



ANNUAL REPORT AND ACCOUNTS 2021



OUR PURPOSE

Our purpose is to worship Almighty God, to serve all God's people and to share the good news of Jesus Christ in our diverse urban context.

OUR MISSION

Birmingham Cathedral is a Christian Church of the Anglican Communion and the seat of the Bishop of Birmingham. As the Church of England cathedral church and a vibrant worshipping community, we serve the people and communities of the Diocese of Birmingham. We offer hospitality and welcome as a place of gathering and connection for people of all faiths and none in order to witness to God's love for all and to serve the common good.

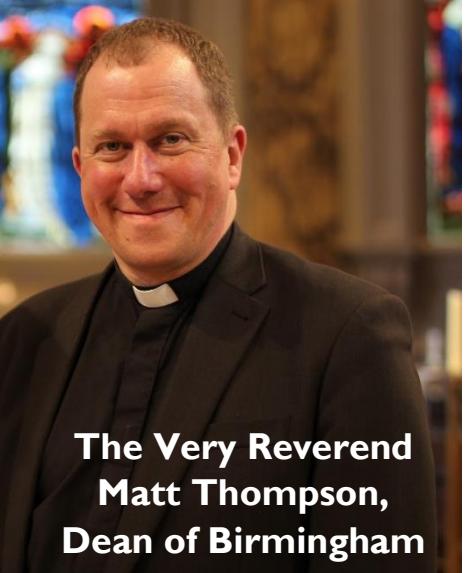
OUR VISION

As the cathedral church for Church of England Birmingham, we desire to be a church that is a transforming presence at the heart of the communities we seek to serve. The process of enacting our vision is guided by three strategic priorities: **PRAY, SERVE, GROW.**

OUR VALUES

As followers of Jesus Christ, we seek to grow in faith, hope and love. As a cathedral community, our work is guided by the values of wisdom, compassion, justice, inclusion and courage.





**The Very Reverend
Matt Thompson,
Dean of Birmingham**

FROM THE DEAN

For many people, 2021 will be remembered as the year when they were vaccinated two or three times as the COVID-19 pandemic persisted for a second year. At Birmingham Cathedral the year began with another temporary closure from mid-January to mid-March during Lockdown 3. Thankfully there was to be no further lockdown and throughout the rest of year we worked towards getting back to normal as circumstances allowed. Despite the impact of Covid restrictions, there is much that we can celebrate and remember with gratitude – not least the resilience of our cathedral community, members of the congregation, volunteers and staff, throughout the year.

PRAY:

During the period of our temporary closure, we were able to livestream services from the cathedral on a daily basis. Canon Josephine dealt creatively with the fact that the cathedral was closed for Ash Wednesday by mailing out resources to complement the livestream for those who could access it as well as providing another set of resources for those who could not. For the first half of the year, we were contending with the continuing restrictions on the numbers permitted to gather. This led to a second year of multiple ordination services spread over two days. Despite the restrictions we kept Holy Week with devotion and celebrated Easter with gusto! In April we produced two highly appreciated services to mark the death of the Duke of Edinburgh. The lifting of restrictions over the summer period enabled us to retire our booking system for services – much to the relief of worshippers and staff alike! We were delighted to be able to hold a more normal series of services and events during Advent and Christmas with encouraging attendances in person and online.

SERVE:

During the year a number of new partnerships and initiatives were developed. Canon Andy has led in these in his role as Canon Missioner. Our existing work with homeless people was further developed in 2021 in partnership with Let's Feed Brum. In addition to the Christmas meal, breakfast is now served on a twice-weekly basis in the grounds of the cathedral. This enables a good deal of other support work to take place with those who use the service. Canon Andy has also developed a partnership with other city centre churches such as Carrs Lane, St Chad's Cathedral and St Martin's with the intention of developing this work further on a wider ecumenical basis. This year also saw the beginning of two other new ventures: the first Gore Lecture, a series of annual lectures on Anglican Social Theology and the first Cathedral Conversation was held on the topic of homelessness. We envisage that the Cathedral Conversations will be a termly opportunity to gather people from all sectors of Birmingham to explore topics of common concern and interest. Further Conversations are planned on the Environment and Mental Health. In November and December, we held a Christmas Market in partnership with Colmore Bid and the City Council. This proved successful and we hope to continue the partnership in the future.

GROW:

Despite the Covid restrictions, we were able to run our first Jesus Shaped People (JSP) programme over the first half of the year. The aim of JSP is to help us to deepen our discipleship as individuals and as members of the cathedral community. Canon Andy gathered the learning from the JSP sessions and presented it at our Community Day in October which we were able to hold in person! This has formed the basis of a new Mission Plan which has now been presented to the Cathedral Community Committee and to Chapter. We hope that Chapter will give final approval to that in 2022. In March 2021 we underwent an audit on our safeguarding arrangements by the Social Care Institute for Excellence (SCIE). This was a very positive process which will help us on our journey towards establishing ourselves as a fully inclusive, diverse and safe cathedral community for everyone.

