



**DURHAM DIOCESAN BOARD OF FINANCE**

**ANNUAL REPORT**

**YEAR ENDED 31 DECEMBER 2024**

Company Number: 00192018

Charity Number: 248287

# Durham Diocesan Board of Finance

(A company limited by guarantee)

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# Durham Diocesan Board of Finance

(A company limited by guarantee)

## Reference and administrative details Year ended 31 December 2024

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### Ex officio Members of the Board

The Bishop of Durham – Right Reverend PR Butler (Chair) (until 29 February 2024)  
The Bishop of Jarrow – Right Reverend SE Clark (Chair)  
The Dean of Durham – Very Reverend Dr P Plyming  
The Archdeacon of Auckland – Venerable RL Simpson  
The Archdeacon of Durham – Venerable EM Wilkinson  
The Archdeacon of Sunderland – Venerable RG Cooper  
The Chair of the House of Laity – Canon F Stenlake  
The Chair of the House of Clergy – Canon S Clark (until 31 July 2024); Reverend P Arnold (from 16 November 2024)  
The Chair of the Finance Group – Canon ML Vaughan (Vice-Chair)

### Elected Members of the Board

Reverend Canon K Bagnall (from 1 November 2024)  
Mrs A Blackburn  
Mr F Drake (until 30 April 2024)  
Mr S Gardiner (until 31 October 2024)  
Mr J Hall  
Canon Dr JH Harrison  
Mr P Hobbs  
Mrs R Hicks (until 31 October 2024; from 19 December 2024)  
Reverend B Huish (from 19 December 2024)  
Reverend M Levinsohn (from 19 December 2024)  
Mr SL Pickering (from 1 November 2024)  
Dr AC Price (until 31 October 2024)  
Canon FA Rogers  
Mr J Wilders (until 31 October 2024)  
Reverend P Arnold (until 16 November 2024 when elected Chair of House of Clergy of Diocesan Synod)  
Reverend L Sutherland (until 31 October 2024)  
Reverend Canon D Tolhurst (until 31 October 2024)  
Mr N Wyrley-Birch (from 1 November 2024)

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## **Reference and administrative details (continued)** **Year ended 31 December 2024**

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**Secretary to the Board**  
Canon JJG Morgan

**Diocesan Chancellor**  
The Worshipful Adrian Iles  
56 North Bondgate  
Bishop Auckland  
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**Diocesan Registrar**  
Mr P Wills  
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**Company registration number**  
00192018

**Registered charity number**  
248287

# Durham Diocesan Board of Finance

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## Trustees' report (continued) Year ended 31 December 2024

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The trustees of the Durham Diocesan Board of Finance ('the DDBF'), who are the members of the company and are directors for the purposes of company law, present their report together with the audited financial statements, for the year ended 31 December 2024.

This report satisfies the legal requirements for the Directors' Report of a charitable company; a Strategic Report under the Companies Act 2006; and a Trustees' Annual Report under the Charities Act 2011.

### **Objectives of the DDBF**

The DDBF was formed to manage the financial affairs and hold the legal title to the assets of the Diocese of Durham. It was incorporated on 21 August 1923 as a charitable company limited by membership guarantees (No. 00192018) and is registered with the Charity Commission (No. 248287).

Each member of DDBF has a personal liability limited to £1 under their guarantee as company members in the event of its being wound up.

The objectives of the DDBF as set out in the Memorandum and Articles of Association are to hold real and personal property for the purposes connected with the Church of England in the Diocese of Durham. The Board is the financial adviser and executive of the Diocesan Synod; it is responsible for the collection, custody, disbursement and account of the Synod's funds, and the employment of all persons in receipt of salaries paid directly from those funds.

The DDBF has delegated responsibility for the day-to-day management of the company to the Diocesan Secretary. The Archdeacon of Durham and Head of Programme Delivery for Diocesan Transformation lead the staff team in supporting the Diocesan Bishop to develop the mission of the Church of England in the Diocese of Durham.

The Diocese of Durham also benefits from the services offered on a voluntary basis by a large number of members and supporters of the Church of England. These volunteers give of their time and expertise in many ways, including membership of the boards and committees needed to provide effective governance and ensure effective operation of the Diocese.

The Board would like to place on record its gratitude and thanks for all the support it has received from both staff and volunteers over the past year. The Board recognises the continuing challenges facing clergy, parishes and would like to thank all of those who have supported this work.

### **Strategic Aims and Objectives**

The Diocese of Durham has adopted a vision to be:

**The Church of England from the Tyne to the Tees and the Dales to the Sea,  
blessing our communities in Jesus' name for the transformation of us all.**

Following the Waymark conference in late 2019, the Diocese has developed a mission strategy for 2021-2026, approved at Diocesan Synod in January 2021. This focusses on four priorities:

- Energising Growth;
- Engaging with Children, Young People and 18-25s;
- Challenging Poverty; and
- Caring for God's Creation.

To support this strategy, the Diocese developed a programme of Diocesan Transformation which supports missional work within our parishes in line with these priorities.

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## Trustees' report (continued) Year ended 31 December 2024

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### Achievements and performance

#### Operational Review

##### The Christian Presence

Clergy, lay leaders and church members play a central part in the life of churches and carry out important roles in our communities. This involves engaging in a wide variety of community and church projects, and clergy, along with licensed lay ministers, carry out numerous weddings, baptisms and funerals, and provide chaplaincy in a range of different settings.

In February 2024, the Rt Rev Paul Butler retired from his role as Bishop of Durham, and the discernment of the next Bishop of Durham commenced. The Vacancy-in-See Committee, chaired by the Acting Bishop of Durham, met to prepare the Diocesan Statement of Need, to arrange consultation with stakeholders from across the Diocese, and to elect six diocesan members of the Crown Nominations Commission for Durham (CNC). The CNC met and nominated a candidate in November 2024, however in February 2025 it was announced that the nominee had withdrawn from the process. Therefore, the CNC will now reconvene in 2025 to nominate a new candidate.

Leadership in its many forms is essential, and we are delighted to have had real success in developing both lay and ordained vocations. Numbers of those in training for ordained ministry continue to remain reasonably strong. By the end of the year, we had 20 Durham sponsored candidates in training for ordained ministry (2023: 23). The Diocese, having recently been in a position to export candidates, has now reverted back to its historic pattern of importing candidates for stipendiary ministry, though our self-supporting numbers remain strong.

The numbers in training for reader ministry have grown and are now at their highest level for many years. At the end of the year there were 22 readers in training (2023: 16). Numbers of vocations to lay pastoral ministry have fallen, with two in training (2023: seven). Those in training for authorised lay ministry of the word have grown to nine. The authorised lay children's leader pathway remains popular, and we have twelve people in training. Most of the authorised and licensed lay ministries (reader, pastoral ministry, chaplaincy, and ministry of the word) are being trained through Lindisfarne College of Theology. Lay children's leaders are trained at courses provided by the DDBF.

##### Durham Diocesan Board of Education (DDBE)

The work of the DDBE covers a wide range of areas: representing the Diocese on a variety of committees and statutory bodies; liaising with local authority and other officers; supporting schools by providing help and in-service training on a wide range of issues including religious education and school worship, supporting and training governors, legal, land management and governance. The DDBE aims to facilitate the working together of governors, teachers, parents, church and other partners to ensure that the quality of education offered to the children in our church schools is the best it can be.

The DDBE seeks to:

- promote education within the faith and practice of the Church of England;
- promote religious education and collective worship in schools;
- promote or assist in the promotion of church schools and advise the governors and trustees of church educational endowments and any other body or person concerned on any matter affecting church schools;
- promote co-operation with bodies or persons concerned in any respect with education in the Diocese; and
- support parishes in all aspects of their work with children and young people.

The DDBE meets termly and receives updates from the Director of Education, who leads the Joint Education Team, which operates on behalf of both Durham and Newcastle Diocesan Boards of Education. The members of the DDBE bring a wide skill-set including expertise from education, business and finance.

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## Trustees' report (continued) Year ended 31 December 2024

The DDBE has worked with all 57 church schools in the Diocese throughout the year. These consist of 50 primary schools, two junior schools and five secondary schools, one of which has a sixth form. The landscape has continued to shift with more schools becoming academies and joining Church of England or Mixed Multi-Academy Trusts (MATs). There are seven Voluntary Aided Schools and 14 Voluntary Controlled Schools within the Diocese, and 36 schools now in academy trusts. Of those that have academized, one remains as Single Academy Trust and another as a single school within an 'empty MAT'.

Inspection outcomes are extremely strong across the Diocese for both Ofsted and SIAMS (Statutory Inspection of Anglican and Methodist Schools) inspections. At the end of 2024, 98% of Church schools were outstanding or good (Ofsted) and 98% were excellent or good under the previous framework. 100% of the schools inspected under the new SIAMS framework, which commenced in September 2023, have attained a Judgement 1 and are living up to their foundation as a church school.

Professional development courses are made available both online and in person, and cover a wide range of subjects and topics, including termly support for chairs of governors and ex-officio governors, and termly training for new foundation governors. In addition, the spring conference (Early Years Foundation Stage), the annual summer conference (Spirituality and Well-Being) and the autumn conference (Equity, Diversity, Inclusion and Justice) were extremely well attended with delegates from both church and community schools, as well as both internal and external speakers. This year, the team has further supported schools and governors with the SIAMS framework, including exploration of what spirituality means in each context and the role of governance within this. Thrive training, Poverty Proofing, Courageous Advocacy, Christian Distinctiveness and subject leadership courses have also been offered. Uptake is strong for all aspects of continuous professional development (CPD) with many courses being repeated due to demand. The team has also accessed CPD, including training on Mental Health and Well-Being, Safeguarding, Equality, Diversity and Inclusion, and SIAMS and Ofsted updates.

The Interim Director of Education attended Bishop's Leadership Team and Diocesan Synod, sharing the views of school leaders and pupils, as well as national conferences focusing on SEND and Inclusion. In late 2024, a permanent Director of Education was successfully appointed, commencing in January 2025. Current challenges for schools revolve around closing the achievement gap, particularly in Early Years where the gap between disadvantaged pupils and non-disadvantaged has widened, poverty, EDIJ, recruitment and retention of staff, and improving attendance, particularly for disadvantaged pupils. In addition, the Director of Education is a member of the Diocese's Net Zero Working Group which is enabling all voluntary aided schools to move towards being carbon neutral by 2030. Linked to this, there is ongoing work to support governors with property issues and with the legal processes involved in academisation of schools. Finally, the Director of Education has represented the team at the North East Anti-Racist Coalition which was formed after the national riots in the summer of 2024.

The Joint Education Team supported the Vacancy-in-See Committee by ensuring that the voice of our children and staff within our church schools was heard. This included a presentation on the key messages shared by pupils and staff, as well as a visit to one of our primary schools.

### Engaging with Children, Young People and 18-25s

In Summer 2024 our approach to children's and youth ministry engagement was brought under the new umbrella term of 'Growing Younger' which encompasses all work engaging with 0s-25s. Much of our key engagement with children and young people has continued within this new form, with new missional initiatives being developed alongside.

The Pulse youth event has continued with 130 joining together in March at Durham Cathedral for a silent disco, prayer stations, teaching from Cranmer Hall and a blessing from Bishop Sarah. More than 60 young people were part of the pilgrimage to Holy Island in July, alongside 16 from the children's council.

14 young people completed the Growing Young Leader's course, with a celebration event in April where they were commissioned by Bishop Sarah, encouraging them to step further into their leadership journey.

Training in ministry to young people forms a significant part of the Initial Ministerial Education programme, and through courses at Cranmer Hall Theological College and Lindisfarne College of Theology. Courses leading to

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## Trustees' report (continued) Year ended 31 December 2024

the Bishop's Certificate in Youth Ministry and Educational Chaplaincy have also been provided, mainly to volunteers. We have also seen the first cohort of eight complete their training to be Authorised Lay Children's Ministers, all taking part in the annual lay ministry service at Durham Cathedral in September.

The annual year 6 leaver's service at Durham Cathedral took place in June with more than 2,200 children attending across five services. 60 young people in year 10 from church secondary schools supported the event, which was also an encouragement for them.

Following the retirement of our longstanding Youth Advisor, and using funding from the National Church, the Growing Younger team has increased in capacity, encompassing new roles focused intentionally on young adults and training leaders, alongside Mission Enablers who continue to support parishes to reach and disciple children and young people. The autumn focused on recruitment and induction, with implementation of the new Growing Younger programme beginning in early 2025.

### Energising Growth

The Diocese aims to grow in three key dimensions:

- in reach and influence;
- in depth by strengthening discipleship; and
- in breadth and number.

In 2024, the decision was made to establish a new Growing Churches team to better achieve the goal of seeing growth in each of these three key areas. This has been a natural development from the work of the Cultivate team, previously focussed on the Diocesan vision of establishing 100 new worshipping communities by 2030. It was recognised that to widen the engagement of churches, there is a need to "go up-river" and support churches with the foundational ingredients of mission and discipleship, supporting churches to grow in depth and reach in order that they may then multiply in number.

To this end, a new Missional Discipleship Enabler was appointed to work alongside churches to develop cultures and processes of intentional discipleship. An Evangelism Enabler is also being recruited, to work with churches in developing missional confidence and evangelistic creativity. Preparations have been made to begin a learning community process with Darlington deanery which will encompass all three aspects of the Growing Churches process – Maturity (Discipleship), Mission (Evangelism), and Multiplication (establishing New Worshipping Communities). This pilot process is a series of learning communities, huddles and coaching which, over an 18-month period, supports churches in embedding deep cultural change.

Growing Durham Diocese: Our Resourcing Churches are now approaching the end of the period through which they are funded by the National Church. There have been many positive outcomes in terms of congregational growth and diversity, as well as many new ministries to young people, vulnerable adults and to more economically deprived communities. The next phase of engagement with these churches will include robust planting plans, as well as discerning the place of Resourcing Churches in the wider church ecology of the Diocese.

Growing Hope: Preparations have taken place to submit a reset application to the National Church, embedding the learning from experience to date, and to allocate resources to areas of fruitfulness and recognising the challenges that have affected projects which began during Covid-19 restrictions. There are positive signs from a number of projects; in Hartlepool the recruitment of a new Mission Enabler is giving fresh energy and vision to the project; Hope4All in Pennywell continues to expand their offer of social action projects to the local community, with a number starting to explore faith; St Paul's Stockton continues to grow and is looking at new ministry and outreach opportunities.

