015. This amounts to £37,775.

**13. ANALYSIS OF ASSETS AND LIABILITIES BETWEEN FUNDS**

	Restricted funds		Unrestricted funds		Total funds 2014	Total funds 2013
	Endowment funds	Other funds	Designated funds	Undesignated funds		
	£'000	£'000	£'000	£'000	£'000	£'000
<b>INCOMING RESOURCES</b>						
<i>Tangible assets</i>						
Other fixed assets	17,732	-	4,819	2,399	<b>24,950</b>	24,097
<i>Investments - Fixed</i>						
Investment properties	2,260	-	-	-	<b>2,260</b>	2,885
Birdbof loan	-	-	-	268	<b>268</b>	268
Other	3,629	3,604	108	-	<b>7,341</b>	7,859
Investment - current	-	-	907	-	<b>907</b>	450
<i>Debtors</i>						
Due within one year	-	465	-	731	<b>1,196</b>	1,313
Due after one year	-	217	-	119	<b>336</b>	520
Cash at bank	3,293	1,309	(3,166)	3,581	<b>5,017</b>	4,287
<i>Creditors</i>						
Due within one year	-	(100)	(647)	(956)	<b>(1,703)</b>	(1,042)
Due after one year	-	-	(376)	(118)	<b>(494)</b>	(2,908)
<b>NET ASSETS</b>	<b>26,914</b>	<b>5,495</b>	<b>1,645</b>	<b>6,024</b>	<b>40,078</b>	<b>37,729</b>

For year ended 31 December 2014

**14. MOVEMENTS IN FUNDS**

	1 January 2014	Income	Expenditure	Transfers	Capital movements	31 December 2014
	£'000	£'000	£'000	£'000	£'000	£'000
<b>ENDOWMENTS FUNDS</b>						
Glebe	4,862	145	(47)	(474)	399	4,885
Endowment	4,871	219	(14)	(205)	201	5,072
Parsonage houses	16,938	-	-	(336)	170	16,772
Bishop Brown legacy	-	192	(7)	-	-	185
	<b>26,671</b>	<b>556</b>	<b>(68)</b>	<b>(1,015)</b>	<b>770</b>	<b>26,914</b>
<b>OTHER RESTRICTED FUNDS</b>						
Parsonage fund	-	204	(939)	735	-	-
Sites and buildings fund	959	11	(7)	-	-	963
Church Schools fund	3,912	192	(186)	-	219	4,137
Action in the City fund	62	5	(8)	-	7	66
Malawi Partnership fund	318	83	(98)	-	26	329
	<b>5,251</b>	<b>495</b>	<b>(1,238)</b>	<b>735</b>	<b>252</b>	<b>5,495</b>
<b>UNRESTRICTED FUNDS</b>						
<i>Designated funds:</i>						
Houses fund	60	50	(105)	11	(16)	-
Pastoral fund	1,097	197	(50)	-	8	1,252
Pensions Reserve	(464)	-	426	-	-	(38)
Transforming Church	545	218	(232)	(285)	-	246
Growing Younger fund	-	-	-	185	-	185
<i>Undesignated funds:</i>						
General fund	4,569	8,985	(7,899)	369	-	6,024
	<b>5,807</b>	<b>9,450</b>	<b>(7,860)</b>	<b>280</b>	<b>(8)</b>	<b>7,669</b>
<b>TOTAL</b>	<b>37,729</b>	<b>10,501</b>	<b>(9,166)</b>	<b>-</b>	<b>1,014</b>	<b>40,078</b>

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, 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 Subcommittee, 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.

## UNRESTRICTED FUNDS

### Growing Younger Fund

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

### Transforming Church Fund

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

### 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.

### 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.

### General Fund

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

# NOTES TO THE ACCOUNTS

For year ended 31 December 2014

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 <sup>1</sup>	100	(100)	-	-	-
Transforming Church fund to Growing Younger fund <sup>2</sup>		185	-	-	-
Endowment to General fund <sup>3</sup>	205	-	-	(205)	-
Glebe to General fund <sup>4</sup>	614	-	-	(614)	-
General fund to Board Housing fund <sup>5</sup>	(11)	11	-	-	-
General fund to Parsonage fund <sup>6</sup>	(735)	-	735	-	-
Parsonage Houses to General fund <sup>7</sup>	196	-	-	(196)	-
<b>TOTAL</b>	<b>369</b>	<b>(89)</b>	<b>735</b>	<b>(1,015)</b>	<b>-</b>

- <sup>1</sup> This represents the support for stipendary mission costs from the Transforming Church Fund
- <sup>2</sup> This represents a match funding contribution towards the Growing Younger Programme from the Transforming Church Fund.
- <sup>3</sup> This represents the annual net income on the Endowment Fund that may be used to support stipendary mission costs.
- <sup>4</sup> This represents the annual net income on the Glebe Fund £98,000 that may be used to support stipendary mission costs and the net transfer of glebe property following a reorganisation into the General Fund
- <sup>5</sup> This represents the support from the unrestricted general fund towards the in year net expenditure on the Board Housing Fund
- <sup>6</sup> This represents the support from the unrestricted general fund towards the in year net expenditure on the Parsonage Fund (£735,000)
- <sup>7</sup> This represents proceeds on the sale of parsonage gardens that will be used for General Fund mission costs.