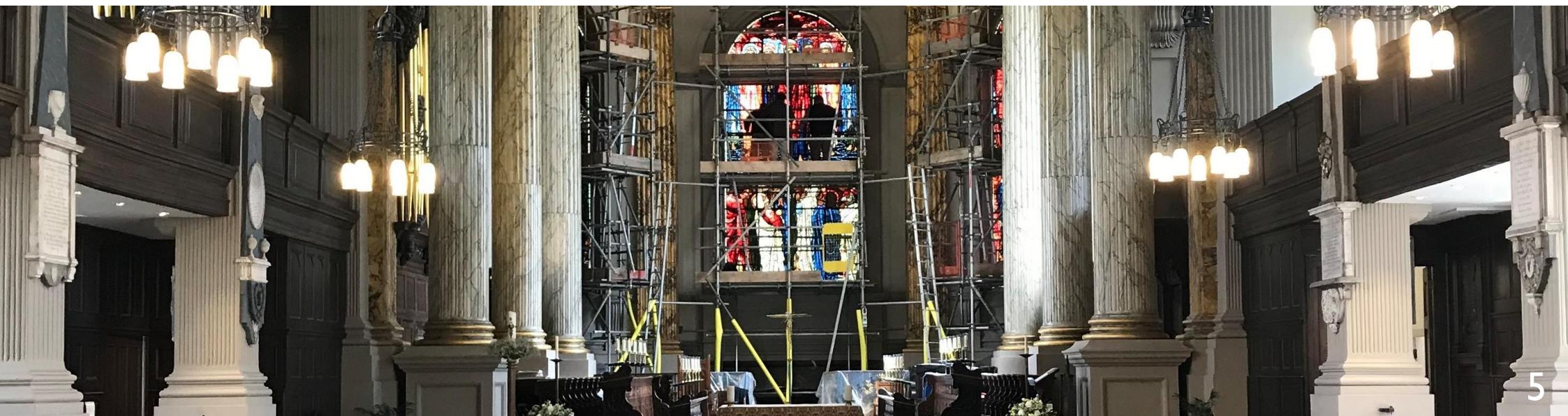
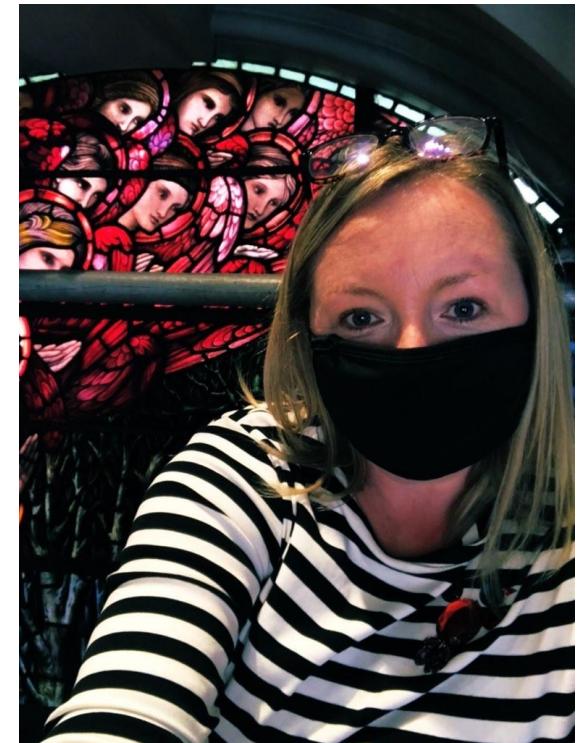
FROM THE CHIEF EXECUTIVE

Having started 2021 in another lockdown, we ended the year have achieved far more than we had ever hoped at the start of the year. A focus for 2021 was the development phase of our Divine Beauty project. This involved working with skilled contractors to assess the conservation requirements of the four Burne-Jones stained glass windows and develop an activity and engagement plan to run alongside the conservation work. In addition, a preparatory aspect of the project involved the development of a conservation management plan and a long-term maintenance plan, both of which have been warmly received by Chapter and FAC.

We have also been able to benefit from two pots of grant funding from the Church Commissioners 'Cathedral Sustainability Fund' – the first of which is providing funding for improving visitor welcome, improving volunteer recruitment and management and increasing donations per head from visitors. As part of this funding we have been able to employ both a Diary and Events Administrator and a Welcome Manager to the team. Later in the year we were successful in securing funding for a Head of Finance post and began the process of bringing our Finance function in house having been supported with this by the DBF team for nearly 10 years.

During the year we welcomed: Pete Foster (Head of Facilities), Rose Lawrence (Diary & Events Administrator), Ben Thompson (Lay Clerk & Interim Digital Support Officer) and Lottie Day (Choral Scholar)

During the year we bid a fond farewell to: Liz Wood (Head of Comms), Eleanor Tomlinson (Choral Scholar) and Tim Burton (Lay Clerk).



LITURGY REPORT 2021



2021, in the cathedral as in the world at large, was a year of change as we adjusted to varying levels of restrictions. We began Lent in lockdown, and as we could not gather on Ash Wednesday, we posted ash to people at home and invited them to ash themselves as part of an accompanying act of penitence or as they participated in the Choral Eucharist which was livestreamed from the cathedral behind closed doors. Wonderfully by Holy Week, we were able to welcome a congregation in person, and as the year progressed, were able gradually to reincorporate familiar aspects of services, including congregational singing.