Transforming Growth: All five of the churches involved in the coaching and resourcing provided through this project have now established New Worshipping Communities; Magdelene Community Church in Chopwell and Gather Church in Gainford are both well established and are now in a process of refining and reworking their mission plans to engage more widely and deeply with their communities; The House of Hope at Thornley continues to grow both numerically and in depth, with several local leaders being identified and equipped; St



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Alban's, Windy Nook are planning the revitalisation of St Ninian's in Low Fell; and St Andrew's in Haughton-le-Skerne have launched a family-centred missional community that regularly attracts 50-60 attendees.

The Lay Planters Authorisation Pathway is currently being developed in conjunction with Cranmer Hall, to provide practical and theological training for lay leaders identified as either being engaged with, or planning towards, establishing new worshipping communities. It is hoped that this discernment, training and coaching will enable us to develop lay planters with missional confidence.

### Challenging Poverty

With financial support from Lord Crewe's Charity, the Diocese has worked with Communities Together Durham (CTD) to help churches challenge poverty. The CTD team saw significant change during 2024. There are three areas of focus within the priority:

- Working together to address child and youth poverty

CTD supported 14 holiday clubs with activities, based around food provision. In all, 339 different individuals participated in these clubs, with 86 volunteers serving across the clubs. A celebration event in September shared good practice and stories from different clubs in preparation for wider engagement in 2025.

Twelve church schools completed audits from Children North East's 'Poverty Proofing Schools' programme. One teacher observed: "We have stopped asking children questions related to where they have been after a holiday. We are not visiting shops when out on a school trip so that children do not need to bring money into school. We are also actively encouraging parents to use our uniform bank." The next steps include sharing the impact of the programme with other schools and considering how the model might be extended to church activities.

- Responding to isolation, particularly among the elderly

Churches across the Diocese have continued to engage with warm spaces and places of welcome. Christ Church, Felling has operated as a place of welcome for over five years and in 2024 they launched a pilot project for a council scheme for adult social care. They are a trusted organisation in the community and are seen as a safe place for people to go for support. New places of welcome are planned for 2025. Churches operated a number of other schemes for engaging with isolation in their community. The parish nursing scheme in the Durham Dales is now established, and the nurse had sustained contact with more than 30 individuals over the year.

Two parishes used the Know Your Church Know Your Neighbourhood tool from the Church Urban Fund to consider how best to serve the needs of their community. In addition, CTD facilitated a networking and training day for church based community workers in November 2024. The event included an external speaker and opportunities for focused conversation. As a result of the feedback, twice yearly meetings are planned going forward.

- Reaching out and responding to the needs and gifts of asylum seekers and refugees

Churches in all seven local authorities covered by the Diocese have been involved in supporting refugees and asylum seekers located in their area. We continue to work to build links between these different drop ins alongside other agencies. CTD continues to work closely with Durham County Council to welcome and coordinate support for refugees and asylum seekers arriving in the authority.

In 2024 we continued to raise awareness of the situation refugees and asylum seekers find themselves in. Presentations were made to a number of Synods, Chapters and other groups and three further film showings of 'The Old Oak' engaged 130 people in reflective discussions. Participants considered the issues faced by asylum seekers and refugees in practical and thoughtful ways.

### Caring for God's Creation

It has now been four years since the adoption of Caring for God's Creation as a diocesan priority. In addition to a Diocesan Environmental Officer (DEO), we also have a Creation Care Officer (CCO) working on this priority alongside a parish role.

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## Trustees' report (continued) Year ended 31 December 2024

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In January 2024, we were awarded the A Rocha Bronze Eco Diocese award. This recognises the efforts of churches in our Diocese to be part of the Eco Church scheme, whilst also taking into consideration the Diocesan commitment to Creation Care and efforts being made towards net zero carbon. There has been a significant uptake in churches engaging with the Eco Church scheme. We now have 102 churches registered, including 42 bronze awards, seven silver and two gold. St Stephen's, Willington recently became our second Gold Eco Church.

The Creation Care Officer has been working with churches on their Eco Church journeys and is encouraging new churches to sign up to the scheme. The CCO has also been producing resources for the Diocese and is beginning to set up a broader Environmental Champions network. Both the CCO and DEO have attended several deanery synods and chapter meetings this year to promote the take-up of Eco Church, outline the net zero carbon plans and encourage positive environmental action in parishes.

The general synod target of Net Zero 2030 remains high on the agenda. The DEO continues to co-ordinate the Net Zero Working Group of representatives from across the Diocese. The group met quarterly and is proving to be a useful platform for ensuring that the diocesan net zero action plan is being adhered to, as well as being a forum to discuss updates from the national net zero team. An update on net zero progress including an updated carbon footprint for 2023, was presented to diocesan synod in November 2024. This showed a reduction to our carbon footprint by 12% between 2022 to 2023.

The DEO and the Buildings for Mission Secretary have worked with the churches with the highest carbon emissions in the Diocese to produce net zero action plans. Carbon footprint data is obtained through the online parish returns using the Energy Footprint Tool (EFT). This year, we had 93% of churches respond to the EFT, which is a great improvement from 62% in 2023. Webinars and workshops were held with churches within the top 20% of carbon emissions to help their representatives consider how to lower their carbon footprint. Both officers continue to visit churches on request and advise them on low carbon heating options.

### Safeguarding

The parish dashboard system has now operated for three years and at the end of 2024, 94% of parishes were using the dashboard. The Diocese were early adopters of the safeguarding hub, a tool to support parishes with the requirements of Safer Recruitment and People Management. 25 % of parishes are now using this tool. The National Safeguarding Standards were launched by the Acting Diocesan Bishop in July, and workshops were held during October and November across the Diocese. These workshops demonstrated how the standards would be reflected on the dashboard and enabled an action plan to be formulated encouraging parishes to focus on one or two standards at once. The safeguarding team is now able to analyse data from the parish dashboard and provide targeted support to parishes that might be experiencing difficulty with compliance in certain areas.

Safeguarding Training continues to be delivered using a hybrid approach of face to face and online training. The training team offer training, especially in relation to Basic Awareness and Foundations, in parishes on request.

In May 2024, in partnership with Durham Cathedral, the Diocese adopted the National Safeguarding Case Management System. All casework is now recorded electronically on this system allowing more advanced reporting and analysis of the types and causes of concerns and incidents.

Progress has been made towards moving from a Diocesan Safeguarding Advisor (DSA) to a Diocesan Safeguarding Officer (DSO) in accordance with the recommendation from the Independent Inquiry in Child Sexual Abuse and this took effect in early 2025. The DSO's casework will now be professionally supervised by the recently appointed North East Regional Safeguarding Lead, who is a member of the National Safeguarding Team, having previously been professionally supervised by an independent third party.

The Safeguarding Management Group have met monthly to ensure the co-ordination of our safeguarding work while the Diocesan Safeguarding Advisory Panel met quarterly to monitor progress. In preparation for the INEQE safeguarding audit in May 2025, an audit taskforce was formed which has met monthly.

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## Trustees' report (continued) Year ended 31 December 2024

Casework throughout the year was managed by the DSA, in collaboration with colleagues throughout the Diocese and in line with good practice guidance, as we continued to do all within our power to make our churches safe for all.

### DDBF staff and collaborative working

In the interests of delivering the best support services possible for our Diocese, we have continued to develop opportunities to work in collaboration with other Church of England bodies. These include the well-established Joint Education Team, aspects of ministerial training and retreat house. The joint diocesan communications team has now developed a regional voice to promote the voice of the Church of England aligned geographically to regional media organisations.

The number of staff employed by the DDBF was 47 (2023: 44) posts. This includes two (2023: three) chaplains who are employed by the DDBF on behalf of the organisations in which they serve. This also includes 18 (2023: 18) posts which are grant funded, and most of which are fixed term with renewal subject to further funding being available. This approach enables the DDBF to fulfil a wider range of provision than would be possible through its core staff, whilst allowing unrestricted funds to be focussed on ministry. Improvements have been made to several diocesan core systems and processes in order to maximise efficiency and keep costs to a minimum.

Following notification from the Church of England Pension Board of their intention to close the Church Workers Defined Benefit Pension Scheme to future accrual from 30 April 2024, consultation with seven affected members of staff was undertaken, and these members were transferred to the Church Workers Pension Builder Classic Scheme as of 31 January 2024.

The Equality, Diversity & Inclusion Enabler coordinates a team of advisers and advocates to help drive the Diocese forward in key areas including:

- Disability ministry (currently in vacancy);
- UKME;
- Gypsy, Roma and Traveller Ministry;
- Women's advocacy;
- LGBT+ advocacy (currently in vacancy);
- Deaf ministry (currently in vacancy).

In late 2024 the Diocese submitted an application for funding to the Racial Justice Unit for a Racial Justice Officer, which was awarded in early 2025, and which will support further work in addressing the areas identified in the 'From Lament to Action' report.

### Buildings for Mission and Diocesan Advisory Committee (DAC)

The Diocese currently has 257 church buildings open for worship and of these 247 are under faculty jurisdiction. The Diocese is currently responsible for seven closed churches of which one closed during 2024. Four closed churches were sold during 2024.

The DAC met 10 times during 2024 and discussed a total of 149 proposals from 100 churches. Following discussion of the proposals by the DAC a total of 90 (2023: 81) faculties were issued for work to church buildings and churchyards. This included 10 interim faculties that were issued for urgent work including roof repairs and failed heating systems. The Archdeacons also issued a total of 115 (2023: 96) written notices for work that can be carried out without a faculty.

During the year we have been successful in receiving grant awards from the Archbishops' Council totalling £367,000 to support church buildings within the Diocese. This comprises £187,000 from the Minor Repairs

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## Trustees' report (continued) Year ended 31 December 2024

Grant which will provide additional support for churches for repairs and maintenance to their buildings and £59,000 from the Quick Wins Grant which helps churches make changes to help reduce their carbon output. This funding is allocated for distribution during 2024-25 and as at the balance sheet date, approximately 60% has been allocated. The remaining £120,000 funds a Church Building Support Officer for a period of three years. This officer was appointed in February 2024 and has worked with 12 PCCs to support maintenance and improvement work to their buildings.

### Looking ahead

In February 2024, we received confirmation of the second phase of a funding award from the National Church in support of our Diocesan Transformation programme. Coupled with the first phase award from 2023, this provides up to £11m to support the Transformation programme up to 2028 at which point it is anticipated that progress will be evaluated, and a subsequent funding application will be submitted. This programme has formed a key part of the basis of the Diocese's Statement of Need which is used by the CNC in the discernment of the next Bishop of Durham who will be entrusted with leading the Transformation programme. However, analysis prepared for the Statement of Need identified that the historic underlying trend of decline in the number of worshippers continued during the year.

During 2024, preparations have been underway for the delivery of the Transformation Programme. This has required a significant amount of recruitment to develop the capacity of the Mission Discipleship and Ministry Team so that they can support the Transformation programme in a more integrated and intentional way. It has also required some pilot work to ensure that each of the interventions is well understood and that appropriate support can be provided to ensure that these work well. This means that the team is now more outward facing in working with our parishes and projects, and is arranged in teams, each with a strategic lead, working in the following areas:

- Growing Mission;
- Growing Leadership;
- Growing Churches; and
- Growing Younger.

The DDBF's missional programme governance has also been aligned with the Diocesan priorities and Transformation programme, whilst ensuring that all our funded programmes are governed and held accountable in an appropriate way.

It is anticipated that the final elements of this preparation will be completed in the first part of 2025 and will allow us to implement and support the changes outlined in the Transformation programme. These are:

- Missional Discipleship, Transforming Prayer;
- Church Planting and Revitalisation;
- Piloting Missional Hubs;
- Developing Missional Youth Chaplaincy;
- Resources for Local Change; and
- Support for Culture Change.

We have begun to see 'fruit' in some of our new worshipping communities. Some are already becoming significant contributors within their deaneries and we will continue to implement new aspects of the work facilitated by the Transformation Planning Group, which reports to our Bishop's Leadership Team. This work will develop over the next five years and includes ambitions to:

- plant or revitalise 100 churches;

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## Trustees' report (continued) Year ended 31 December 2024

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- establish and resource church-based missional chaplaincy teams to work with the colleges of further education (connecting us to up to 130,000 local young adults) and with our Church of England secondary schools;
- support clergy to focus more fully on mission and discipleship;
- align appointments and clergy/lay leader training more explicitly to the Diocesan vision; and
- support new collaborative initiatives in places where developing mission in isolation would not otherwise be possible.

### Financial review

Financial conditions remained challenging for parishes and the DDBF with parish share continuing to fall in real terms. Despite many parishes using reserves to fund parish share, the cash value of the DDBF's parish share receipts remained consistent at £4.2m (2023: £4.3m), being 95% (2023: 96%) of the amount originally pledged by parishes. This is £2.7m below the amount required to meet the full cost of diocesan ministry including housing and pension costs during the year.

The DDBF agreed a budgeted operating deficit of £0.6m for 2024, of which £0.6m was to be drawn from restricted reserves and which included £1.8m from the Stipends Capital Fund under the Total Return accounting policy.

The net movement in funds was a surplus of £912k (2023: £2.7m), which included a £1.1m unrealised gain on investments (2023: £3.3m gain), and a gain of £0.5m (2023: £0.3m) on disposal of property. Excluding these adjustments which are outside of the DDBF's operational budget, there was an underlying operating deficit of £0.7m (2023: £0.9m), which after the transfer of funding for the Total Return on Investment from the Stipends Capital Fund of £1.8m (2023: £0.8m) results in a surplus of £1.1m (2023: deficit of £0.1m).

Grant funding of £1.2m (2023: £0.2m) was received during the year and is yet to be disbursed. This is mainly a consequence of the receipt of funding in advance from the National Church.