## 15. CAPITAL COMMITMENTS

At 31 December 2014 the company had capital commitments of £553,574 which were contracted for but not provided in the financial statements (2013: £Nil).

## 16. PENSION COST

### 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 defined contribution 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 £ 64,757 (2013: £64,757).

The BDBF is unable to identify its share of the underlying assets and liabilities, as each employer is exposed to actuarial risks associated with current and former employees of other entities participating in the DBS.

At 31 December 2014 the BDBF had 0 active members and 29 deferred pensioner members in the Fund.

A valuation of the fund was carried out as at 31 December 2010. In order to fund its share of the fund deficit the BDBF is having to pay a liability of £647,757 in ten annual instalments of £64,757, with the first payment having been made in April 2012. The future contribution rate was also increased with effect from 1 April 2012 to 26.6%. The BDBF have however agreed to close future membership of the scheme. A further valuation of the Fund was carried out as at 31 December 2013, but as at February 2015, resulting contributions have yet to be formally agreed.

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. 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.

At 31 December 2014, the BDBF had 32 active members, 6 deferred members and 1 pensioner in the Pension Builder Classic section.

The assets of the PBS are held separately from those of the BDBF. As at the formal valuation as at 31 December 2010, the PBS was in surplus on an ongoing funding basis. A formal valuation of the PBS is being carried out as at 31 December 2013, but as at February 2015, the final results have yet to be announced.

The BDBF is unable to identify its share of the underlying assets and liabilities as each employer is exposed to actuarial risks associated with the current and former employees of other entities participating in the PBS. For schemes like this, paragraph 9(b) of FRS 17 required the BDBF to account for pension costs on the basis of contributions actually payable to the Scheme in the year.

The pension cost for the year shown in the financial statements is equal to the total contributions. The total contributions for the year were £106,579 (2013: £87,142).

### Stipendiary Clergy

The BDBF participates in the Church of England Funded Pensions Scheme and makes contributions for 152 members of the scheme out of a total membership of approximately 8,400 active members. For 2014, the total contributions were £1,264,027 (2013: £1,277,885).

The Church of England Funded Pensions Scheme is a defined benefit scheme but the BDBF is unable to identify its share of the underlying assets and liabilities – each employer in that scheme pays a common contribution rate applied to pensionable stipends, which are currently the same as National Minimum Stipend. The scheme pension costs are accounted for as if the scheme were a defined contribution scheme and the pension cost charged to the Statement of Financial Activities is the contributions payable for the year. A valuation of the Scheme

was carried out as at 31 December 2012. This revealed a shortfall of £293m, based on assets of £896m and a funding target of £1,189m, assessed using the following assumptions:

An investment strategy of:

- For investments backing liabilities for pensions in payment, an allocation to gilts, increasing linearly from 10% at 31 December 2012 to 2/3rds by 31 December 2029, with the balance in return-seeking investments; and
- For investments backing liabilities prior to retirement, a 100% allocation to return seeking investments.
- Investment returns of 3.2% pa on gilts and 5.2% pa on equities;
- RPI inflation of 3.2% pa (and pension increases consistent with this);
- Increase in pensionable stipends 3.2% pa; and
- Post-retirement mortality in accordance with 80% of the S1NFA and SINMA tables, with allowance for future improvements in mortality rates from 2003 in line with the CMI 2012 core projections, with a long term annual rate of improvement of 1.5% for females and males. By way of illustration, the assumption for members aged 65 at 31 December 2012 is a remaining life of 26.9 years for females and 24.3 years for males.

Following the valuation of the Scheme as at 31 December 2012 the contribution rate has been set at 39.9% of the national minimum stipend with effect from 1 January 2015, compared to 38.2% since 1 January 2011. The rate is broken down into 25.8% relates to providing the benefit in relation to ongoing pensionable service, including 1.2% for the day to day expenses of running the scheme, and 14.1% related to the recovery of the deficit over the 12 years to 31 December 2025.

