

CARLISLE DIOCESAN BOARD OF FINANCE LIMITED

Minutes of a meeting of the **FINANCE COMMITTEE** of the Carlisle Diocesan Board of Finance Ltd at Church House, Penrith, on Wednesday, 24th January 2018.

PRESENT:

The Bishop of Carlisle	The Revd A Towner
The Archdeacon of Carlisle	Mr D W Dickinson
The Archdeacon of West Cumberland	Mr J A E Johnson
The Archdeacon of Westmorland and Furness	Mrs G Troughton
Canon M Jayne (Chairman)	

IN ATTENDANCE:

Mr D Hurton – Diocesan Secretary
 Mr R Jaques – Head of Finance
 Mr N Andrews – Property Secretary

FC 18/01 OPENING PRAYERS

Opening prayers were led by the Venerable Lee Townend.

FC 18/02 MEMBERSHIP

i. The Committee noted the resignation of Mr Michael Bonner, who had stepped down from all his Diocesan roles. The Chairman said that Mr Bonner would be greatly missed by the Committee as he would be by the Rydal Hall Board. It was noted that Mr Bonner had also represented the Board on the Good Shepherd Multi-Academy Trust, where a replacement would have to be appointed.

ii. The Committee noted the Chairman's agreement to the Revd Andrew Towner's apologies for the meeting on 21st March and for the period of his sabbatical from May –July 2018.

FC 18/03 MINUTES – FC 17/145

The minutes of the meeting held on 15th November 2017 were agreed with one minor correction.

FC18/04 MATTERS ARISING FROM THE MINUTES

I. Action Sheet. Under Stand Alone Academies it was reported that Mr Johnson had been in touch with Trinity School and Mrs Troughton with Eaglesfield Paddle. Mr Mill and Mr Towner were looking into contacting other members of the DBF to become representatives.

The Chairman reported that to date he had received a few responses to his letter to parishes about the financial situation and the Parish Offer review.

ii. Memorandum and Articles & Succession Planning. Archdeacon Pratt reminded members that the amendments to the Memorandum and Articles would be going to the Board of Finance and Synod in March and, if approved, would be in place for the elections in

the autumn. He circulated copies of two possible advertisements for trustees which might be useful in different media. The longer one was an amended version of the one that had been used previously while the shorter one had been drafted by Mr Johnson. In his experience relying on word of mouth risked producing a Committee which would be very similar in composition to the existing one, when in fact we needed to be more diverse.

In the discussion it was noted that Rydal Hall had recently advertised for trustees in the Dioesan e-news and that this had generated some interest. The Archdeacon reminded the Committee that the skills audit had identified gaps in the areas of innovation and enterprise. Property and finance, although important, were less high priority because we had strong in-house professional advice in those areas. The trustees needed to be financially literate rather than being expert in producing statutory accounts. It was agreed that the Trustees would contact Archdeacon Pratt within the week with specific amendments and he would submit the advertisement to be submitted for the next edition of the enews.

The Archdeacon mentioned a potential trustee with significant experience who lived just outside the Diocese and he was encouraged to ask that person if they would have a conversation with the Chair about the trustee role. If they were interested they could then come and observe a meeting.

iii. DBF Representation on Stand Alone Academies. The Committee confirmed the appointment of the Revd Rachel Stavert to represent the Board at Cartmel Priory School.

FC 18/05 MANAGEMENT ACCOUNTS TO 31ST DECEMBER 2017 – FC 18/02

Mr Jaques introduced the management accounts. He explained that there were still some invoices to come in and that the final Parish Offer figures would not be known until the accounts were closed at the end of the month. Members noted that the areas where there had been uncertainty had almost all improved in the last few months. Parish Offer collection to date for the month of December was around £100,000 down on last year's level, which had been very high, but some was still coming in. There was over £100,000 of savings on property expenditure compared to the budget. We had received £110,000 from the Church Commissioners' restructuring grant earlier than expected and the total amount of income from that source would be bigger than originally budgeted. The impact of receiving some of it early was that in 2019 the amount received would be around £30,000 lower than budgeted.