- Income (excluding income received on the sale of property) was £12.4m (2023: £12.1m), including:
  - Contributions from parishes – "Parish Share" – of £4.2m (2023: £4.3m), £0.3m less than budget. The Diocese is grateful to parishes for their contributions to parish share during a challenging year;
  - £2.0m (2023: £2.1m) of Lower Income Communities Funding, £1.3m (2023: £1.9m) of Strategic Development Funding grants, £0.4m of Strategic Ministry Funding to support the cost of training curates and first incumbents (2023 £0.4m) and other grants from the Archbishops' Council;
  - £0.6m (2023: £0.5m) of Property Income;
  - £0.3m (2023: £0.3m) from Lord Crewe's Charity to fund poverty alleviation, counselling and other projects.
  - Contributions were also gratefully received from donors including Benefact Trust, Hild Bede Trust, Marshalls Charity and Mercers Trust.
- The largest area of expenditure was on supporting parish ministry, comprising the stipends, pension and housing costs of clergy:
  - Stipend and salary related costs were £7.2m (2023: £7.0m).
  - Costs of providing clergy housing were £2.1m (2023: £1.9m).



# Durham Diocesan Board of Finance

(A company limited by guarantee)

## Trustees' report (continued) Year ended 31 December 2024

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- Net assets at the balance sheet date were £75.6m (2023: £74.7m). The DDBF's investments are held across several funds managed by CCLA. The DDBF administers several restricted and endowment funds which together comprise 92% (2023: 92%) of the assets.

### Investment performance

The total value of investments (excluding short-term cash deposits) at the balance sheet date was £37.0m (2023: £36.8m). During the year, the net movement in value was a gain of £0.2m (2023: gain of £2.6m).

The glebe land held by the DDBF has been revalued upwards by £0.3m (2023: £0.4m) to reflect the market value at the balance sheet date.

The Board is custodian trustee for trust investment assets with a market value of £13.6m (2023: £13.6m). Detailed certificates of holdings are provided to parishes and other managing trustees of the respective charities annually. The Board also acts as custodian trustee for certain Parochial Church Council (PCC) property. Each PCC is an independent charity and these assets are not recognised on the balance sheet of the DDBF.

### Grant-making (beneficiary-selection) policy

Grants are made to the National Church in accordance with an agreed formula, to cover a proportion of its central costs and the cost of training for ministry. The total paid to the National Church was £0.5m (2023: £0.5m).

Grants are paid to PCCs and to other charitable projects which appeal to the Board to support the furtherance of DDBF's objectives. These are set out in note 17. During the year, a re-granting policy was approved to ensure consistency in practice across different grant funding streams.

### Investment policies

The Memorandum and Articles of Association of the charity permit wide powers of investment. DDBF's investment policies are based on two key policies:

- *Ethical investment*

This includes ensuring that investments are held in companies which have high standards of corporate governance and act in a responsible way towards stakeholders.

- *Long-term responsibilities*

The directors are aware of their long-term responsibilities in respect of endowed funds and as a result follow a prudent approach to investment decisions.

These policies are currently achieved by holding all funds with CCLA Investments Limited in London, which invests in line with the Church of England's Ethical Investment Advisory Group's investment policies and in accordance with the motion passed by synod regarding divestment from fossil fuels.

Investment policy for long-term funds is aimed primarily at generating a sustainable income with due regard to the need for the preservation of capital value and the possible need to realise investments to meet operational needs. The glebe investments are held for the purpose of raising income to achieve the maximum contribution possible to clergy stipends on an on-going basis. Unrestricted and restricted fund investments are invested to balance income, liquidity, and the maintenance of capital.

Funds which may be needed for working capital in the short term are held as deposits with CCLA Investments and with deposit taking banks through an account managed through the Flagstone cash management platform.

# Durham Diocesan Board of Finance

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## Trustees' report (continued) Year ended 31 December 2024

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### Total returns policy

The Stipends Capital Fund is managed according to a policy of Total Return. This approach allows the DDBF flexibility regarding the allocation of return on investments from this fund between capital growth and income. Synod agreed that, for 2024, income taken would be 5% of the average value of the fund over the past three years with the remainder treated as capital growth. This policy, in conjunction with the investment manager's growth target of CPI+5%, aims to ensure intergenerational equity. At the time of the resolution adopting the Total Return approach, the trust for investment was determined at £10.4m based on the 1996 book value of endowed assets, adjusted for inflation and new capital received since that date to 31 December 2023, resulting in an unapplied total return of £24.8m upon adoption of the policy on 1 January 2024.

Income from the endowment's investments has been allocated to the endowment fund. An allocation of £0.9m (2023: £0.8m) has been made to the trust for investment to ensure that the capital value of the Trust for investment is maintained over time. The trustees have made an allocation of £1.8m from the unapplied total return towards the unrestricted running costs of the Diocese. This amount is shown as a transfer between funds within the statement of financial activities. This cost has been allocated to the costs of stipendiary ministry to satisfy the restriction upon the Stipend Capital Fund.

Other realised and unrealised gains and losses on the disposal and revaluation of investments and property amounted to a gain of £0.9m (2023: £2.44m) which has been credited to the unapplied total return carried forward as at 31 December 2024.

### Reserves policy

The DDBF has agreed in 2024 a reserves policy to maintain available free reserves within a range of two to six months' average unrestricted expenditure in the form of unrestricted (including designated) net current assets plus fixed asset investments to the extent that these can be exchanged for cash at less than one month's notice. The Board estimated that for 2024 this would equate to a range between £1.7m and £5.1m. At the balance sheet date, the DDBF's unrestricted (including designated) available free reserves were £4.0 (2023: £3.9m).

### Future prospects

The trustees and diocesan synod have approved a budget for 2025, which after allowing for further planned investment from restricted reserves, leaves a net operating deficit of £0.5m. This is after applying a transfer of £1.1m under the total return accounting policy from the Stipends Capital Fund, representing 4% of the closing value of the fund, averaged over the previous three years.

Parish share pledges for 2025 of £4.3m (2024: £4.4m) have been received, despite CPIH (Consumer Prices Index including owner occupiers' housing costs) inflation of 3.5% to December 2024. This increases financial pressures and has required a recognition that not all posts identified in deanery plans can be filled whilst maintaining a balanced budget. However, posts continue to be advertised notwithstanding challenges in recruiting.

Against this challenging financial background, the DDBF continues to deliver and develop the mission and ministry of the church, and during 2025 will continue to fund ministry at parish level across the Diocese. The lack of recovery in parish finances plus the inability of pledge income to keep pace with inflation means that prospects of a medium to long term recovery to pre-Covid levels continues to remain uncertain and further iterations of deanery plans may be required.

The Diocese continues to try to address the decline in the value of parish income and the consequent effect upon share, supporting parishes in vacancy through the vacancy audit process, and offering support with stewardship through the generous giving team. Communication with parishes is ongoing, to ascertain the likely future levels of parish reserves and parish share.

# Durham Diocesan Board of Finance

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## Trustees' report (continued) Year ended 31 December 2024

The Diocese will continue to benefit from the National Church's Strategic Development Fund through the Growing Durham Diocese and Growing Hope projects. Following its award in 2022, the initial stages of the Transforming Growth project comprising a Resource Church in Darlington and the Cultivate Church Planting programme are now underway. The DDBF was successful in its application to the new Strategic Mission and Ministry Investment Board for funding for the first two phases of its 'Called to Fruitfulness' Transformation programme during 2023 and 2024, and delivery of the Transformation programme will continue during 2025.

The DDBF intends to increase support for clergy and lay leaders developing their ministry and discipleship and to encourage and nurture those exploring a vocation for public ministry in the Church of England with new training pathways under development in conjunction with our local Theological Educational Institutions. Further curacies and posts of first responsibility are anticipated for through the Strategic Ministry Fund and Posts of First Responsibility Fund operated by the national church.

During 2025 the DDBF will continue to promote the mission and ministry of the church within the Diocese. The funding streams described continue to support this work and provide an increasing proportion of staff support. Concerns remain over the level of share and around the sustainability of the current deanery plans and core services.

### Going concern

The trustees have considered the availability of reserves and cash upon the going concern basis of preparation of these financial statements. Although uncertainty remains, particularly over the recovery in parish income and the real-terms reduction in the value of parish share, it is anticipated that reserves will remain within the level set out in the reserves policy.

Having reviewed forecasts for the forthcoming twelve months that are subject to a range of reasonably possible downside scenarios, the trustees are comfortable that with the current levels of cash and short-term deposits are sufficient to allow the DDBF to continue to operate as a going concern for the foreseeable future.

Although there are several challenges ahead as outlined above the Diocese is confident that these can be managed and is enthusiastic about the changes that will take place over the next few years facilitated by the transformation process aided by funding from the National Church.

### Risk management

The trustees confirm that the major risks to which DDBF is exposed have been reviewed and that mitigating actions have been put in place to manage those risks.

The Board maintains a risk register which is reviewed regularly by the Audit and Risk Committee, and this register has been updated during the year, with input from all DDBF functions.

During 2024 the most significant risks related to the operations of the DDBF were:

- Church attendance and long-term financial sustainability; and
- Safeguarding.

#### Church attendance and long-term financial sustainability

These two risks are intrinsically linked and relate to the ability of Parochial Church Councils to maintain their own operations. In the face of national trends around declining congregation numbers this is a significant risk to the DDBF. It is increasingly difficult for parishes to maintain share pledges and payments to the Diocese, which are financed through giving and fund-raising by church members, when PCCs are also facing increases in costs.



# Durham Diocesan Board of Finance

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## Trustees' report (continued) Year ended 31 December 2024

Alongside inflation, this has exacerbated the extent to which the level of contribution from parishes is insufficient to maintain the current cost base of the DDBF. The parish share system introduced during 2020 was reviewed during 2023, with some changes being introduced in time for 2024. This system continues to provide a 'Guided Pledge' to each parish, to give an indication of the level of pledge which would be required to ensure the DDBF could break even.

This system was designed to mitigate the decline in parish share that has been seen in real terms over the preceding decade. Parish share pledges have declined slightly from £4.5m in 2021 to £4.4m in 2024, however this is over £0.5m lower than pre-pandemic levels, and does not keep pace with rising levels of inflation.

Certain external factors affect the Board's ability to meet its financial obligations, in particular the level of inflation, which leads to increases in stipends, salaries and building maintenance costs;

Despite some stipendiary and staff posts remaining vacant, there was a continuing operational deficit although financial restraint and challenges in recruitment for some posts led to this being within the budgeted deficit. Recruitment has taken place, following application of a vacancy audit process in the case of each parish vacancy. However, the trustees are aware that lengthy vacancies can place strain on clergy and staff, and efforts are being made to increase the rate of recruitment. The difficulty of recruitment is not limited to our Diocese; it is a challenge faced across much of the country. We are taking steps to support the welfare of our clergy who are having to operate in these difficult circumstances by providing advice and counselling as and when necessary.

### Safeguarding

It is of key importance to the DDBF to ensure appropriate mitigation of safeguarding risks arising from potential abusers targeting church settings within the Diocese. There is a risk that strain on parish and/or diocesan resources may lead to vulnerability, and potential non-compliance with House of Bishop's Safeguarding Policy. Appointment processes are documented to ensure compliance with the requirements of Safer Recruitment and People Management.

The Board continued to be aware of the potential for safeguarding matters to be raised due to increased reporting and awareness of safeguarding issues (both current and historical). The Diocesan Safeguarding Advisory Panel meets regularly to ensure that the DDBF maintains appropriate controls to prevent, as well as identify and resolve, any issues that arise, and the Board welcomes the safeguarding audit from INEQE as part of the national programme of safeguarding audits, in May 2025 which will provide an independent review of the DDBF's safeguarding processes and practices.

### Other risks

The schools agenda, managed through the DDBE, also poses potential risk to the DDBF, both in terms of the challenges of maintaining high standards of education in Church of England schools during a period of significant change across the schools sector. The DDBE effectively manages school standards through the Joint Education Team.

All of these factors are included in the Board's Risk Register.

### Structure, governance and management

The Diocese of Durham is one of the 41 English Dioceses that, along with the Diocese in Europe, make up the Church of England.

The Church of England is episcopally led (there are 108 bishops) and synodically governed. The General Synod consists of three houses, one of which comprises diocesan bishops and elected representatives from suffragan and area bishops, and two of which are elected from the laity and clergy of each Diocese. It meets in London or York at least twice annually to consider legislation for the good of the Church.

# Durham Diocesan Board of Finance

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## Trustees' report (continued) Year ended 31 December 2024

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Further details on the structure and governance of the Church of England can be found on its website: [www.churchofengland.org](http://www.churchofengland.org). The financial transactions of the national church do not form part of these financial statements.

The Diocese of Durham stretches from the Tyne to the Tees and the Dales to the Sea covering an area of 2,530 square kilometres. There are 253 Anglican churches across 205 parishes and these are grouped into 13 deaneries and three archdeaconries. The mission of the Church of England is mainly carried out at parish level and the DDBF provides pastoral and financial support to the parishes. Each parish is governed by a Parochial Church Council (PCC), which is a corporate charity. Therefore, except where indicated otherwise, the transactions of PCCs do not form part of these financial statements.

Durham Cathedral is the mother church of the Diocese of Durham and legally is constituted as a separate registered charity with its own governance structures. Its financial transactions do not form part of these financial statements.

### Governance

The Diocese elects a Diocesan Synod, with representation from each deanery in accordance with the church representation rules and is governed by the Diocesan Bishop in synod. The Diocesan Synod normally meets twice a year. Many of the Diocesan Synod's responsibilities have been delegated to the Bishop's Council, which acts as the Diocesan Synod's Standing Committee. The day to day running of operations is delegated to the staff team lead by the diocesan secretary and other key management personnel as set out in note 17. All key management personnel report to the Diocesan Bishop.

### Committee structure

The Diocese is governed by the Bishop's Council, which co-ordinates the life and work of the Diocese in support of the mission of the Church, in accordance with the priorities set by the Bishop and the Diocesan Synod.

In the Diocese of Durham, the membership of the Bishop's Council is coterminous with that of the DDBF and also the Diocesan Mission and Pastoral Committee.

The Diocesan Mission and Pastoral Committee is responsible for the task of approving pastoral reorganisation in the Diocese, taking account of available clergy numbers and making use of new patterns of ministry.

This arrangement means that the trustees of the DDBF have responsibility and oversight of all aspects of diocesan life and are therefore able to co-ordinate strategic, financial and operational decisions.