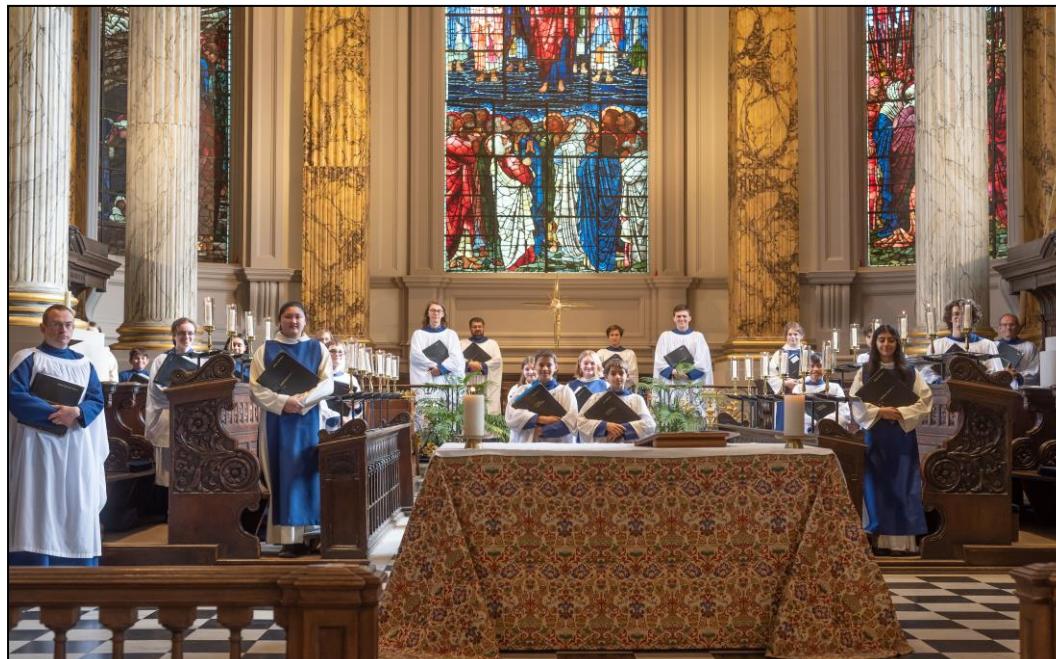
Through the year, a number of diocesan services were held over multiple occasions in order to enable social distancing – including four consecutive services for the Admission and Licensing of Readers in April, and seven Ordination services plus a Cathedral Eucharist one busy weekend in June! We were also delighted to hold services for the Installation and Collation of new Honorary Canons after these had been postponed on account of the pandemic.

2021 brought a number of occasions for mourning, both within our national life and as a cathedral community. In March, the nave was filled with candles and we released a short act of worship online as we marked the anniversary of the first national lockdown. In April we marked the death of His late Royal Highness the Prince Philip with a number of special services. Later in the year, many of the cathedral community gathered for funerals of beloved friends. But hope too was present. We prayed and kept hope with those affected by cancer at a ‘Pause for Hope’ service, together with friends from the city centre churches. As we reflect on 2021, both grief and hope seem to be threads that were woven through the tapestry of the year.

MUSIC DEPARTMENT

2021 was a year of great achievement despite exceptional challenge. We spent the first term in national lockdown, so the choristers could only rehearse on Zoom while the adult choir sang four services each week with no in-person congregation. In Holy Week, we had physical congregations but a reduced choir, introducing us to new repertoire for limited forces. From the second term, we were able to have the full choir back in the building and return progressively to a more normal way of operating. The whole choir, but especially the children, was tested both musically and emotionally by this experience. It speaks to both their skill and resilience that we were nevertheless able to offer fine music throughout the year.

Inevitably the main highlights were in the autumn term. In September, we were able to have boys and girls singing together for the first time since February 2020, followed by a picnic at Bishop's Croft. In November, the girls performed the requiems of both Fauré and Duruflé, while the boys sang in our first Advent Carol Service, an evolution of our pre-pandemic Advent Processional. In December, it was a particular delight to perform Handel's Messiah once again, this time entirely in-house with soloists drawn from the adult choir and brilliant organ accompaniment by Ashley Wagner. That coincided with the emergence of the Omicron variant and we were both proud and relieved to be able to deliver our full planned programme of Christmas services.



DIVINE BEAUTY CONSERVATION PROJECT

2021 saw a huge amount of work take place as part of the development phase of the Divine Beauty project. Thanks to NLHF funding we were able to work with excellent contractors, including Nick Cox Architects, Recelssia Stained Glass and Cultural consulting to do some detailed planning for the delivery phase of the project. The outcomes of this work have been an extensive Condition and Conservation Report on the windows, a Conservation Management Plan (for the whole cathedral) and a detailed Activity and Interpretation Plan. As a result of this work we were able to submit a further application to NLHF in November 2021 for delivery phase funding.

www.divinebeautyproject.com

#DivineBeauty



FACILITIES & VERGERS

After starting the year in lock down without a Head of Department and the Cathedral closed to the public the future work of the team was uncertain. The building opened for limited hours in April and Pete Foster joined the team as the new Head of Facilities in May as the new Head of Facilities line managing the Verger's team and overseeing the upkeep and maintenance of the building. The first task was to bring the Cathedral to a place of compliance and to implement a new culture of professionalism and safety mindedness.