The next valuation of the scheme is due to be carried out as at 31 December 2015.

For year ended 31 December 2014

## 17. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2014 the charity was committed to making the following payments under non-cancellable operating leases:

	Land and buildings 2014	Other 2014	Land and buildings 2013	Other 2013
	£	£	£	£
<b>Operating leases which expire:</b>				
Within one year	-	-	-	7,820
Within two and five years	-	-	-	20,554
After five years	145,320	-	145,320	-
	<b>145,320</b>	<b>-</b>	<b>145,320</b>	<b>28,374</b>

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

## 18. RECONCILIATION OF INCOMING RESOURCES TO OPERATING CASH FLOWS

	2014	2013
	£'000	£'000
Net incoming / (outgoing) resources, before interest	802	(594)
Depreciation	37	34
Write down of Birdbof loan	-	524
Decrease / (increase) in debtors	301	1,247
(Decrease) in creditors	(50)	(524)
Write down carrying value of current asset investment property	-	150
Non cash movements	66	34
<b>NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>1,156</b>	<b>871</b>

## 19. ANALYSIS OF CASH FLOW FOR HEADINGS

	2014	2013
	£'000	£'000
<b>NETTED IN THE CASH FLOW STATEMENT</b>		
Servicing of finance		
Investment income	577	553
Interest paid	(44)	(65)
<b>NET CASH INFLOW FOR SERVICING OF FINANCE</b>	<b>533</b>	<b>488</b>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(2,580)	(20)
Sale of tangible fixed assets	1,786	494
Sale of investment properties	558	1,031
<b>NET CASH INFLOW / (OUTFLOW) FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>	<b>(236)</b>	<b>1,505</b>
<b>Use of liquid resources</b>		
Proceeds on disposal of investments	4,070	373
Purchase of investments	(3,039)	(349)
	<b>1,031</b>	<b>24</b>
<b>Financing</b>		
Loan repayments	(1,754)	(620)
<b>NET CASH (OUTFLOW) / INFLOW FROM FINANCING</b>	<b>(1,754)</b>	<b>(620)</b>

## 20. ANALYSIS OF NET FUNDS

	At 1 January 2014	Cash flow	Non cash movement	At 31 December 2014
	£'000	£'000	£'000	£'000
Cash in hand and at bank	2,110	497	-	<b>2,607</b>
	2,110	497	-	<b>2,607</b>
Other loans	(2,813)	1,754	(51)	<b>(1,110)</b>
	(2,813)	1,754	(51)	<b>(1,110)</b>
Cash held on deposit	2,177	233	-	<b>2,410</b>
<b>NET FUNDS</b>	<b>1,474</b>	<b>2,484</b>	<b>(51)</b>	<b>3,907</b>

Included in "other loans" shown above are loans amounting to £986,000 (2013: £2,353,299) in respect of advances from the Church Commissioners for the purchase of houses. The non cash movement relates to the valuation of value linked loans from the Church Commissioners. Full details are given in notes 7, 11 and 12 to the accounts.

For year ended 31 December 2014

## 21. RELATED PARTY TRANSACTIONS

No trustee received any remuneration for services as a director. The trustees received travelling and out of pocket expenses totalling £2,249 (2013: £1,322).

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 (until 17 December 2014)	No	Yes
The Archdeacon of Birmingham	Yes	Yes
The Archdeacon of Aston (from 16 November 2014)	Yes	Yes
Revd Canon Martin Stephenson	Yes	Yes
Revd Canon Tim Pilkington	Yes	Yes
The Revd Canon Freda Evans	Yes	Yes
The Revd Dr Andrew Jolley	Yes	Yes
The Revd Dr Crispin Palling (until 21 June 2014)	Yes	Yes
The Revd John Routh	Yes	Yes
The Revd Nigel Traynor	Yes	Yes
The Revd Priscilla White	Yes	Yes

The stipend of the Suffragan Bishop was funded by the Church Commissioners. The annual rate of stipend funded by the BDBF, paid to Archdeacons in 2014 was in the range of £33,010 to £34,280 (2013: £32,360 - £33,610) and for other clergy who were trustees the diocesan stipend rate was £ 24,140 (2013: £23,575).

The Archbishops' Council has estimated the value to the occupant, gross of income tax and national insurance, of church provided housing in 2014 at £9,950 (2013: £9,950).

A trustee of the BDBF is also a member of the Birmingham Cathedral Chapter. The BDBF facilitated a Central Board of Finance loan for the Cathedral. This loan was repaid during 2014. The balance outstanding on the loan as at 31 December 2014 was £ nil (2013: £320,000). Interest on this loan amounted to £2,264 during the year (2013: £3,849).