The Bishop's Council is supported by committees that can influence the operations of the Board.

- Finance Group

The DDBF delegates certain duties and responsibilities to the Finance Group including:

- Assisting the Board to deal with financial strategy and management;
- Authorising legal property or investment strategy conducted on behalf of the Board;
- Conducting urgent business of the Board between Board meetings;
- Overseeing the preparation of the annual DDBF budget and financial statements for submission to the Board;
- Receiving regular management accounting information; and
- Acting as the DDBF's HR Committee, overseeing the terms and conditions of the DDBF employees.

- Audit and Risk Committee

# Durham Diocesan Board of Finance

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## Trustees' report (continued) Year ended 31 December 2024

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The DDBF Audit and Risk Committee maintains an oversight of the Diocese's governance and risk management including:

- Adopting a risk-based approach and undertaking a planned programme of work examining areas of diocesan activity;
- Overseeing the external audit of the DDBF's trustees' report and financial statements;
- Considering internal control and stewardship of the DDBF's resources; and
- Reporting its findings annually to the Bishop's Council as a critical element of the Bishop's Council's annual reporting requirements.

- Investment Committee

DDBF has responsibility for the management of glebe property and investments which generate income to support the cost of stipends. It is also the diocesan authority for parochial and other trusts and incorporates the functions and responsibilities of the Diocesan Parsonages Board. With the exception of major transactions, the DDBF delegates these responsibilities to the Investment Committee.

- Diocesan Safeguarding Advisory Panel

The Diocesan Safeguarding Advisory Panel is chaired independently and monitors safeguarding practice, including casework and training within the Diocese. Its membership includes the Local Authority Designated Officer, Police and Victim/Survivor Voice representation.

- Church Buildings Panel

The Church Buildings Panel is a non-statutory group, which offers grants and loans to Parochial Church Councils for works to church buildings.

- Closed Churches Uses Panel

The Closed Churches Uses Committee is a non-statutory group, which was created to act on behalf of the Diocesan Mission and Pastoral Committee. It seeks appropriate alternative uses for churches in the Diocese which have been declared closed for regular public worship.

- Strategic Mission Delivery Board

The Strategic Mission Delivery Board provides strategic oversight for mission programmes. It champions and monitors progress, acts as an escalation point for key issues, approves significant changes, approves communications and ensures reports are made to Bishop's Council.

In addition, there are three statutory Committees and Boards that are not directly answerable to the Bishop's Council, but influence its operation:

- Diocesan Advisory Committee

The Diocesan Advisory Committee advises on matters affecting churches and places of worship in the Diocese, such as; the granting of faculties; architecture, archaeology, art and the history of places of worship; the use and care of places of worship and their contents; and the care of churchyards.

- Diocesan Board of Patronage

The Diocesan Board of Patronage, which is constituted under the provisions of the Patronage (Benefices) Measure 1986, is sole patron of one benefice in the Diocese.

- Diocesan Board of Education

The Diocesan Board of Education has responsibility for 57 church schools across the Diocese (9 of which are Voluntary Aided, 15 are Voluntary Controlled, and 33 are Academies, with one academy being a Free School). It provides both educational and pastoral leadership support to all its schools and has a particular commitment to enhancing the quality of provision for religious education, collective worship and the

# Durham Diocesan Board of Finance

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## Trustees' report (continued) Year ended 31 December 2024

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spiritual, moral, social, and cultural development of all pupils. The Board of Education is not incorporated and therefore financial accountability for the education agenda rests with the DDBF. The Board of Education operates as a statutory committee of the DDBF.

### Public benefit statement

The directors and trustees are aware of the Charity Commission's guidance on public benefit in The Advancement of Religion for the Public Benefit and have had regard to it in their administration of the DDBF. The directors believe that, by promoting the work of the Church of England in the Diocese of Durham, it helps to promote the whole mission of the Church (pastoral, evangelistic, social and ecumenical) more effectively, both in the Diocese as a whole and in its individual parishes, and that in doing so it provides a benefit to the public by:

- Providing facilities for public worship, pastoral care and spiritual, moral and intellectual development, both for its members and for anyone who wishes to benefit from what the Church offers; and
- Promoting Christian values, and service by members of the Church in and to their communities, to the benefit of individuals and society as a whole.

The trustees are custodian trustees in relation to certain PCC property.

### Trustee recruitment, selection and induction

Trustees are also members of the Bishop's Council and are elected or appointed by the members of the Diocesan Synod in accordance with the rules for election. All trustees receive induction at the start of their term of office and receive additional induction where appropriate. Trustees are registered as directors at Companies House and are required to complete a declaration that they are eligible to serve as a director as well as an annual declaration of interest.

### Remuneration of key management personnel

As the DDBF has delegated responsibility for human resource issues to the Finance Group, this group is responsible for agreeing the salary scales for all DDBF employees and for setting the remuneration for senior employees.

### Related parties

The DDBF has one wholly owned subsidiary, the Diocese of Durham Educational Trust. It did not trade during the year and was dissolved shortly after the balance sheet date.

### Organisations with which the DDBF co-operates in furthering its aims

The DDBF works with a range of organisations which are either part of or associated with the Church of England, or other Christian denominations to achieve its objectives. Some of those are set out below, and in some cases, there are a non-controlling number of shared trustees between these organisations and the DDBF. The DDBF ensures that such common trusteeships are appropriately declared and conflicts of interest are mitigated when making decisions relating to such organisations.

#### • General Synod, Church Commissioners and Archbishops' Council

The DDBF has to comply with Measures passed by the General Synod of the Church of England and is required to make certain annual payments to the Archbishops' Council towards the running costs of the National Church. The DDBF is a recipient of funding from several different grant funding streams operated by the Archbishops' Council. The stipends and certain other costs of the Diocesan and Suffragan Bishops are borne by the Church Commissioners.

# Durham Diocesan Board of Finance

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## Trustees' report (continued) Year ended 31 December 2024

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- Parochial Church Councils (PCCs)

The DDBF is required by Measure to be custodian trustee in relation to PCC property, but has no control over PCCs, which are independent charities. The accounts of PCCs do not form part of these financial statements. PCCs are able to influence the decision-making within DDBF and at Diocesan Synod level through representations to those bodies and through the input of their Deanery Synods.

- Multi Academy Trusts (MATs)

The DDBF is a member of several MATs, including the Durham and Newcastle Diocesan Learning Trust. Until 1 September 2024, the Diocesan Director of Education was a director of the Durham and Newcastle Diocesan Learning Trust at which point he resigned as Director of Education to take up the role of CEO of the Trust as a full time role.

- Newcastle Diocesan Education Board Limited

The Newcastle Diocesan Education Board Limited (NDEB) has responsibility for 49 church schools (plus 2 affiliated schools with an anglican foundation) across the Diocese of Newcastle. Unlike its counterpart in Durham, NDEB is an incorporated charitable company and registered charity. The two dioceses operate a joint education team to manage the delivery of their objectives across the two dioceses, and until 1 September 2024, when they were transferred to the Joint Education Team LLP, this charity employed a team of 9 employees working jointly for NDEB and the DDBF.

- Joint Education Team LLP

The Joint Education Team LLP is a Limited Liability Partnership between the DDBF and NDEB, which from 1 September 2024 jointly employs 9 employees to carry out the work of the diocesan boards of education in both Durham and Newcastle Dioceses.

- Stirling Newall Trust

A registered charity whose objective is the advancement of the Christian religion by the provision of a house of retreat (Shepherds Dene Retreat House at Riding Mill, Northumberland) for members of the Church of England whether clerical or lay who are resident or working in the area comprising the Dioceses of Durham and Newcastle.

- Lindisfarne College of Theology and Cranmer Hall, St John's College

The region's two theological educational institutions, both are registered charities whose objects included the promotion and delivery of education for both lay and ordained members of participating Christian churches and the provision of other theological and ministerial training to both lay and ordained people.

- Northumbrian Industrial Mission

A registered charity which organises the activities of around 40 associate chaplains who engage with people in their places of work. It also works with ministries in other sectors, in local churches and with other agencies.

- Hospital of God at Greatham

A registered charity which provides residential care and alms-houses for older people and makes grants to other charities within the area of benefit.

- Lord Crewe's Charity

A registered charity, one of whose principal aims is to assist necessitous clergy and their dependents in the Dioceses of Durham and Newcastle, particularly for the education of their children, and to assist them in other demonstrable financial need, and which provides grant funding used by the Diocese to fund its Challenging Poverty priority and to provide a clergy counselling service.

- St Hild and St Bede Trust

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# Durham Diocesan Board of Finance

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## Trustees' report (continued) Year ended 31 December 2024

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A charitable trust whose objectives include the advancement of further and higher education in the Dioceses of Durham and Newcastle, with a focus on the advancement of education in accordance with the doctrines of the Church of England.

- Communities Together Durham

A charity which works with churches and communities to challenge social injustice and to enable communities to flourish.

- Durham Lesotho Diocesan Link

A registered charity which aims to develop educational, AIDS awareness and income generating projects in Lesotho. It also develops educational projects for schools and to raise awareness and support for initiatives in the Diocese of Durham which foster closer spiritual links between the Anglican Church in Lesotho and Durham.

- North East Churches Acting Together

A charity which works ecumenically to serve the churches of the North East through improving communication and developing partnerships and connections between churches of different denominations.

- North East Religious Learning Resource Centre

A registered charity which aims to support religious education, literacy and learning in schools and churches across the North East of England through the provision of resources, training and networking opportunities.

### Political contributions

No political contributions have been made during the year (2023: none).

### **Statement of disclosure to the auditor**

So far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware, and
- we have taken all the steps that we ought to have taken as trustees in order to make ourselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

### **Auditor**

A resolution to reappoint UNW LLP as auditor for the 2025 financial year was tabled at the Board's Annual General Meeting.

In approving the directors' and trustees' report the directors of the company are also approving the strategic report as required under the Companies Act 2006.

On behalf of the Board on 29 April 2025.

**Rt. Revd. Sarah Clark**  
Chair



# Durham Diocesan Board of Finance

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## Statement of trustees' responsibilities Year ended 31 December 2024

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The trustees are responsible for preparing the Annual Report which incorporates the Strategic Report, and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees (as directors) 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 the affairs of the charitable company and of the surplus or deficit of the charitable company for that period. In preparing these financial statements the trustees are required to:

- Select suitable accounting policies and apply them consistently;
- Observe the methods and principals in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business;

The directors 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.





## **Independent auditor's report to the members of Durham Diocesan Board of Finance (continued)**

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### **Opinion**

We have audited the financial statements of Durham Diocesan Board of Finance (the 'charitable company') for the year ended 31 December 2024 which comprise the Statement of financial activities, the Income and expenditure account, the balance sheet, the statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2024 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

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

### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustee are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.





## **Independent auditor's report to the members of Durham Diocesan Board of Finance (continued)**

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### **Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the Trustees' report including the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic report have been prepared in accordance with applicable legal requirements.

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

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Strategic report.

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

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

### **Responsibilities of trustees**

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identified areas of law and regulations that could reasonably be expected to have a material effect on the financial statements from our general and sector experience and through discussions with the trustees and other management (as required by Auditing Standards) and from inspection of the charitable company's legal correspondence, and we discussed with the trustees and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.



## **Independent auditor's report to the members of Durham Diocesan Board of Finance (continued)**

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Firstly, the charitable company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies and charities legislation) and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the charitable company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect; data protection, safe guarding and certain aspects of company legislation, recognising the nature of the charitable company's activities. Auditing Standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the trustees and other management and inspection of regulatory and legal correspondence, if any. Through these procedures, we did not become aware of any actual or suspected non-compliance material to the financial statements.

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

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

### **Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Anne Hallowell BSc FCA DChA (Senior Statutory Auditor)**  
**for and on behalf of UNW LLP, Statutory Auditor**  
Chartered Accountants  
Newcastle upon Tyne  
29 April 2025

# Durham Diocesan Board of Finance

(A company limited by guarantee)

## Statement of financial activities Year ended 31 December 2024

		Unrestricted funds 2024	Restricted funds 2024	Endowment funds 2024	Total funds 2024	Total funds 2023
	Note	£000	£000	£000	£000	£000
<b>Income and endowments from:</b>						
Donations:						
Parish Contributions	4	4,230	-	-	4,230	4,255
Archbishops' Council	5	1,998	2,395	-	4,393	4,712
Other	6	174	452	-	626	875
Charitable activities	7	631	-	-	631	641
Other trading activities	8	561	13	-	574	638
Investments	9	243	266	587	1,096	1,036
Other income	10	21	814	522	1,357	241
<b>Total income and endowments</b>		<b>7,858</b>	<b>3,940</b>	<b>1,109</b>	<b>12,907</b>	<b>12,398</b>
<b>Expenditure on:</b>						
Raising funds	11	52	-	3	55	79
Charitable activities:						
Contributions to Archbishops' Council	13	514	-	-	514	697
Resourcing ministry and mission	14	8,992	3,279	11	12,282	11,933
Resourcing education	15	241	-	-	241	288
<b>Total expenditure</b>		<b>9,799</b>	<b>3,279</b>	<b>14</b>	<b>13,092</b>	<b>12,997</b>
<b>Net (expenditure)/income before net gains on investments</b>		<b>(1,941)</b>	<b>661</b>	<b>1,095</b>	<b>(185)</b>	<b>(599)</b>
Net gains on investments		68	209	820	1,097	3,310
<b>Net income/(expenditure)</b>		<b>(1,873)</b>	<b>870</b>	<b>1,915</b>	<b>912</b>	<b>2,711</b>
Transfers between funds	30	1,995	564	(2,559)	-	-
<b>Net movement in funds</b>		<b>122</b>	<b>1,434</b>	<b>(644)</b>	<b>912</b>	<b>2,711</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		5,805	11,963	56,952	74,720	72,009
Net movement in funds		122	1,434	(644)	912	2,711
<b>Total funds carried forward</b>	27	<b>5,927</b>	<b>13,397</b>	<b>56,308</b>	<b>75,632</b>	<b>74,720</b>

The notes on pages 29 to 62 form part of these financial statements.