The run from September to Christmas saw the team adjusting to a new pace of work with normal activities resuming and despite a few minor hiccups, which we can learn from for next year, Christmas offerings were a great success especially our collaboration with the Events team.

The Cathedral has gained a Fibre optic Internet line with both Large Download and Upload speeds of around 100mb/s each way. This is the first step toward enabling the Cathedral to be both a useable building and keeping the history and heritage alive today. The next step is to have a newly installed and operational Wi-Fi system to distribute this new fast and stable internet access around the Cathedral for Staff, congregation members and visitors alike.

The development of a new maintenance plan, in conjunction with the Cathedral Architect has been a welcome addition for informing not only the day-to-day care of the building but also the long term planning for capital projects in a grade one listed buildings.

Our ongoing relationship with the Colmore BID Security team continues to be an essential element of creating a safe space in and around the Cathedral.





EVENTS DEPARTMENT

2021 was another tricky year for in person events, due to the uncertainty around the pandemic and the ever-changing restrictions in place. This meant that actual in person events could not happen until much later in the year.

The first actual event for the cathedral was at the end of October. The focus prior to this was very much on future bookings, whilst nurturing existing relationships and growing early relationships made back in 2020. The fruits of this began with two new events during December 2021, with others planned in for 2022.

During the first quarter of 2021, during a meeting with some of our partners, Colmore Bid and Birmingham City Council we discussed an individual desire to plan a Christmas market. A different offering to what was already in place with Frankfurt. Key focus on craft traders, but still offering good quality food and drink whilst also attracting family audiences. We absolutely wanted a quality high end feel, which we I believe achieved.

Those early discussions very quickly highlighted that we were united in terms of our ideas and goals towards this. We spent the majority of 2021 turning this into a reality. By the mid-way through the year, we were able to put a tender document out to find our operator. With a bit of inside knowledge and a fabulous presentation we found the fourth partner with Danter Attractions and on the 6 November the build began. The market opened on the 17 November until 19 December.

This is without doubt the highlight of 2021 for the events department. A Christmas market! Christmas in Cathedral Square was born, and was an absolute success. The cathedral, traders, local Community, businesses, charities, and visitors to Birmingham all benefitted in so many ways from what the market had to offer.

This was complemented further by the appointment of our new diary and events officer, to support with the various aspects of the department.



EDUCATION & LEARNING

Re-establishing our offer for schools, families and adults has been the focus for the Learning team in 2021. Jane McArdle was appointed as Head of Learning in June and school visits were eagerly welcomed back to the cathedral, offering our curriculum aligned session Birmingham Cathedral A Place of Christian Worship for Key Stages One and Two. We have launched a series of Music for Schools sessions in partnership with the Music team delivered lively workshops in the cathedral, online and in schools. We are pleased to have received outstanding feedback from teachers on all sessions delivered and a healthy stream of new bookings for 2022.

In order, to support online learning for schools, we have benefitted from some excellent film & learning resources produced by the Faith Encounters Programme and The Birmingham Arts Society, with funding from Westhill Endowment Fund. Audio tours of the cathedral, churchyard and bell tower are now available to cathedral visitors via a QR code. All resources and information about school and group visits are accessible on the learning page of the cathedral's website.

The cathedral held several events including Birmingham Heritage Week and family activities have recommenced. Pop Up Nativity being a highlight when children and families were invited to participate in carols and a role-play nativity in the cathedral. Weekly tours for adults take place every Monday and tours are tailor made to suit the interests of a wide variety of pre-booked group visits. All of this (and more) would not be possible without the support of a growing team of skilled, enthusiastic, and knowledgeable volunteer education & heritage guides

MISSION AND OUTREACH

There have been a number of significant highlights in our mission during the past year despite (or should that be due to) the varying restrictions of the pandemic.

We have built on our partnership with Let's Feed Brum to provide breakfast and friendship to homeless and other vulnerable people in the Square twice a week. This has been a wonderful initiative and it has been gratifying to see how much the whole cathedral community and the city centre have got behind it. We will continue to develop this so we work closely with others to ensure people have routes out of homelessness.

We were able to use Zoom to bring a good number of people from the congregation and staff together for the Jesus Shaped People Course. This allowed us to take a deep look at how our life and discipleship are shaped by Jesus, and we look forward to developing this with the congregation's priorities of serving others and growing as individuals and as a team.

We held the first Annual Gore Lecture on Christian Social Theology with Bishop John Perumbalath helping us to think about how this key tradition shapes our life together. We were able to combine this with a day for urban clergy from our diocese.

We started a termly series of Cathedral Conversations. These bring together a small invited group of people from statutory and third sectors, faith groups, the arts, businesses and schools for a facilitated conversation on how we can be a better city, focussing on a subject such as homelessness or the environment. This is a key role for the cathedral in holding a space for people who are not normally together and being a place for positive reflection. We look forward to seeing the results of this deep relationship building over the coming years.