The Cathedral shares office space with the BDBF and an amount of £23,250 (2013: £23,250) was payable for this space for the year ended 31 December 2014.

The Cathedral paid Common Fund of £40,000 to the BDBF for the year ended 31 December 2014 (2013: £40,000).

As included in Note 8(b), the BDBF has a long term loan recoverable from its non consolidated subsidiary undertaking Birdbof Properties Limited. This amounted to £268,000 as at 31 December 2014 (2013: £268,000). There is also a current debtor of £6,000 receivable from the subsidiary undertaking as at 31 December 2014 (2013: £ nil). This is contained within note 10 to the financial statements.



# CONTACTS



## PATRICIA ALLEN

☎ 0121 426 0404  
✉ PatriciaA  
*Finance*



## BISHOP OF ASTON

☎ 0121 426 0448  
✉ BishopofAston  
*Bishop of Aston*



## RICHARD AUGER

☎ 0121 426 0443  
✉ RichardA  
*Growing Younger*



## JO BAGBY

☎ 0121 426 0442  
✉ JoB  
*Community Regeneration / Thrive*



## TRISH BECK

☎ 0121 426 0402  
✉ TrishB  
*PA to Diocesan Secretary*



## ALAN BROADWAY

☎ 0121 426 0408  
✉ AlanB  
*Care of Parsonages*



## DEBBIE BROWNING

☎ 0121 426 0442  
✉ DebbieB  
*Community Regeneration / Thrive*



## MARLYCE BRYAN

☎ 0121 426 0446  
✉ MarlyceB  
*Ordinands*



## CHRIS BUTLER

☎ 0121 426 0413  
✉ ChrisB  
*Finance*



## CARA BUTOWSKI

☎ 0121 426 0439  
✉ CaraB  
*Communications*



## JELENA CAMMACK

☎ 0121 426 0435  
✉ JelenaC  
*Ministries Support*



## JANET CHAPMAN

☎ 0121 262 1840  
✉ CanonLiturgist  
*Birmingham Cathedral*



## JENNY CHERRY

☎ 0121 426 0404  
✉ JennyC  
*Finance*



## FAITH CLARINGBULL

☎ 0121 426 0445  
✉ DDO  
*Ordinands*



## MELANIE CROOKS

☎ 0121 426 0412  
✉ MelanieC  
*Finance*



## SUSAN CROSTHWAITE

☎ 0121 426 0419  
✉ SusanC  
*Education*



## CAROL CURRIER

☎ 0121 262 1840  
✉ CarolCurrier  
*Birmingham Cathedral*



## VAL DALTON

☎ 0121 426 0425  
✉ ValD  
*CIGB*



## CAROL FLETCHER

☎ 0121 426 0448  
✉ CarolF  
*PA to Bishop of Aston*



## JESSICA FOSTER

☎ 07817 853452  
✉ Jess@nearneighbours.com  
*Near Neighbours*



## BEN FRANKS

☎ 0121 262 1840  
✉ Ben.Franks  
*Birmingham Cathedral*



## STEPHEN FRASER

☎ 0121 426 0402  
✉ stevef\_bham@sky.com  
*Chair of House of Laity*



## PETER FRENCH

☎ 0121 426 0418  
✉ PeterF  
*Education*



## SUE GREATHEAD

☎ 0121 426 0409  
✉ SueG  
*Care of Parsonages*



## ANDREW HALSTEAD

☎ 0121 426 0402  
✉ AndrewH  
*Diocesan Secretary*



## NIGEL HAND

☎ 0121 262 1840  
✉ CanonMissioner  
*Birmingham Cathedral*



## JENNY HARRIS

☎ 0121 426 0437  
✉ JennyH  
*PA to Archdeacon of Aston*



## SIMON HEATHFIELD

☎ 0121 426 0428  
✉ SimonH  
*Archdeacon of Aston*



## AMANDA HOMER

☎ 0121 426 0414  
✉ AmandaH  
*Finance*



## LIZ HOWLETT

☎ 0121 426 0431  
✉ LizH  
*Lay Development*



## MARGARET HYDE

☎ 0121 426 0403  
✉ MargaretH  
*PA to Archdeacon of Birmingham*



## SUSANNAH IZZARD

☎ 07702 571760  
✉ PastoralAdviser  
*Pastoral Care of Clergy*



## RHIANNON KING

☎ 0121 426 0420  
✉ RhiannonK  
*Director of Mission*



## TOM LENNON

☎ 0121 426 0424  
✉ TomL  
*Parish Services*



## JOYCELYN LEWIS-GREGORY

☎ 0121 426 0444  
✉ JoycelynLG  
*Minority Ethnic Anglicans*



## ADRIAN MANN

☎ 0121 426 0405  
✉ AdrianM  
*Care of Churches*

Birmingham Cathedral staff emails end with [@birminghamcathedral.com](mailto:@birminghamcathedral.com)  
All other emails, unless stated, end with [@cofebirmingham.com](mailto:@cofebirmingham.com)