# Durham Diocesan Board of Finance

(A company limited by guarantee)

## Summary income and expenditure account Year ended 31 December 2024

	<b>Total funds</b> <b>2024</b> <b>£000</b>	<b>Total funds</b> <b>2023</b> <b>£000</b>
<b>Note</b>		
Income	<b>11,798</b>	11,819
Gains/(losses) on investments	<b>277</b>	871
<b>Gross income in the reporting period</b>	<b>12,075</b>	12,690
Less: Total expenditure	<b>(13,078)</b>	(12,974)
<b>Net income/(expenditure) for the reporting period</b>	<b>(1,003)</b>	(284)
<b>Other comprehensive income</b>		
Net assets transferred from endowments	30 <b>2,559</b>	925
<b>Net comprehensive income for the year</b>	<b>1,556</b>	641

The income and expenditure account is derived from the statement of financial activities with movements in endowment funds excluded to comply with company law. All income and expenditure is derived from continuing activities.

The notes on pages 29 to 62 form part of these financial statements.

# Durham Diocesan Board of Finance

(A company limited by guarantee)

## Balance sheet Year ended 31 December 2024

	Note	2024 £000	2023 £000
<b>Fixed assets</b>			
Tangible assets	20	36,017	35,758
Investments	21	37,034	36,812
		<u>73,051</u>	<u>72,570</u>
<b>Current assets</b>			
Debtors	22	2,505	1,368
Cash on deposit	23	1,171	634
Cash at bank and in hand		<u>1,106</u>	<u>1,731</u>
		4,782	3,733
Creditors: amounts falling due within one year	24	<u>(2,152)</u>	<u>(1,534)</u>
<b>Net current assets</b>		<u>2,630</u>	<u>2,199</u>
<b>Total assets less current liabilities</b>		<u>75,681</u>	<u>74,769</u>
Creditors: amounts falling due after more than one year	25	(49)	(49)
<b>Total net assets</b>		<u><u>75,632</u></u>	<u><u>74,720</u></u>
<b>Charity funds</b>			
Endowment funds	27	56,308	56,952
Restricted funds	27	13,397	11,963
<b>Unrestricted funds</b>			
Designated funds	27	7	7
General funds	27	<u>5,920</u>	<u>5,798</u>
Total unrestricted funds	27	5,927	5,805
<b>Total funds</b>		<u><u>75,632</u></u>	<u><u>74,720</u></u>

The trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the trustees on 29 April 2025 and signed on their behalf by:

Rt. Revd. Sarah Clark  
Chair



Company registered number: 00192018  
The notes on pages 29 to 62 form part of these financial statements.

# Durham Diocesan Board of Finance

(A company limited by guarantee)

## Statement of cash flows Year ended 31 December 2024

	Note	2024 £000	2023 £000
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	31	(2,301)	(990)
<b>Cash flows from investing activities</b>			
Dividends, interests and rents from investments		1,096	1,036
Proceeds from the sale of tangible fixed assets		1,543	996
Purchase of tangible fixed assets		(1,302)	(2,738)
Proceeds from sale of investments		875	677
Purchase of investments		-	(10)
<b>Net cash provided by/ (used in) investing activities</b>		<b>2,212</b>	<b>(39)</b>
<b>Cash flows from financing activities</b>			
New loans advanced		22	-
Repayment of loans advanced		(21)	(292)
<b>Net cash provided by/ (used in) financing activities</b>		<b>1</b>	<b>(292)</b>
<b>Change in cash and cash equivalents in the year</b>		<b>(88)</b>	<b>(1,321)</b>
Cash and cash equivalents at the beginning of the year		2,365	3,686
<b>Cash and cash equivalents at the end of the year</b>	32	<b>2,277</b>	<b>2,365</b>

The notes on pages 29 to 62 form part of these financial statements

# Durham Diocesan Board of Finance

(A company limited by guarantee)

## Notes to the financial statements

Year ended 31 December 2024

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### 1. General information

Durham Diocesan Board of Finance is a charitable company limited by membership guarantee and incorporated and domiciled in England. The registered office address is Cuthbert House, Stonebridge, Durham, DH1 3RY.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Durham Diocesan Board of Finance meets the definition of a public benefit entity under FRS 102. Assets and Liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The financial statements are presented in pounds sterling which is the functional currency of the company and are rounded to the nearest £1,000.

#### 2.2 Exemption from preparing group accounts

The charitable company is the controlling party of Diocese of Durham Educational Trust, a dormant subsidiary undertaking. In the opinion of the directors/trustees, the size and assets of the subsidiary undertaking mean that the presentation of the combined results and financial position in consolidated financial statements is not material for the purpose of giving a true and fair view. These financial statements present the results and the position of the charitable company as a single entity and not as a group. This company was dissolved in January 2025.

#### 2.3 Going concern

The trustees have considered the availability of reserves and cash upon the going concern basis of preparation of these financial statements. Although uncertainty remains, particularly over the recovery in parish income and the real-terms reduction in the value of parish share, it is anticipated that reserves will remain within the level set out in the reserves policy.

Having reviewed forecasts for the forthcoming twelve months that are subject to a range of reasonably possible downside scenarios, the trustees are comfortable that with the current levels of cash and short-term deposits are sufficient to allow the DDBF to continue to operate as a going concern for the foreseeable future.

# Durham Diocesan Board of Finance

(A company limited by guarantee)

## Notes to the financial statements Year ended 31 December 2024

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### 2. Accounting policies (continued)

#### 2.4 Income

All income is recognised once the company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

The principal sources of income of the DDBF are contributions from Archbishops' Council and parish share. The share monies are recognised in the statement of financial activities in the period in which they are receivable, although arrears are not shown as debtors since only constructive pressure can be applied to encourage parishes to pay any outstanding sums. Debts for parish share are not enforceable.

The Stipends Capital Fund is governed by the Diocesan Stipends' Fund Measure 1953, as amended, and the use of the income is restricted for clergy stipends. However, the income is fully expended within the year of receipt and the legal restrictions, therefore, are satisfied. The Diocese adopts a total return approach to the investments in this fund and consequently recognises the income and any direct expenditure as endowed, and transfers an amount each year to unrestricted funds to cover the expenditure on stipends which this fund is held for.

Selective allocations from the Church Commissioners are credited to the Stipends and General Fund on a monthly basis and recognised in the SOFA as incoming resources.

Legacies, contributions and other donations are accounted for when conditions for their receipt have been met. Investment income is accounted for when receivable. Rental income for glebe and other property is shown separately. Incoming resources from charitable activities including clergy fees, chaplaincy income and guaranteed annuities are receivable on a monthly basis.

Other sundry income, including gains on disposal of properties, is recognised in the SOFA in the accounting period in which monies are receivable.

#### 2.5 Expenditure

Expenditure is included on the accruals basis and has been classified under headings that aggregate all costs related to the SOFA category. Expenditure is stated inclusive of irrecoverable VAT.

Costs of raising funds are constrained to costs relating to the temporary renting out of parsonages and investment management costs of glebe and any other investments held.

Grants payable are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the Board, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to such conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.



# Durham Diocesan Board of Finance

(A company limited by guarantee)

## Notes to the financial statements Year ended 31 December 2024

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### 2. Accounting policies (continued)

#### 2.5 Expenditure (continued)

Payments in support of services provided by the Archbishops' Council are regarded as grants and the annual amounts payable are divided into monthly instalments.

Resourcing ministry and mission costs are the costs incurred by the Board in maintaining resident clergy in numerous parishes throughout the Diocese. These include stipends, national insurance, housing, relocation, and a range of support costs.

Support costs consist of central management, administration and governance costs. The amount spent on raising funds and other activities is considered to be immaterial and all support costs are allocated to the purpose of charitable activities. Costs are allocated wherever possible directly to the activity to which they relate, but where such direct allocation is not possible, the remainder is allocated on an approximate staff time basis.

#### 2.6 Pension contributions

The DDBF's staff are members of the Church Workers Pension Fund and Clergy are members of the Church of England Funded Pension Scheme. The pension costs charged as resources expended represent the DDBF's contributions payable in respect of the accounting period, in accordance with FRS 102. Deficit funding for the pension schemes to which the DDBF participates is accrued at current value in creditors distinguished between contributions falling due within one year and after more than one year.

The DDBF also operates a stakeholder scheme and contributes to personal pension schemes for which contributions are charged to the SOFA as they fall due.

#### 2.7 Tangible fixed assets and depreciation

Tangible fixed assets are initially recognised at cost.

##### *Freehold and leasehold buildings*

It is the DDBF's policy that in respect of many of its buildings, no depreciation is charged as any provision would not be material due to the very long expected remaining useful economic life in each case, and because their expected residual value is not materially less than their carrying value.

The DDBF has a policy of regular structural inspection, repair and maintenance, which in the case of residual properties is in accordance with the Repair of Benefices Building 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.

Annual impairment reviews are performed in accordance with the requirements of FRS102 to ensure that the carrying value is not more than the recoverable amount. Where the recoverable amount is estimated to be less than the carrying amount, depreciation is charged in the financial statements.

# Durham Diocesan Board of Finance

(A company limited by guarantee)

## Notes to the financial statements Year ended 31 December 2024

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### *School buildings*

School buildings are occupied and, in the case of Voluntary Aided schools, improved, extended and repaired by the school governors. The nature of the occupation of these buildings by these exempt and excepted charities means that DDBF trustees do not have the power to dispose of the buildings until the school ceases its occupation, which in turn would require the approval of the Secretary of State. Any proceeds of sale would be subject to claw-back, by the Secretary of State, of related grant aid provided. The trustees consider the Board's ownership to be in the nature of custodianship of the assets and these are therefore not capitalised in the financial statements. Details of the Voluntary Aided schools can be obtained from the Joint Education Team.

### *Depreciation on other tangible fixed assets*

Depreciation is provided in order to write off the cost (less any residual value) of other fixed assets over their currently expected useful economic lives at the following initial rates:

Freehold and leasehold property	-	shorter of 50 years or lease term
Furniture and office equipment	-	33% per annum straight line

## **2.8 Total return investment policy**

The board passed a resolution on 1 December 2022 to adopt a total return policy in respect of the stipends capital endowed funds. This approach allows any increase in the value of an investment to be used as income. The decision was taken to ensure that Diocese invests in a way that has appropriate regard to the furtherance of its aims both now and in the future.

The board identified the relevant funds and apportioned it into the value of the original endowment (which forms the Investment Fund) and the unapplied investment return (which forms the unapplied total return). The calculation of the value of the investment fund on the date of adoption was based upon the book value of assets at 1 January 1997, adjusted for inflation and additions since that date.

All endowed investment returns are designated as unapplied total return until Trustees decide how it is to be used. At the discretion of the board, some of the total unapplied return may be allocated to the income fund each year to be spent on its aims.

Trustees may allocate an amount of the unapplied total return to the investment funds. The amount that can be allocated to the investment fund is capped. The cap is calculated by using the rise in inflation from a particular date, being either the date of resolution if no previous allocation has been made or date of the last allocation to the investment fund.

## **2.9 Investments**

Investments in agricultural holdings, commercial properties and investment securities are shown at their market value on the balance sheet date. All gains and losses on investments are recognised in the SOFA. Investments held by the DDBF as custodian trustee are not included in these accounts. Investments in unlisted investments and the subsidiary are stated at cost less provision for impairment. Investments also include long term loans made by the DDBF under concessionary terms.

# Durham Diocesan Board of Finance

(A company limited by guarantee)

## Notes to the financial statements Year ended 31 December 2024

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### 2.10 Financial instruments

#### *Loans*

Loans made by the DDBF to further its charitable purposes at rates below prevailing market rates are classified as concessionary loans and accounted for in accordance with Section 34 of FRS 102. Such loans are initially recognised and measured at the amount received and subsequently adjusted to reflect any repayments, accrued interest and any subsequent impairment.

#### *Debtors*

Debtors are recognised at the settlement amount due.

#### *Cash and cash equivalents*

Cash on deposit includes cash held in short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

#### *Creditors and provisions*

Creditors and provisions are recognised where the DDBF has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

#### *Equity share loan*

The DDBF has one loan for which the settlement proceeds are based on the value of the equity in a property. As this constitutes a non-basic financial instrument under FRS 102 this loan has been recognised at fair value and is revalued at each reporting date. Any gains and losses arising at each year-end are recognised in the SOFA.

### 2.11 Operating leases

Rentals paid under operating leases are charged to the statement of financial activities on a straight line basis over the lease term.

### 2.12 Fund accounting

- **General** funds represent funds which are expendable at the discretion of the directors in the furtherance of the objectives of the charity. Such funds may be held in order to finance both working capital and capital investment.
- **Designated** funds are amounts which have been put aside at the discretion of the directors and are therefore not available for other purposes. All of the unrestricted funds apart from the General Fund are now regarded as designated. These are included with the unrestricted funds column in the SOFA.
- **Restricted** funds represent grants, donations, legacies and assets which are allocated by the donor for specific purposes. The largest restricted fund is the Pastoral Account.

# Durham Diocesan Board of Finance

(A company limited by guarantee)

## Notes to the financial statements Year ended 31 December 2024

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### 2.12 Fund accounting (continued)

- **Endowment** funds are those held on trust to be retained for the benefit of the charity as a capital fund. In the case of the endowment funds administered by the Board (Stipends Capital Fund, and Parsonage Houses Fund), there are discretionary powers to convert capital into income and, as a result, these funds are classified as expendable endowment. Endowment funds where there is no provision for expenditure of capital are classified as permanent endowment.

The board has adopted a total return approach to investments held within the Stipends Capital Fund. Assets are invested to produce an investment return without regard to whether that return is in the form of income or capital appreciation. An allocation is made each year from unapplied total return to trust for investment to ensure that the capital value of assets in trust are not eroded over time.

Trusts where the DDBF acts merely as custodian trustee with no control over the management of the funds are not included in the financial statements but are summarised in the notes to the financial statements.

### 3. Critical accounting estimates and areas of judgment

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key areas subject to estimation are as follows:

#### *Fair value on investment property*

The DDBF holds investment property comprising agricultural land at fair value. The DDBF uses an independent external qualified surveyor to assess the value of this land based on a site by site consideration of the assets and the market conditions existing at the balance sheet date.