CATHEDRAL ADMINISTRATION

2021 has seen the Admin Department grow and remain an integral part of communication both internally and externally even more so than in previous years due to the pandemic. The department is a key part of many aspects of the cathedral's day to day running, including:

- The Clergy Duty Rota is an essential document that is worked on throughout the year, it details each service and which member of the clergy team will be leading the service. This is something that relies on a great deal of support from our wonderful group of clergy rota helpers.
- The notice sheet continues to be an important means of providing information to the cathedral congregation. Weekly services and other upcoming special services and events are provided, and details of events from further afield are also included. There is also the opportunity to include the name of someone for whom prayer has been requested, and the names on the cathedral chantry roll for the week are included for prayer. The notice sheet is distributed electronically and we are always glad to add people to the distribution list (please email enquiries@birminghamcathedral.com). There are also a small number of printed copies left in the stand at the cathedral entrance for those who cannot access it electronically.
- HR, Safeguarding and DBS records play a vital role within the Cathedral community and requires continual updating and reviewing. This also includes liaising with the Diocese Safeguarding Team on a regular basis. Recruitment also forms part of these works, liaising regularly with the interview panel and candidates and assisting the successful candidates from interview stage through to starting their employment with us.



FABRIC REPAIRS AND INVENTORY

In 2021 we undertook a number of minor fabric works relating mostly to issues of compliance and safety such as emergency lighting. We remain in a situation of having our inventory only in an un-editable digital format and in 2022 will be seeking volunteer support to transcribe the inventory in order that it can be updated.

FUTURE PLANS FOR 2022

- Review of Constitution and Statutes
- Registration with Charity Commission
- Engage with opportunities offered by Commonwealth Games 2022
- Progress with NLHF funded Delivery phase of Divine Beauty
- Attend National Cathedral's Conference in Newcastle May 2022
- Appointment of new Head of Finance
- Appointment of new Head of Comms
- Capital work to upgrade Office Space
- Appoint Digital Support Officer, Admin Support Officer and Fundraiser



STRUCTURE, GOVERNANCE AND MANAGEMENT

Birmingham Cathedral is an ecclesiastical corporation. The cathedral has a charitable purpose as defined in the Cathedrals Measure 1999. As an ecclesiastical corporation the cathedral is excluded from the Charities Act 2011 and not regulated by the Charity Commissioners. However, the cathedral does qualify as a charity for taxation purposes. Whilst not being registered with the Charity Commission, Chapter has due regard for the guidance set down by the Commission regarding benefit to the general public:

- By encouraging school children, families and older education groups to visit the cathedral for guided tours
 - By offering hospitality and welcome to those of all faiths and none
- By working in partnership with the ecumenical community across Birmingham to offer opportunities for shared prayer and mutual flourishing
- By working in partnership with the local council, military personnel and civic dignitaries to offer shared opportunities for gathering for the common good of the communities we serve
- By offering opportunities for local charities and community organisations to use Cathedral Square to raise the profile of excellent projects and support networks across the city
 - By engaging with inter-faith partners, parishes across the West Midlands and local schools through a strong working relationship with the Diocese
 - By growing our Schools Outreach Project working with local schools to provide musical opportunities
- By developing links with Birmingham Museum and Art Gallery, Victorian Society and Birmingham Civic Society through our heritage projects raising awareness of our ‘Divine Beauty’ campaign
- Birmingham Cathedral’s governing document is the Constitution and Statutes, incorporating the Cathedral Measure Act 1999. The most recent review and update of the constitution and statutes took place in 2015





- Chapter have chosen to send all new Chapter appointments on a residential training course specifically for Chapter members run by the Association of English Cathedrals
- Birmingham Cathedral Council meets three times a year to further and support the work of the cathedral and advise the Chapter. Membership of Cathedral Council consists of; The Dean, two nominated Chapter Members, two members of the College of Canons, three lay members representing the interests of the cathedral congregations, one area dean from a deanery within the diocese, two lay people appointed by Bishop's Council, one person appointed by Birmingham Churches Together, a maximum of six people appointed by the Bishop. The Council is chaired by Andrew Lancaster, a lay member of Council appointed by Bishop David. Bishop David can attend and speak at the Council although he is not a member
- The College of Canons consists of the Dean and Residentiary Canons, Bishop Anne, The Venerable Simon Heathfield (Archdeacon of Aston), The Venerable Jennie Tomlinson and honorary and lay canons. The College meets once a year to consider cathedral affairs. It also has the task of electing a new bishop in accordance with the Appointment of Bishops Act 1533
- The cathedral is Mother Church to the Diocese of Birmingham, a diocese of nearly 200 parish churches. Cathedral staff share office space at One Colmore Row with Diocesan colleagues and share some administrative functions (notably finance and safeguarding). This makes for effective and dynamic working relationships, and the cathedral maintaining a strong presence in the diocese
- Birmingham Cathedral Chapter is formed of both clergy and lay people, who act as fiduciaries and manage the cathedral's affairs. The Dean and both Residentiary Canons are members, along with four members nominated by the Cathedral Congregation and appointed at Annual Parochial Church Meeting (APCM) and three Bishop's appointments. The Chapter is chaired by the Dean or Acting Dean in Interregnum
- 'Body Corporate' of the cathedral consists of Cathedral Chapter, Cathedral Council and Cathedral College of Canons. Cathedral Chapter also has a Finance & Risk Sub-Committee. 'Cathedral Chapter also has a Finance & Risk Sub-Committee, which has an independent, financially qualified, member appointed by Chapter amongst its membership. Cathedrals are run by their Chapters, which have the task of administering the affairs of the cathedral:



FINANCIAL REVIEW

In last year's annual accounts Chapter was able to report a small unanticipated year end surplus, and I noted that our intention was to utilise this to guard against further fluctuations in income in 2021. It has certainly been very helpful to have such a cushion available. 2021 began of course with a third lockdown in which the building was closed. The towards the end of the year the anxiety caused by the arrival of the Omicron variant meant that we saw several bookings cancelled at short notice.