**JANE MCARDLE**

☎ 0121 262 1840  
✉ Jane.McArdle  
*Birmingham Cathedral*



**JANET NICKLIN**

☎ 0121 426 0427  
✉ JanetN  
*Ministries Support*



**PHIL NUNNERLEY**

☎ 0121 426 0402  
✉ TrishB  
*Chair of Birmingham DBF*



**CATHERINE OGLE**

☎ 0121 262 1840  
✉ Dean  
*Birmingham Cathedral*



**HAYWARD OSBORNE**

☎ 0121 426 0441  
✉ HaywardO  
*Archdeacon of Birmingham*



**ANNA PITT**

☎ 0121 262 1840  
✉ DirectorofFundraising  
*Birmingham Cathedral*



**JOHN PRICE**

☎ 0121 426 0400  
✉ Reception  
*Office Services*



**MARK PRYCE**

☎ 0121 426 0430  
✉ MarkP  
*Clergy Development*



**RACHEL RAFTERY**

☎ 0121 426 0417  
✉ RachelR  
*Education*



**FRED RATTLEY**

☎ 0121 426 0440  
✉ FredR  
*Community Regeneration / Thrive*



**SARAH ROSE**

☎ 0121 426 0400  
✉ Reception  
*Office Services*



**MARY ROSE**

☎ 0121 427 1163  
✉ MaryR  
*Bishop of Birmingham Staff*



**PETER SELICK**

☎ 0121 426 0425  
✉ PeterS  
*CIGB*



**JAN SMART**

☎ 0121 426 0434  
✉ JanS  
*HR*



**ANDREW SMITH**

☎ 0121 426 0426  
✉ AndrewS  
*Interfaith*



**SARAH SMITH**

☎ 0121 426 0421  
✉ SarahS  
*Education*



**STEVE SQUIRES**

☎ 0121 426 0438  
✉ SteveS  
*Communications*



**MARTIN STEPHENSON**

☎ 0121 426 0402  
✉ martin.stephenson@cantab.net  
*Chair of House of Clergy*



**ANDREA STEVENS**

☎ 0121 426 0429  
✉ AndreaS  
*Ministries Support*



**JILL STOLBERG**

☎ 0121 426 0422  
✉ Jills  
*Education*



**KATE STOWE**

☎ 0121 427 1163  
✉ BishopsChaplain  
*Bishop of Birmingham Staff*



**VICKI TILDESLEY**

☎ 0121 426 0423  
✉ VickiT  
*Care of Churches*



**RICHARD TUCKER**

☎ 0121 354 5873  
✉ MalawiOfficer  
*Malawi Partnership*



**SARAH TURNER**

☎ 0121 426 0442  
✉ Sarah@thrivebirmingham.org  
*Community Regeneration / Thrive*



**DAVID URQUHART**

☎ 0121 427 1163  
✉ DavidU  
*Bishop of Birmingham*



**CLAIRE WESLEY**

☎ 0121 426 0432  
✉ ClaireW  
*Children*



**LIZ WOOD**

☎ 0121 262 1840  
✉ Liz.Wood  
*Birmingham Cathedral*



**CHRISTINE WRIGHT**

☎ 0121 427 1163  
✉ ChristineW  
*Bishop of Birmingham Staff*

**GENERAL SYNOD REPRESENTATIVES**

Canon Dr Paula Gooder  
Revd Catherine Grylls  
Revd Canon Nigel Hand  
Dr Rachel Jepson  
Ven Hayward Osborne  
Geoffrey Shuttleworth

**CHANCELLOR**

Mark Powell QC

**REGISTRAR**

Hugh Carslake



## THE CHURCH OF ENGLAND – BIRMINGHAM

- ☎ 0121 426 0400
- ✉ [reception@cofebirmingham.com](mailto:reception@cofebirmingham.com)
- 🌐 [cofebirmingham.com](http://cofebirmingham.com)
- 🏠 1 Colmore Row, Birmingham B3 2BJ

## BISHOP'S CROFT

- ☎ 0121 427 1163
- ✉ [ChristineW@cofebirmingham.com](mailto:ChristineW@cofebirmingham.com)
- 🏠 Old Church Road, Harborne, Birmingham B17 0BG
- 🐦 David\_Urq