#### *Fair values estimated for equity share loan*

The DDBF has one loan for which the settlement proceeds are based on the value of the equity in a property. As required by FRS102 this loan has been stated in accordance with an estimate of fair value. The DDBF makes use of internal experts in arriving at this fair value. This loan is repayable on the earlier of the death of the borrower or the sale of the related property and therefore the timing of its repayment is uncertain. Therefore, this loan is measured as a proportion of the fair value at each reporting date and has not been discounted.

Other estimates included within these financial statements include depreciation charges. None of the estimates made are considered to carry significant estimation uncertainty, nor to bear significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next financial year.

In preparing these financial statements the trustees do not consider there were any significant areas of judgement that were required in applying the charity's accounting policies as set out above.

# Durham Diocesan Board of Finance

(A company limited by guarantee)

## Notes to the financial statements Year ended 31 December 2024

### 4. Parish contributions

	Total funds 2024 £000	Total funds 2023 £000
<b>Unrestricted general fund - parish share</b>		
Contributions pledged and paid	4,181	4,227
Contributions from previous years	49	28
	<u>4,230</u>	<u>4,255</u>
Current year parish share receipts (excluding contributions from prior years) as a proportion of total amounts pledged	<u>95.0%</u>	<u>95.2%</u>

### 5. Archbishops' Council

	Unrestricted funds 2024 £000	Restricted funds 2024 £000	Total funds 2024 £000
Lower income communities fund	1,998	-	1,998
Strategic development fund	-	1,269	1,269
Diocesan investment programme		332	332
Moving towards net zero	-	74	74
Strategic ministry funding	-	429	429
Ordinands' training grant	-	28	28
Other national church funding		263	263
	<u>1,998</u>	<u>2,395</u>	<u>4,393</u>
	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Total funds 2023 £000
Lower income communities fund	2,067	-	2,067
Strategic development fund	48	1,825	1,873
Energy and cost of living grants	-	40	40
Strategic ministry funding	-	383	383
Ordinands' training grant	-	349	349
	<u>2,115</u>	<u>2,597</u>	<u>4,712</u>

# Durham Diocesan Board of Finance

(A company limited by guarantee)

## Notes to the financial statements Year ended 31 December 2024

### 6. Other donations

	Unrestricted funds 2024 £000	Restricted funds 2024 £000	Total funds 2024 £000
Benefact Trust	135	60	195
Lord Crewe's Charity	-	340	340
St Hild and St Bede Trust	-	13	13
Other grants and donations	39	39	78
	<b>174</b>	<b>452</b>	<b>626</b>

	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Total funds 2023 £000
Benefact Trust	157	23	180
Lord Crewe's Charity	-	353	353
St Hild and St Bede Trust	15	-	15
Other grants and donations	57	270	327
	<b>229</b>	<b>646</b>	<b>875</b>

### 7. Income from charitable activities

	Total funds 2024 £000	Total funds 2023 £000
Statutory fees	387	494
Chaplaincy	45	50
St Hild and St Bede Trust	9	8
Miscellaneous income	190	76
	<b>631</b>	<b>628</b>

# Durham Diocesan Board of Finance

(A company limited by guarantee)

## Notes to the financial statements Year ended 31 December 2024

### 8. Income from other activities

	Unrestricted funds 2024 £000	Restricted funds 2024 £000	Total funds 2024 £000
Rental income from parsonages	557	-	557
Education service level agreements	4	11	15
Miscellaneous income	-	2	2
	<b>561</b>	<b>13</b>	<b>574</b>
	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Total funds 2023 £000
Rental income from parsonages	508	-	508
Education service level agreements	127	3	130
Miscellaneous income	-	-	-
	<b>635</b>	<b>3</b>	<b>638</b>

### 9. Income from investments

	Unrestricted funds 2024 £000	Restricted funds 2024 £000	Endowment funds 2024 £000	Total funds 2024 £000
Income from UK listed investments	84	250	587	921
Interest receivable	102	16	-	118
Rents receivable	57	-	-	57
	<b>243</b>	<b>266</b>	<b>587</b>	<b>1,096</b>
	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Endowment funds 2023 £000	Total funds 2023 £000
Income from UK listed investments	411	211	338	960
Interest receivable	17	4	-	21
Rents receivable	55	-	-	55
	<b>483</b>	<b>215</b>	<b>338</b>	<b>1,036</b>

# Durham Diocesan Board of Finance

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## Notes to the financial statements Year ended 31 December 2024

### 10. Other income

	Unrestricted funds 2024	Restricted funds 2024	Endowment funds 2024	Total funds 2024
	£000	£000	£000	£000
Gain on disposal of properties	21	-	522	543
Pension surplus on scheme closure (see note 37)	-	814	-	814
	<b>21</b>	<b>814</b>	<b>522</b>	<b>1,357</b>
	Unrestricted funds 2023	Restricted funds 2023	Endowment funds 2023	Total funds 2023
	£000	£000	£000	£000
Gain on disposal of properties	-	-	241	241

### 11. Fundraising costs

	Unrestricted funds 2024	Endowment funds 2024	Total funds 2024
	£000	£000	£000
Glebe agents fees	19	-	19
Glebe investment costs	33	3	36
	<b>52</b>	<b>3</b>	<b>55</b>
	Unrestricted funds 2023	Endowment funds 2023	Total funds 2023
	£000	£000	£000
Glebe agents fees	31	-	31
Glebe investment costs	48	-	48
	<b>79</b>	<b>-</b>	<b>79</b>



# Durham Diocesan Board of Finance

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## Notes to the financial statements Year ended 31 December 2024

### 12. Analysis of expenditure by activities

	Activities undertaken directly 2024 £000	Grant funding of activities 2024 £000	Support costs 2024 £000	Total funds 2024 £000
Contributions to Archbishops' Council (note 13)	-	514	-	514
Resourcing ministry and mission (note 14)	9,950	358	1,974	12,282
Resourcing Education (note 15)	241	-	-	241
	<b>10,191</b>	<b>872</b>	<b>1,974</b>	<b>13,037</b>
	Activities undertaken directly 2023 £000	Grant funding of activities 2023 £000	Support costs 2023 £000	Total funds 2023 £000
Contributions to Archbishops' Council (note 13)	-	697	-	697
Resourcing ministry and mission (note 14)	9,760	710	1,463	11,933
Resourcing Education (note 15)	288	-	-	288
	<b>10,048</b>	<b>1,407</b>	<b>1,463</b>	<b>12,918</b>

### 13. Contributions to Archbishops' Council

	Unrestricted funds 2024 £000	Restricted funds 2024 £000	Total funds 2024 £000
Training for ministry	223	-	223
National Church responsibilities	249	-	249
Grants and provisions	120	-	120
Pooling of ordinand candidates	(78)	-	(78)
	<b>514</b>	<b>-</b>	<b>514</b>

# Durham Diocesan Board of Finance

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## Notes to the financial statements Year ended 31 December 2024

### 13. Contributions to Archbishops' Council (continued)

	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Total funds 2023 £000
Training for ministry	224	-	224
National Church responsibilities	250	-	250
Grants and provisions	228	4	232
Pooling of ordinand candidates	(9)	-	(9)
	<b>693</b>	<b>4</b>	<b>697</b>

### 14. Expenditure on resourcing ministry and mission

	Unrestricted funds 2024 £000	Restricted funds 2024 £000	Endowment funds 2024 £000	Total funds 2024 £000
Stipends and national insurance	3,496	549	-	4,045
Clergy pension	791	130	-	921
Housing costs	2,076	26	-	2,102
Removal, resettlement and other grants	114	11	-	125
Mission: stipendiary, staff and activity costs	552	1,571	-	2,123
Lindisfarne Regional Training Partnership grant	38	36	-	74
Strategic development costs	-	200	-	200
Other expenses and grants	442	276	-	718
Support for parish ministry (see note 16)	1,483	480	11	1,974
	<b>8,992</b>	<b>3,279</b>	<b>11</b>	<b>12,282</b>

# Durham Diocesan Board of Finance

(A company limited by guarantee)

## Notes to the financial statements Year ended 31 December 2024

### 14. Expenditure on resourcing ministry and mission (continued)

	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Endowment funds 2023 £000	Total funds 2023 £000
Stipends and national insurance	3,463	581	-	4,044
Clergy pension	861	56	-	917
Housing costs	1,881	1	10	1,892
Removal, resettlement and other grants	175	13	-	188
Mission: stipendiary, staff and activity costs	496	1,498	-	1,994
Lindisfarne Regional Training Partnership grant	60	307	-	367
Strategic development costs	-	297	-	297
Other expenses and grants	541	230	-	771
Support for parish ministry (see note 16)	1,133	317	13	1,463
	8,610	3,300	23	11,933

### 15. Resourcing education

	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Total funds 2023 £000
Administration	241	-	241
Closed schools	-	-	-
	241	-	241

	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Total funds 2023 £000
Administration	278	-	278
Closed schools	-	10	10
	278	10	288

# Durham Diocesan Board of Finance

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## Notes to the financial statements Year ended 31 December 2024

### 16. Analysis of support costs

	<b>Total funds 2024</b>	<b>Total funds 2023</b>
	<b>£000</b>	<b>£000</b>
Central staff costs	<b>936</b>	750
Central office and premises	<b>255</b>	89
Technology and communication	<b>179</b>	166
Depreciation	<b>43</b>	45
Legal and registry costs	<b>169</b>	150
Synod, Board and Committee expenses	<b>60</b>	53
External audit	<b>29</b>	25
Other support costs	<b>196</b>	66
Other costs	<b>107</b>	119
	<b>1,974</b>	<b>1,463</b>

### 17. Analysis of grants made

	<b>Individuals £000</b>	<b>Institutions £000</b>	<b>Total 2024 £000</b>
<b>From unrestricted funds for</b>			
<b>National Church responsibilities:</b>			
Contributions to Archbishops' Council	-	394	<b>394</b>
<b>Other grants made:</b>			
NECAT	-	8	<b>8</b>
Northumbrian Industrial Mission	-	2	<b>2</b>
Lesotho	-	25	<b>25</b>
Training for Ministry Grants	74	-	<b>74</b>
Resettlement and First Appointment Grants	114	-	<b>114</b>
Ordinands' Grants	120	-	<b>120</b>
Basic Clergy Development Grants	19	-	<b>19</b>
Mission Fund Grants	27	-	<b>27</b>
Church building committee grants	-	64	<b>64</b>
PCCs	-	25	<b>25</b>
	<b>354</b>	<b>518</b>	<b>872</b>

# Durham Diocesan Board of Finance

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## Notes to the financial statements Year ended 31 December 2024

### 17. Analysis of grants made (continued)

	Individuals £000	Institutions £000	Total 2023 £000
<b>From unrestricted funds for</b>			
<b>National Church responsibilities:</b>			
Contributions to Archbishops' Council	-	466	466
<b>Other grants made:</b>			
NECAT	-	8	8
Lesotho	-	25	25
Resettlement and First Appointment Grants	157	-	157
Ordinands' Grants	231	-	231
Basic Clergy Development Grants	18	-	18
Special CMD & Sabbatical Grants	7	-	7
Mission Fund Grants	23	-	23
Church building committee grants	-	34	34
Ministry Hardship Grant	-	7	7
Energy Support Grant funding	64	-	64
Lindisfarne College of Theology	-	367	367
	500	907	1,407

### 18. Auditor's remuneration

	2024 £000	2023 £000
Fees payable to the charitable company's auditor for the audit of the charitable company's annual accounts	30	24
Fees payable to the charitable company's auditor in respect of:		
All non-audit services not included above	-	1

### 19. Staff costs

	2024 £000	2023 £000
<b>Employee costs during the year were as follows:</b>		
Wages and salaries	1,796	1,649
National insurance contributions	179	165
Pension costs	300	219
	2,275	2,033

# Durham Diocesan Board of Finance

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## Notes to the financial statements Year ended 31 December 2024

### 19. Staff costs (continued)

	2024 £000	2023 £000
The average monthly number of employees during the year were as follows:		
Staff	47	44

	2024 No.	2023 No.
The number of higher paid employees was:		
In the band £60,001 - £70,000	2	-
In the band £80,001 - £90,000	1	1

### Remuneration of key management personnel

Key management personnel are deemed to be those having authority and responsibility, delegated to them by the trustees, for planning, directing and controlling the activities of the Diocese. During 2024 they were:

Diocesan Secretary	Mr J James G Morgan
Director of Mission, Discipleship & Ministry	The Venerable Elizabeth M Wilkinson
Head of Transformational Delivery	Mrs Amy H Burns (from 18/04/2024)

Remuneration, pensions and employer's national insurance contributions for the above employees amounted to £221,868 (2023: £157,904).

# Durham Diocesan Board of Finance

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## Notes to the financial statements Year ended 31 December 2024

### 19. Staff costs (continued)

#### Trustees' emoluments

No trustee received any remuneration for services as trustee (2023: £nil). During the year, 7 trustees (2023: 7) received travelling, subsistence and incidental costs, totalling £12,644 (2023: £15,510) in respect of General Synod duties, duties as archdeacon or area/rural dean, and other duties as trustees.

During the year the Board made contributions to the Church Commissioners at the standard rate agreed by Diocesan Synod towards the stipends, national insurance and pension contributions of the licensed clergy who are directors of the Board and provided houses, including payment of council tax and maintenance costs, as part of normal clergy remuneration.

The following table gives details of the trustees who were in receipt of a stipend and/or housing provided by the DDBF during the year:

	Stipend	Housing
The Bishop of Durham – Right Reverend PR Butler (Chair) (until 29 February 2024)	No	No
The Bishop of Jarrow – Right Reverend SE Clark	No	Yes
The Archdeacon of Auckland – Venerable RL Simpson	Yes	Yes
The Archdeacon of Durham – Venerable EM Wilkinson	Yes	Yes
The Archdeacon of Sunderland – Venerable RG Cooper	Yes	Yes
Reverend P Arnold	Yes	Yes
Reverend L Sutherland (until 31 October 2024)	Yes	Yes
Canon D Tolhurst (until 31 October 2024)	Yes	Yes
Reverend B Huish (from 19 December 2024)	Yes	Yes
Reverend M Levinsohn (from 19 December 2024)	Yes	Yes

The DDBF is responsible for funding via the Church Commissioners the stipends of licensed stipendiary clergy in the Diocese, other than bishops and cathedral staff. The DDBF is also responsible for the provision of housing for stipendiary clergy in the Diocese including the Suffragan Bishop.