On the other and, on-line donations continued to bolster our income from giving, and the return of the Christmas Market not only provided welcome income, but also generated a boost to visitor numbers which was very pleasing. However at the end of the year these fluctuations did result in us reporting a deficit position, which we will offset against the prior year surplus.

During the year Chapter had a series of in-depth discussions about the management of our finances going forward. For the first time in some while, a thorough analysis has been made of the real costs of running our cathedral and fulfilling our mission, and thought then given to how we can meet our aspirations. Most of the impact of our thinking will be seen in the 2022 accounts, but it is appropriate to describe them here as some of the changes we have agreed are quite significant.

Firstly, we are preparing for some major spending on the building itself. The last quinquennial inspection of St Philips identified a number of areas where maintenance and improvement is needed. Our new Head of Facilities has prepared a schedule of work to be done for which we will make proper budgetary provision. In addition the Divine Beauty work identified a more extensive range of work needed on the windows than was originally expected. While fundraising will be extensive to support this work, Chapter has committed to underwrite any shortfall. Finally in building terms, as the DBF have decided to move from their Colmore Row offices in which we have been sub-tenants, we have had to make plans to relocate staff, hopefully within office space in the cathedral itself.

The changes within the DBF also led to an agreement for us to take in-house our finance and property management functions, previously provided by their teams. We believe this will be a benefit to the Cathedral, giving us more immediate and dedicated service, which will be important as we make the transition to the new governance arrangements presaged by the Cathedrals Measure which was passed by General Synod in 2021.

As a very helpful contribution to the additional costs we face in 2022, we did agree in 2021 to extend the lease on our property in St Philips' Place. The 'windfall' income from that sale, received in early 2022, will be available to us to support the requirements described above, as well as the ambitions of the Cathedral strategy which will be refreshed later in 2022. We are therefore looking forward to a busy year in 2022 as all these plans come to fruition.



Sue Davis CBE
Chair, Chapter Finance
and Risk Committee



FINANCIAL REVIEW

Our overall income for the year under review is £839,614 compared to £835,609 in 2020. Whilst there was a drop in the government support income, there was an increase in event/letting income and restricted income for Divine Beauty.

The Church Commissioners provide for the stipends of the Dean and the Residentiary Canons and the Cathedral also receives a grant towards the cost of the lay salaries. We are immensely grateful to the Church Commissioners, All Churches Trust, and the many grant making trusts and individual donors who share our mission vision.

Overall expenditure is £970,738 compared to £822,511 in 2020. This increase in Cathedral expenses is attributable to undertaking the development stage of the Divine Beauty project throughout 2021 and also undertook significant fabric and maintenance work ensuring statutory compliance,

Chapter reports a net overall deficit position of (£1,723) after the budgeted transfer of restricted and designated funds. Chapter considers this to be a comfortable position given the gains in 2020 and the period of recovery in 2021.

The valuation of our investment portfolio has seen an increase of £522,751 as at 31 December 2021 compared to the 2020 valuation. In 2021 Chapter considered a proposal to extend the lease on St Philip's House from 84 years to 125 years. There would be a windfall income from the extension of this lease.





BALANCE SHEET POSITION

Chapter consider that the balance sheet, together with the notes to the financial statements show broadly that the restricted and endowment funds are held in an appropriate mix of investment and current assets given the purposes for which the funds are held.

While the net assets at the balance sheet date totalled £8,506,112 (2020: £8,114,485), it must be remembered that included in this total are property and investments that are held within the endowment fund, the capital of which cannot be spent. The endowment fund's value amounted to £8,089,630 (2020: £7,626,242). Much of the remainder of the assets shown in the balance sheet are held in restricted funds and cannot necessarily be used for the general purposes of the cathedral.

FACTORS THAT MAY IMPACT ON FUTURE FINANCIAL PERFORMANCE

There are a number of factors which can impact on the Cathedral's ability to meet its objectives which are outside its direct control. As is the case for all charities with historical endowment, the Cathedral remains vulnerable to changes in the value and returns upon its investments. This is mitigated by employing specialist fund managers and advisors to help develop an appropriate investment policy.

The ability of the Cathedral to generate other regular income sources such as event/ special service fee income, congregational giving, and donations has a significant impact on the delivery of the Cathedral's missional objectives. Whilst we have seen a significant uplift in income from events/lettings in 2021, we remain very aware of the impact of external factors such as a global pandemic, local/national disaster or other catastrophic event.