The latest valuation of the clergy pension scheme was awaited as were the figures for the retained profit at Rydal Hydro which would be reflected in our accounts. This might be as much as £75,000 and reflected the scheme's overperformance against target in 2017.

All in all the year had turned out well, with the final outturn likely to be well ahead of budget. Expenditure was on track to be within budget. It would be encouraging for Synod to know that the deficits in the last two years had been turned around in 2017. Reality and plans were coming together in areas such as clergy numbers although there could still be a gap in the next few years. The more assertive approach to renting vacant properties had borne fruit in terms of increased rental income. Assumptions about property sales had not been achieved but it looked as if this would change in 2018 as a number of pastoral schemes were likely to come into effect. This would release capital to invest to generate income. The next few years looked as if they would remain financially very challenging but it was better to go into that period on the back of a positive outcome in 2017, than one where the budget had not been achieved.

In response to a question about long term sick leave it was reported that the policy for lay staff mirrored the national policy for clergy, ie providing full pay for six months of sickness absence.

Attention was drawn to the Board of Education operational costs being £6,000 under budget. There was a question as to whether this money could be carried forward to 2018. The Reach Team had also made a request to roll underspends forward. Mr Hurton explained that our current policy did not allow for this. It was in the nature of managing the operation that necessary overspends in some areas were offset by savings in others. Budget holders who had overspent did not typically offer to reduce their budgets for subsequent years. If we started to open up the possibility of rolling underspends forward it would make budgeting and financial management more complicated. The Committee noted that it was open to budget holders to make the case for changes to their budgets from one year to the next but this should be irrespective of a year's outturn in any particular budget area. It was also noted that the budget had been set to 2020 and that there was very little scope to make changes within that framework.

FC 18/06 PARISH OFFER REVIEW

Mr Jaques reported that the Bishop's Council had been happy with the proposals to pilot a mission community-based approach to Parish Offer and that the proposals would now be taken to the Diocesan Synod and Board of Finance meeting in March. In addition to liaising with pilot areas to develop a workable approach there would be an opportunity for all parishes to comment. A two page summary of the proposals along with questions and issues would be sent to Parochial Church Council Secretaries and the clergy. There was a discussion about whether this communication should also go to churchwardens. It was agreed that as we were consulting with parishes through the synodical structure rather than seeking views from individuals, the PCC Secretaries route was the right one. We would of course consider all the views received irrespective of which audience they came from. Electronic copies of the consultation paper would be placed on the website.

FC 18/07 RYDAL HALL – FC 18/04 & FC 18/05

The Minutes of the meetings held on 12th September and 21st November 2017 were noted.

Canon Jayne reported that the new Charitable Company was registered with the Charity Commission allowing the Hall to claim a significant charitable discount from its business rate bill. The Board now met monthly and was continuing to maintain a close eye on business and management. It was reported that the Board was looking to appointing two new Trustees, Canon Cameron Butland and the Revd David Wilmot, the Rural Dean of Windermere and was advertising for further non-DBF Trustees.

FC 18/08 GENERAL DATA PROTECTION REGULATIONS (GDPR) – FC 18/06

Mr Hurton reported on work to achieve compliance with new data protection regulations. The Board had received a project initiation document that set out the work that would be required. He explained the scope of the new regulations which covered both data such as personnel records or church offers' names and addresses that were used in day to day operations and also data held for marketing purposes. There would be some additional expenditure on staff in order to audit the data that the DBF and associated diocesan

organisations held, develop appropriate policies and procedures, and make changes to our IT systems.

As far as parishes were concerned we would help them initially by signposting them to template documents and guidance that were available on the Parish Resources website and responding to queries. We were not intending to produce bespoke Diocesan templates if there were national versions already available. Ultimately, the members of PCCs, as trustees, were responsible for compliance locally. There were many areas where guidance was not yet available as European Union-level working parties were still active.