The DDBF paid an average of 135 (2023: 139) stipendiary clergy and lay ministers as office-holders holding parochial or diocesan appointments in the Diocese, and the costs were as follows:

	2024 £000	2023 £000
Stipends	3,736	3,722
National insurance contributions	335	325
Pension costs - current year contributions	853	952
	<b>4,924</b>	<b>4,999</b>

# Durham Diocesan Board of Finance

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## Notes to the financial statements Year ended 31 December 2024

### 20. Tangible fixed assets

	Property £000	Office equipment £000	Parsonages £000	Glebe Property £000	Total £000
<b>Cost or valuation</b>					
At 1 January 2024	3,702	101	20,081	12,819	36,703
Additions	369	-	339	594	1,302
Disposals	(226)	-	(661)	(129)	(1,016)
At 31 December 2024	3,845	101	19,759	13,284	36,989
<b>Depreciation</b>					
At 1 January 2024	185	97	417	246	945
Charge for the year	32	1	3	7	43
On disposals	-	-	(13)	(3)	(16)
At 31 December 2024	217	98	407	250	972
<b>Net book value</b>					
At 31 December 2024	3,628	3	19,352	13,034	36,017
At 31 December 2023	3,517	4	19,664	12,573	35,758



# Durham Diocesan Board of Finance

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## Notes to the financial statements Year ended 31 December 2024

### 21. Fixed asset investments

	Listed investments £000	Loans to associates £000	Agricultural land £000	Total £000
<b>Cost or valuation</b>				
At 1 January 2024	33,468	29	3,315	36,812
Additions	-	-	-	-
Disposals	(652)	-	(218)	(870)
Revaluations	776	-	316	1,092
At 31 December 2024	33,592	29	3,413	37,034
<b>Net book value</b>				
At 31 December 2024	33,592	29	3,413	37,034
At 31 December 2023	33,468	29	3,315	36,812
Historic cost at 31 December 2024	26,482	29	398	26,909

### Agricultural land held as investment properties

The estimate of the value of Glebe land and properties held as investments at the end of the year has been prepared by Savills on a Desk Top valuation as at 31 December 2024.

### Long term loans

The DDBF loaned £15,000 to Stirling Newall Trust for the installation of a new fire alarm system in 2021 with an additional loan of £10,000 being made during 2023. Both loans are repayable in annual instalments over 10 years with interest charged at 3% per annum.

### Subsidiary undertakings

Unlisted investments are held at cost and relate to DDBF's wholly owned subsidiary undertaking, The Diocese of Durham Educational Trust, a company limited by guarantee (company registration number 08816527).

The Diocese of Durham Educational Trust was incorporated in 2013 to provide the Diocese with a vehicle to manage its education responsibilities. It was a dormant company which acted as a corporate member for a number of multi academy trusts, but was wound up in January 2025.

### Joint venture

The company has a joint venture limited liability partnership with Newcastle Diocesan Education Board (NDEB). The new entity, Joint Education Team LLP, commenced trading on 1 September 2023.

# Durham Diocesan Board of Finance

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## Notes to the financial statements Year ended 31 December 2024

### 22. Debtors

	2024 £000	2023 £000
<b>Due after more than one year</b>		
Church Buildings loan	140	139
Church workers pension scheme surplus (see note 37)	451	-
Equity share loan	134	134
	<u>725</u>	<u>273</u>
<b>Due within one year</b>		
Church Buildings loans	3	3
Church workers pension scheme surplus (see note 37)	257	-
Other debtors	1,408	477
Prepayments and accrued income	112	615
	<u>1,780</u>	<u>1,095</u>
<b>Total</b>	<u><u>2,505</u></u>	<u><u>1,368</u></u>

The historic cost of the equity share loan included in loans receivable is £16,000 (2023: £16,000).

### 23. Current asset investments

	2024 £000	2023 £000
Short term investments	<u>1,171</u>	<u>634</u>

### 24. Creditors: amounts falling due within one year

	2024 £000	2023 £000
Trade creditors	166	315
Other creditors	18	3
Accruals and deferred income	1,968	1,216
	<u>2,152</u>	<u>1,534</u>

	2024 £000	2023 £000
Deferred income at 1 January	1,116	33
Resources deferred during the year	1,897	1,116
Amounts released from previous periods	(1,116)	(33)
	<u>1,897</u>	<u>1,116</u>

# Durham Diocesan Board of Finance

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## Notes to the financial statements Year ended 31 December 2024

### 25. Creditors: amounts falling due after more than one year

	2024 £000	2023 £000
Loans	49	49

Loans included in creditors due in more than one year comprise £49,000 (2023: £49,000) owing to Church Commissioners relating to property purchased to house clergy spouses, which becomes repayable on sale of the property once it falls vacant.

### 26. Summary of funds

#### Summary of funds - current year

	Balance at 1 January 2024 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 December 2024 £000
Designated funds	7	7	(7)	-	-	7
General funds	5,798	7,851	(9,792)	1,995	68	5,920
Endowment funds	56,952	1,109	(14)	(2,559)	820	56,308
Restricted funds	11,963	3,940	(3,279)	564	209	13,397
	<b>74,720</b>	<b>12,907</b>	<b>(13,092)</b>	<b>-</b>	<b>1,097</b>	<b>75,632</b>

#### Summary of funds - prior year

	Balance at 1 January 2023 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 December 2023 £000
Designated funds	25	-	(18)	-	-	7
General funds	5,839	8,358	(9,642)	1,017	226	5,798
Endowment funds	54,882	579	(23)	(925)	2,439	56,952
Restricted funds	11,263	3,461	(3,314)	(92)	645	11,963
	<b>72,009</b>	<b>12,398</b>	<b>(12,997)</b>	<b>-</b>	<b>3,310</b>	<b>74,720</b>

# Durham Diocesan Board of Finance

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## Notes to the financial statements Year ended 31 December 2024

### 27. Statement of funds – current year

	Balance at 1 January 2024 £000	Income £000	Expenditure £000	Transfers in/(out) £000	Gains/ (Losses) £000	Balance at 31 December 2024 £000
	7	7	(7)	-	-	7
<b>Designated funds</b>						
Bequests Fund						
<b>Unrestricted funds</b>						
General	5,798	7,851	(9,792)	1,995	68	5,920
<b>Restricted funds</b>						
Parsonages Building Fund	1,741	49	-	-	39	1,829
Durham Closed Schools Fund	1,030	40	(1)	(205)	20	884
Pastoral Fund	8,080	215	(174)	769	138	9,028
Ministry and Preordination Training Fund	146	28	(174)	-	-	-
Lord Crewe's Charity	142	340	(340)	-	-	142
Strategic Development Fund - Resourcing Churches	27	467	(467)	-	-	27
Strategic Development Fund II - Communities for Hope	4	601	(601)	-	-	4
Strategic Development Fund III - Transforming Growth	-	200	(200)	-	-	-
Restructuring Fund - Renewal & Reform	5	-	(4)	-	-	1
Misc Restricted Fund (Misc Income for projects)	173	31	(27)	-	-	177
Durham Capacity Fund	(3)	57	(57)	-	-	(3)
Strategic Capacity Grant fund	-	69	(67)	-	-	2
Strategic Ministry Fund	-	429	(429)	-	-	-
Archbishops' Council - Net Zero	25	30	(30)	-	-	25
Archbishops' Council - Called to Fruitfulness	-	332	(332)	-	-	-
Archbishops' Council - Building for Mission	-	36	(36)	-	-	-
Benefact Trust- Cultivate funding	43	60	(90)	-	-	13
Archbishops' Council - Giving Adviser funding	-	24	(24)	-	-	-
Archbishops' Council - Net Zero Quick Wins Grants	-	25	(25)	-	-	-
Archbishops' Council - Net Zero Carbon House Demonstrator	-	19	(19)	-	-	-
Pension surplus restricted fund	-	814	(106)	-	-	708
Other	550	74	(76)	-	12	560
	11,963	3,940	(3,279)	564	209	13,397
<b>Endowment funds</b>						
Parsonages Houses Fund	19,662	432	(3)	(769)	-	19,322
Stipends Capital Fund	37,290	677	(11)	(1,790)	820	36,986
	56,952	1,109	(14)	(2,559)	820	56,308
<b>Total of funds</b>	<b>74,720</b>	<b>12,907</b>	<b>(13,092)</b>	<b>-</b>	<b>1,097</b>	<b>75,632</b>

# Durham Diocesan Board of Finance

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## Notes to the financial statements Year ended 31 December 2024

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### 27. Statement of funds (continued)

#### *Bequests Fund*

This fund represents the balance from an anonymous donor during 2019 which the Board decided should be held within a separate designated fund to support the diocesan priority of 'Challenging Poverty'.

#### *General fund*

The general fund is available for any purpose within the objects of the Board. It is principally used for payment of stipends, national insurance, pension contributions and housing costs of clergy and licensed lay-workers in parish ministry. It also provides the assets and liquidity for the DDBF to carry out its objectives, including statutory compliance and administration of funds.

#### *Parsonages Buildings fund*

The Parsonages Buildings fund is held by the DDBF to pay for repairs and maintenance of parsonage houses. This fund also holds the net proceeds from the sale of any previous parsonages which have been ring fenced for the provision of a replacement parsonage as and when necessary.

#### *Durham Closed Schools Fund*

The Closed Schools Improvements Fund represents the pooled sale proceeds of closed church schools in the Diocese in accordance with Section 287 (2) of the Education Act 1993. The capital and income can be used for the building, extension and maintenance of church schools. The income alone can be spent on the management and administration of church schools.

#### *Pastoral Fund*

The pastoral account includes the proceeds of redundant churches and parsonages and was set up under the provisions of the Pastoral Measure 1983. The restricted purposes for which the account may be used are:

- to defray costs incurred for the purposes of the Measure or any scheme or order made under the Measure except for salaries of regular diocesan employees
- to make loans or grants for the provision, restoration, improvement or repair of churches and parsonage houses in the Diocese
- other purposes of the Diocese or any benefice or parish in the Diocese
- to make grants or loans to any other Diocese
- to transfer funds to the diocesan stipends fund income or capital accounts.

#### *Ministry and Preordination Training Fund*

This is a restricted fund set up to provide assistance for ministry and training.

#### *Lord Crewe's Charity Restricted Fund*

This fund provides support for necessitous clergy and gives resources for the mission and ministry of parishes in the most deprived parts of the Diocese

#### *Strategic Development Fund - Resourcing Churches*

This national church funded project set up the first four Resourcing Churches in major population centres within the Diocese, and supports training of ministry experience volunteers..

#### *Restructuring Fund*

The Church Commissioners awarded the Diocese a one-off allocation to allow the Diocese to adapt to a reduction in funding resulting from the replacement of Selective Allocation by Lower Income Communities Funding. This funding is restricted as it must be used in line with an agreed plan.

# Durham Diocesan Board of Finance

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## Notes to the financial statements Year ended 31 December 2024

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### 27. Statement of funds (continued)

#### *Strategic Development Fund – Growing Hope*

This national church funded project is to develop Communities of Hope, which are Christian small scale social enterprise projects in areas with high levels of social deprivation, alongside two further Resourcing Churches and ministry experience volunteers.

#### *Miscellaneous Restricted Income Fund*

This restricted fund relates to grants received for one off smaller activities which have been made available for specific restricted activities within the Diocese.

#### *Durham Capacity Fund*

This fund provides support for the Diocese through the process of developing a transformational strategy and missional design.

#### *Strategic Capacity Fund - Church planting*

Provides capacity for the administration and management of church planting within the Diocese.

#### *Strategic Ministry Fund*

Provides support to assist with funding the curates.

#### *Strategic Development Fund - Transforming Growth*

This national church funded project supports a Resourcing Church in Darlington and church planting activity across the Diocese.

#### *Archbishops' Council – Giving Adviser Fund*

National church funding to provide diocesan support for parishes around generous giving and stewardship.

#### *Archbishops' Council - Net Zero*

Awarded towards helping the Diocese work towards their net zero targets.

#### *Archbishops' Council - Called to Fruitfulness*

Increasing capacity, regeneration of parishes for mission, missional chaplaincies

#### *Benefact Trust - Cultivate*

Funding to support the Diocese's 'Cultivate' church planting strategy.

#### *Archbishops' Council - Net Zero Quick Wins Grants*

Aims to support churches and church halls in delivering small scale net zero carbon works in churches.

#### *Archbishops' Council - Net Zero Carbon House Demonstrator 2024-2025*

To support a route map to energy efficiency and decarbonization works adopting a clergy house project covering ventilation and air tightness, fabric thermal efficiency and fossil fuel free heating system.

#### *Pension*

A fund holding the pension asset arising from the closure of the Church Worker Defined Benefit Scheme to be offset against future staff pension liabilities.

# Durham Diocesan Board of Finance

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## Notes to the financial statements Year ended 31 December 2024

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### 27. Statement of funds (continued)

#### *Other grants*

This restricted fund relates to grants which support a wide range of projects related to the four Diocesan priorities.

#### *Parsonage Houses Fund*

The Parsonage Houses Fund represents the value of the benefice houses (parsonages) in the Diocese after deducting loans outstanding in respect of such houses.

#### *Stipends Capital Fund*

The Stipends Capital Fund is governed by the Diocesan Stipends Measure 1953. The income of the fund can only be used for clergy stipends but, since 1993, capital can be applied for improvements to parsonage houses.

### **Transfers between funds**

Further details are given in note 30.