RESERVES POLICY

Free reserves are maintained for the following purposes:

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

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

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

The position as at 31 December 2021 with a small deficit on the unrestricted general fund is an a comfortable position given the surplus in 2020, albeit the reserves policy is not yet achieved. This position continues to be actively pursued by Chapter through robust monitoring of unrestricted expenditure and income generation. In addition, Chapter are working with investment managers to review their investment policy with a view to creating greater access to capital growth on endowment funds to support the reserves policy.

DESIGNATED FUNDS

The cathedral may, with the approval of Chapter, designate additional unrestricted reserves to be retained for an agreed purpose where this is considered prudent. Such designated reserves are reviewed on an annual basis and returned to the general fund in the event that the purpose of their designation is no longer considered adequate for their retention. A description of each reserve with the intended use of the reserve is set out in note 13. The most significant designated reserve is the Divine Beauty (Legacies) of £42,515

RESTRICTED AND ENDOWMENT FUNDS

As set out in note 13 the Cathedral holds and administers a number of restricted and endowment funds. As at 31 December 2021 restricted funds totalled £350,189 (2020: £365,162) and endowment funds totalled £8,089,630 (2020: £7,626,241). Neither are available for the general purposes of the cathedral.

INVESTMENTS POWERS AND POLICY

Under the Cathedrals Measure 1999 the Chapter may invest the Cathedral's funds in any of the following:

- Land;
- Funds administered for the Central Board of Finance of the Church of England by CCLA Investment Management Ltd;
- Investments in which trustees may invest under the general power of investment in the Trustee Act 2000; and
 - The improvement or development of property belonging to the cathedral, except that endowment funds may not be used to improve or develop the cathedral itself.

The cathedral's non-property investments were held with Brewin Dolphin and CCLA during the year. Brewin Dolphin manage a portfolio on a discretionary basis, with the remaining funds within CCLA on a self-managed basis.

Management of the cathedral's investments is overseen by the Chapter's Finance & Risk Committee, which includes members appointed for their relevant expertise and experience. The relationship with the cathedral's investment advisors is governed by a Statement of Investment Principles. The agreed investment objective is the creation of sufficient income to enable the cathedral to carry out its purposes effectively and without interruption, the level of income to be agreed from time to time with the Chapter on the advice of the Finance & Risk Committee. A further objective is the maintenance and long-term enhancement of the capital, and the income derived from this in real terms. Chapter are in the process of reviewing the suitability of adopting a Total Return basis to its endowment fund investments for accounting purposes.

PRINCIPAL RISKS AND UNCERTAINTIES

Chapter reviews the Cathedral Risk Register on a quarterly basis. Reporting to Chapter by the Finance & Risk Committee will include a consideration of risks (financial/operational/ reputational damage) which could impact seriously on the cathedral's operation and development. The Finance & Risk Committee oversees the implementation of the recommendations arising out of this review process.

This table indicates a sample of the main risks affecting the cathedral and mitigation strategies.

Area	Risk	Mitigation strategies
Finance & Budgetary Systems	12-month budgetary system offers lack of consistency and threatens commitment to mission	<ul style="list-style-type: none">• Transition to 2/3 year budgeting with 5 yearly horizon planning• Long term maintenance plan• Bringing finance function in house
Investment Income	Reliance on investment income, subject to market fluctuations. Negative impact on income and balance sheet if investment income declines	<ul style="list-style-type: none">• Good relationship with investment managers• Review /update Cathedral Investment Policy & Profile• Regular meetings of Cathedral F&RC
Cyber Crime	Threat of security breach leading to misuse of data, financial records or Cathedral name/profile	<ul style="list-style-type: none">• Regular updates/training for all staff on safe use of equipment / passwords etc• Use of Dropbox for safe storage of data• Daily upload of the network.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Emoluments of higher paid lay employees are determined by Chapter with reference to regular appraisals, remuneration and salary benchmarking and consequent recommendation of changes. The emoluments of cathedral clergy are set by and funded by the Church Commissioners on a national basis.

GOING CONCERN

After making enquires, Chapter are satisfied that the cathedral has adequate resources to continue to operate as a going concern for the foreseeable future and have prepared the financial statements on that basis. This is on the basis of forecasts prepared by management, which show that the Cathedral has sufficient financial headroom to continue operating for a period of at least 12 months, thanks in part to the underlying security of certain income streams.

STATEMENT OF THE RESPONSIBILITIES OF THE CHAPTER

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

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



DISCLOSURE OF INFORMATION TO THE AUDITORS



Members of Chapter who held office at the date of approval of these Financial Statements as set out above each confirm, so far as we are aware, that:

- there is no relevant audit information of which the cathedral's auditors are unaware; and
- we have taken all the steps that we ought to have taken as members of Chapter in order to make ourselves aware of any relevant audit information and to establish that the cathedral's auditors are aware of that information

CHAPTER'S RESPONSIBILITIES STATEMENT

Chapter are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to cathedrals in England & Wales requires the Chapter to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the cathedral and of the incoming resources and application of resources of the cathedral for that period. In preparing these financial statements, Chapter are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 (FRS 102);
 - make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 cathedral will continue in operation

Chapter are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the cathedral and enable them to ensure that the financial statements comply with the Cathedrals Measure 1999, the Charities (Accounts and Reports) Regulations 2008 and the provisions of the governing document. They are also responsible for safeguarding the assets of the cathedral and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Chapter are responsible for the maintenance and integrity of the corporate and financial information included on the cathedral's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHAPTER OF BIRMINGHAM CATHEDRAL

We have audited the financial statements of Birmingham Cathedral (the 'cathedral') for the year ended 31 December 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flow and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the cathedral's affairs as at 31 December 2021, and of its incoming resources and application of resources, 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 Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and in other respect the guidelines specified by the Church Commissioners under the power given to them by Section 27 of the Cathedrals Measure 1999.