# Durham Diocesan Board of Finance

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## Notes to the financial statements Year ended 31 December 2024

### 27. Statement of funds (continued)

#### Statement of funds - prior year

	Balance at 1 January 2023 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 December 2023 £000
<b>Designated funds</b>						
Bequests Fund	25	-	(18)	-		7
<b>Unrestricted funds</b>						
General	5,839	8,358	(9,642)	1,017	226	5,798
<b>Restricted funds</b>						
Parsonages Building Fund	2,042	54	-	(467)	112	1,741
Durham Closed Schools Fund	588	61	(10)	357	34	1,030
Pastoral Fund	7,052	227	(191)	544	448	8,080
Ministry and Preordination Training Fund	104	349	(307)	-	-	146
Lord Crewe's Charity	172	353	(383)	-	-	142
Strategic Development Fund - Resourcing Churches	29	615	(617)	-	-	27
Restructuring Fund - Renewal & Reform	63	-	(58)	-	-	5
Strategic Development Fund II - Communities for Hope	5	663	(664)	-	-	4
Misc Restricted Fund (Misc Income for projects)	69	52	(44)	96	-	173
Durham Capacity Fund (Restricted)	(1)	198	(200)	-	-	(3)
Strategic Capacity Grant fund	-	53	(53)	-	-	-
Strategic Ministry Fund	-	333	(333)	-	-	-
Strategic Development Fund - Transformation Growth	-	297	(297)	-	-	-
Archbishops' Council - Giving Adviser	-	23	(23)	-	-	-
Archbishops' Council - Net Zero	-	40	(15)	-	-	25
Archbishops' Council - Called to Fruitfulness	-	49	(49)	-	-	-
Benefact Trust- Cultivate funding	100	-	(57)	-	-	43
Other	1,040	94	(13)	(622)	51	550
	11,263	3,461	(3,314)	(92)	645	11,963
<b>Endowment funds</b>						
Parsonages Houses Fund	19,674		(5)	(252)	245	19,662
Stipends Capital Fund	35,208	579	(18)	(673)	2,194	37,290
	54,882	579	(23)	(925)	2,439	56,952
<b>Total of funds</b>	72,009	12,398	(12,997)	-	(3,310)	74,720



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## Notes to the financial statements

Year ended 31 December 2024

### 28. Total return on investment

	Trust for investment 2024 £000	Unapplied total return 2024 £000	Total Stipend Capital fund 2024 £000
<b>As at 1 January 2024</b>	11,372	25,918	<b>37,290</b>
<b>Movements in year</b>			
Allocation to trust for investment	(854)	854	-
Investment return: dividends and interest	-	587	<b>587</b>
Investment return: gains on sale of property	-	90	<b>90</b>
Investment return: realised and unrealised gains and (losses)	-	820	<b>820</b>
Addition of capital	-	-	-
Less: costs of maintaining properties	-	(11)	<b>(11)</b>
	(854)	2,340	<b>1,486</b>
Unapplied total return allocated to income	-	(1,790)	<b>(1,790)</b>
<b>Net movement in the year</b>	<b>(854)</b>	<b>550</b>	<b>(304)</b>
<b>As at 31 December 2024</b>	<b>10,518</b>	<b>26,468</b>	<b>36,986</b>

On 1 December 2022 the Trustees agreed to adopt a total return approach to accounting for the stipend capital endowments of the Diocese. The full details of policies adopted are set out in the accounting policies in note 1. The date of adoption for the purposes of calculating the original value of the Trust for investment was 1 January 1997, with all additional gifts since that date added and inflation included to arrive at the value of the Trust for investment as at 1 January 2023.

On 31 December 2024 a proportion of the resulting unapplied total return was allocated to income for the year, as shown above.

# Durham Diocesan Board of Finance

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## Notes to the financial statements Year ended 31 December 2024

### 29. Analysis of net assets between funds

#### Analysis of net assets between funds - current year

	Unrestricted funds 2024 £000	Restricted funds 2024 £000	Endowment funds 2024 £000	Total funds 2024 £000
Tangible fixed assets	1,965	1,666	32,386	36,017
Fixed asset investments	4,286	9,176	23,572	37,034
Debtors due after more than one year	591	133	1	725
Current assets	38	3,621	398	4,057
Creditors due within one year	(953)	(1,199)	-	(2,152)
Creditors due in more than one year	-	-	(49)	(49)
<b>Total</b>	<b>5,927</b>	<b>13,397</b>	<b>56,308</b>	<b>75,632</b>

#### Analysis of net assets between funds - prior year

	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Endowment funds 2023 £000	Total funds 2023 £000
Tangible fixed assets	1,895	1,627	32,236	35,758
Fixed asset investments	2,979	9,067	24,766	36,812
Debtors due after more than one year	142	131	-	273
Current assets	1,140	2,320	-	3,460
Creditors due within one year	(351)	(1,182)	(1)	(1,534)
Creditors due in more than one year	-	-	(49)	(49)
<b>Total</b>	<b>5,805</b>	<b>11,963</b>	<b>56,952</b>	<b>74,720</b>

# Durham Diocesan Board of Finance

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## Notes to the financial statements Year ended 31 December 2024

### 30. Analysis of significant transfers between funds

#### Analysis of significant transfers between funds – current year

	Unrestricted funds 2024 £000	Restricted funds 2024 £000	Endowment funds 2024 £000	Total funds 2024 £000
Transfer of Parsonage Houses to Pastoral Account	-	769	(769)	-
Transfer of restricted Closed School fund to Unrestricted	205	(205)	-	-
Total Return transfer from Stipends Capital	1,790	-	(1,790)	-
<b>Total</b>	<b>1,995</b>	<b>564</b>	<b>(2,559)</b>	<b>-</b>

#### Analysis of significant transfers between funds – prior year

	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Endowment funds 2023 £000	Total funds 2023 £000
Transfer of Parsonage Houses to General	76	-	(76)	-
Transfer of Parsonage Houses to Pastoral Account	-	542	(542)	-
Release of Escomb Parsonage Building Fund to Parsonage Houses	-	(346)	346	-
Transfer to Parsonage Houses Fund to purchase land at St Peter's Vicarage	-	(20)	20	-
Transfer from Parsonage Building Fund to Stipend Capital Fund	-	(96)	96	-
Total Return transfer from Stipends Capital	769	-	(769)	-
Dividend release	172	(172)	-	-
<b>Total</b>	<b>1,017</b>	<b>(92)</b>	<b>(925)</b>	<b>-</b>

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## Notes to the financial statements Year ended 31 December 2024

### 30. Analysis of significant transfers between funds (continued)

Transfers from endowment funds of £769k represent transfers from the Parsonage Houses fund to unrestricted and restricted funds following the sale of certain properties, according to the terms imposed on the endowed asset.

Transfer of £205k from the restricted Durham closed schools fund to unrestricted funds were made to fund educational spend, in line with the terms of the restrictions.

In addition a transfer of £1,790,000 has been made from endowment funds to unrestricted funds representing the allocation of unapplied total returns (see note 28).

### 31. Reconciliation of net movement in funds to net cash flow from operating activities

	2024 £000	2023 £000
Net income for the year (as per Statement of Financial Activities)	912	2,711
<b>Adjustments for:</b>		
Depreciation charges	43	45
Gains on investments	(1,097)	(3,310)
Dividends, interests and rents from investments	(1,096)	(1,036)
Increase in debtors	(1,138)	(288)
Increase in creditors	618	1,129
Profit on sale of fixed assets	(543)	(241)
<b>Net cash used in operating activities</b>	<b>(2,301)</b>	<b>(990)</b>

### 32. Analysis of cash and cash equivalents

	2024 £000	2023 £000
Cash in hand	1,171	1,731
Notice deposits (less than 3 months)	1,106	634
<b>Total cash and cash equivalents</b>	<b>2,277</b>	<b>2,365</b>

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## Notes to the financial statements Year ended 31 December 2024

### 33. Analysis of changes in net debt

	At 1 January 2024 £000	Cash flows £000	At 31 December 2024 £000
Cash at bank and in hand	1,731	(625)	1,106
Debt due after 1 year	(49)	-	(49)
Liquid investments	634	537	1,171
	<u>2,316</u>	<u>(88)</u>	<u>2,228</u>

### 34. Operating lease commitments

At 31 December 2024 the charitable company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2024 £000	2023 £000
Not later than 1 year	8	9
Later than 1 year and not later than 5 years	-	1
	<u>8</u>	<u>10</u>

### 35. Pensions

The DBF participates in two pension schemes administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the DBF and the other participating employers. One of these is the **Church of England Funded Pensions Scheme** for stipendiary clergy. The other is the **Church Workers Pensions Fund** for lay staff.

#### Church of England Funded Pensions Scheme

Each participating Responsible Body in the Church of England Funded Pensions Scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. It is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, which were £853,000 in 2024 (2023: £952,000), plus any figures arising from contributions in respect of the Scheme's deficit (see below). The 2021 valuation showed the Scheme to be fully funded and as such in 2024, following the valuation results being agreed, the deficit contributions paid were £nil (2023: £nil).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 2021. The 2021 valuation revealed a surplus of £560m, based on assets of £2,720m and a funding target of £2,160m, assessed using the following assumptions:

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## Notes to the financial statements Year ended 31 December 2024

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### 35. Pensions (continued)

- An average discount rate of 2.7% p.a.;
- RPI inflation of 3.6% p.a. (and pension increases consistent with this);
- CPIH inflation in line with RPI less 0.8% pre 2030 moving to RPI with no adjustment from 2030 onwards;
- Increase in pensionable stipends in line with CPIH;
- Mortality in accordance with 90% of the S3NA tables, with allowance for improvements in mortality rates in line with the CMI2020 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7, an initial addition to mortality improvements of 0.5% pa and an allowance for 2020 data of 0% (i.e. w2020 = 0%).

Following finalisation of the 31 December 2021 valuation, deficit contributions ceased with effect from 1 January 2023, since the Scheme was fully funded.

#### Church Workers Pension Fund

DDBF participates in the Defined Benefits Scheme section of CWPf for lay staff, which is now closed to future accrual. The Scheme is administered by the Church of England Pensions Board, which holds the assets of the scheme separately from those of the Employer and the other participating employers.

CWPf has two sections:

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

#### Defined Benefits Scheme

The Defined Benefits Scheme ("DBS") section of the Church Workers Pension Fund provides benefits for lay staff based on final pensionable salaries.

For funding purposes, DBS is divided into sub-pools in respect of each participating employer as well as a further sub-pool, known as the Life Risk Pool. The Life Risk Pool exists to share certain risks between employers, including those relating to mortality and post-retirement investment returns.

The division of the DBS into sub-pools is notional and is for the purpose of calculating ongoing contributions. This does not alter the fact that the assets of the DBS are held as a single trust fund out of which all the benefits are to be provided. From time to time, a notional premium is transferred from employers' sub-pools to the Life Risk Pool and annuities and death benefits are paid from the Life Risk Pool.

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

A valuation of DBS is carried out once every three years. At the most recent valuation at 31 December 2022 there was a surplus of £73.6m.

The next actuarial valuation is due at 31 December 2025.

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## Notes to the financial statements Year ended 31 December 2024

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### 35. Pensions (continued)

Since 31 December 2023, the Board has entered into a full buy-in agreement with Aviva to insure all accrued benefits within the DBS of the CWPF.

The Church of England Pensions Board agreed that deficit contributions should cease with effect from 31 December 2022 for employers whose pools were estimated to be materially in surplus. As a result, there is no obligation recognised as a liability within the Employer's financial statements as at 31 December 2023 or 31 December 2024.

#### **Pension Builder Scheme**

Both sections of the Pension Builder Scheme are classed as defined benefit schemes.

**Pension Builder Classic** provides a pension, accumulated from contributions paid and converted into a deferred annuity during employment based on terms set and reviewed by the Church of England Pensions Board from time to time. Discretionary increases may also be added, depending on investment returns and other factors.

**Pension Builder 2014** is a cash balance scheme that provides a lump sum which members use to provide benefits at retirement. Pension contributions are recorded in an account for each member. Discretionary bonuses may be added before retirement, depending on investment returns and other factors. The account, plus any bonuses declared is payable, unreduced, from age 65.

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This is because it is not possible to attribute the Pension Builder Scheme's assets and liabilities to specific employers and means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pension costs charged to the SoFA in the year are the contributions payable 2024: £300k (2023: £219k).

A valuation of the Pension Builder Scheme is carried out once every three years. The most recent valuation was carried out as at 31 December 2022.

For the Pension Builder Classic section, the valuation revealed a surplus of £34.8m on the ongoing assumptions used. At the most recent annual review effective 1 January 2025, the Board chose to grant a discretionary bonus of 6.7% to both pensions not yet in payment and pensions in payment in respect of service prior to April 1997; and a bonus on pensions in payment in respect of post April 2006 service so that the pension increase was 2.7% (where usually it would be calculated based on inflation up to 2.5%). This followed improvements in the funding position over 2024. There is no requirement for deficit payments at the current time.

The next valuation is due as at 31 December 2025.

For the Pension Builder 2014 section, the valuation revealed a surplus of £8.5m on the ongoing assumptions used. There is no requirement for deficit payments at the current time.

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

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## Notes to the financial statements Year ended 31 December 2024

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### 36. Custodian funds

The Board act as custodian trustee responsible for trust funds held on behalf of others. The movement on these funds during the year is set out below:

	2024 £000	2023 £000
Balance at 1 January	13,578	12,763
Funds received	834	577
Payments made	(1,013)	(544)
Revaluation of investments held	132	782
<b>Balance at 31 December</b>	<b>13,531</b>	<b>13,578</b>

The funds held by the DDBF as custodian trustees comprise deposits and investments. The funds are held on behalf of the PCCs within the Diocese, in separate bank and investment funds.

### 37. Contingent asset

During the prior year, the Church of England Pensions Board indicated that they intended to close the Church Workers Defined Benefit Scheme to future accrual. This led to the DDBF taking the decision in December 2023 to transfer all employees who were members of this scheme to the Pension Builder Classic scheme as of 31 January 2024. The Pensions Board indicated that the DDBF's section of the Church Workers Defined Benefit Scheme was in an asset position on closure. During 2024, the Pensions Board confirmed usable assets attributed to the DDBF of £814k, which have been recognised as income in the year and shown as debtors to be drawn down against future pension liabilities. There is a possibility of further assets being attributed to the DDBF once final scheme liabilities have been settled, but this amount cannot yet be accurately quantified.

### 38. Related party transactions

As set out in note 21, the Diocese is a member of Joint Education Team LLP, a joint venture with Newcastle Diocesan Education Board in which it has a 50% stake. During the year to December 2024 the DDBF contributed £120,000 (2023: £nil) to the running costs of this entity. At the year end £36,664 (2023 £56,664) is included in debtors owing from JET LLP.