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 cathedral in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the cathedral and its environment obtained in the course of the audit, we have not identified material misstatements in the annual report.

We have nothing to report in respect of the following matters where the Cathedrals Measure 1999 requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the annual report; or
 - sufficient accounting records have not been kept; or
 - the financial statements are not in agreement with the accounting records; or
 - we have not received all the information and explanations we require for our audit.

CONCLUSION RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that Chapter's 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 cathedral's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

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

OTHER INFORMATION

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



RESPONSIBILITIES OF CHAPTER

As explained more fully in the Chapter responsibilities statement set out in this report, chapter 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 Chapter 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, Chapter are responsible for assessing the cathedral'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 Chapter either intend to liquidate the cathedral or to cease operations, or have no realistic alternative but to do so.

USE OF OUR REPORT

This report is made solely to the Cathedral's Chapter, as a body, in accordance with section 27 of the Cathedral's Measure 1999. Our audit work has been undertaken so that we might state to the Cathedral's Chapter 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 cathedral and the Cathedral's Chapter as a body, for our audit work, for this report, or for the opinions we have formed.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

We have been appointed as auditor under section 27 of the Cathedrals Measure 1999 and report in accordance with regulations made under that Act.

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

Our assessment focussed on key laws and regulations the cathedral has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Cathedrals Measure 1999, Care of Cathedrals Measure 2011, taxation legislation, data protection, anti-bribery and employment legislation.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

We are not responsible for preventing irregularities. Our approach to detecting irregularities included, but was not limited to, the following:

- obtaining an understanding of the legal and regulatory framework applicable to the cathedral and how the cathedral is complying with that framework, including agreement of financial statement disclosures to underlying documentation and other evidence;
- obtaining an understanding of the cathedral's control environment and how the cathedral has applied relevant control procedures, through discussions with Chapter Members and other management and by performing walkthrough testing over key areas;
- Obtaining an understanding of the cathedral's fund accounting through discussion with management and by performing analytical and substantive testing to gain assurance that funds are accurately classified in the accounts and used for their permitted purposes.
 - obtaining an understanding of the cathedral risk assessment process, including the risk of fraud;
 - reviewing meeting minutes of those charged with governance throughout the year; and
- performing audit testing to address the risk of management override of controls, including testing journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

Whilst considering how our audit work addressed the detection of irregularities, we also considered the likelihood of detection based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.

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

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

COOPER PARRY GROUP LIMITED

Chartered Accountants, Statutory Auditors, Sky View, Argosy Road, East Midlands Airport, Derby, DE74 2SA

CHAPTER MEMBERS

The Very Reverend Matt Thompson
The Reverend Canon Dr Josephine Houghton
The Reverend Canon Andy Delmege
Sandra Bailey
Judith Whalley
Richard Brooks
Sue Davis
Patricia Williams
Reverend Dr Sharon Prentis (until April 2021)
Tony Green

MEMBERS OF FABRIC ADVISORY COMMITTEE

Canon Dr Terry Slater (Chair)
Robert Kilgour
Richard Morriss
Dr Paul Spencer-Longhurst
Thomas Kupper
Nicola Dyer
Rita McLean
Mary Trumper (Secretary, not voting)

CATHEDRAL ARCHITECT

Kathryn Harris
Nick Cox Architects
Heyford Park House
Camp Rd
Upper Heyford
Bicester
OX25 5HD

AUDITORS

Cooper Parry Group Limited
Sky View
Argosy Road
East Midlands Airport
Derby
DE74 2SA

BANKERS

The Royal Bank of Scotland PLC
79/83 Colmore Row
Birmingham
B3 2AP
Relationship Manager: Jasbinder Sandhu

ARCHAEOLOGIST

Richard Morriss & Associates
Bromlow House
Upper Bromlow
Minsterley
Shropshire
SY5 0EA

MEMBERS OF FINANCE AND RISK COMMITTEE

The Very Reverend Matt Thompson

Reverend Canon Josephine Houghton

Sue Davis (Chair)

Tony Green

CATHEDRAL ADMINISTRATOR (CHIEF EXECUTIVE)

Anna Pitt

HEAD OF MUSIC

David Hardie

LEGAL ADVISORS

• Anthony Collins Solicitors

134 Edmund Street

Birmingham

B3 2ES

• Keelys LLP,

28 Dam Street

Lichfield

WS13 6AA

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CBRE

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B2 5LS

INVESTMENT MANAGERS

• Brewin Dolphin

9 Colmore Row

Birmingham

B3 2BJ

• CCLA Investment Management Ltd

Senator House

85 Queen Victoria Street

London

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STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2020