FC 18/09 CUMBERLAND BUILDING SOCIETY LOAN – FC 18/07

Mr Jaques reminded members that we continued to benefit from a loan facility from the Cumberland Building Society which enabled us to lend to parishes at a competitive rate to support their work. The agreement had rolled over since 2015 but the Cumberland Building Society now wanted to change the nature of the loan slightly and increase the interest rate. The Cumberland operated the loan on a semi-commercial, semi-charitable basis and it continued to offer good value. The Trustees needed to agree a new three year term and the signatories who could authorise drawdown of amounts within pre-agreed limits. It was suggested the signatures should be Mr Jaques, Mr Hurton and the three Archdeacons. Withdrawals could be made by two out of the five signatories.

The following two resolutions were passed by the Trustees.

1. It is resolved that the Carlisle Diocesan Board of Finance Ltd accept the revised terms of the revolving loan facility offered by the Cumberland Building Society on the terms specified in their agreement dated 22 December 2017, and that the Chairman and Diocesan secretary sign the facility letter on behalf of the company.
2. It is resolved that the new mandate be provided to the Cumberland Building Society, allowing any two of the following to sign drawdown requests on behalf of the Carlisle Diocesan Board of Finance in relation to the revolving loan facility:

Derek Hurton
Lee Townend
Vernon Ross
Richard Pratt
Ric Jaques

FC 18/10 CUMBRIA CHRISTIAN LEARNING (CCL)

i. Director's Report and Minutes of the meeting held on 1st November 2017 – FC 18/09.

Mr Hurton reported that CCL was now fully staffed and operational. Mr Ashurst, as Interim Director, had developed a draft Strategic Plan which would be discussed by the CCL Board the next day. It set out both long term aspirations for CCL and short term priorities. Mr Hurton had work with Mr Jaques and Mr Ashurst to develop a long term budget and financial model. The main risk related to student numbers as the financial position was sensitive to small changes in numbers. The CCL Board was to look again at its assumptions in the light of experience to ensure that the budget was robust.

ii. Budget and Financial Projections – FC 18/08. Mr Jaques introduced the CCL budget for 2018. It built on the original financial modelling undertaken when the decision to establish

CCL had been taken and reflected our latest projections for student numbers, the final funding model used by the national church and CCL's actual staffing costs. There were some issues about how the national model operated in terms of the use of the monies that the DBF received to pay for Diocesan ordination trainees. The end result was that the DBF could end up holding funds which were restricted for paying for ordination training, but which could not be paid to CCL.

Mr Jaques reminded the Committee that establishing CCL was a long term project with the organisation reaching financial sustainability as student numbers grew over time. The DBF's contribution was made up of two parts. First there was an ongoing grant to CCL that reflected the costs of CCL delivering activities including lay ministry development, clergy continuing ministerial development and vocations. These had previously been undertaken within the Diocesan Training Team. Second, there was an element of start-up funding to cover the financial gap in CCL's first years.

CCL's Board would be asked to initiate a piece of work to ensure that CCL achieved financial sustainability as planned. This would include revisiting assumptions about student numbers, identifying alternative income streams and potential cost savings and exploring the scope for partner denominations to contribute.

iii. Management Accounts to 31st December 2017 – FC 18/10. The Committee noted the accounts which showed a small deficit for the year.

PART B FINANCE – MINOR MATTERS

FC 18/11 PARISH OFFER

i. Parish Offer Receipts to 31st December 2017 – FC 18/11. Mr Jaques introduced the figures which showed relatively low receipts for December when compared with previous years. This was on the back of higher than usual receipts up to December. At the moment the year's receipts stood at 98.9%. He was expecting a small amount of additional Offer to be paid some money to come in in the second half of January before the books were closed. The final percentage figure for receipts might end up a little lower than for 2016 but overall was still likely to be an historically high one.

It was noted that in recent years the reductions in Parish Offer receipts had been matched by reductions in ministry costs as clergy numbers had fallen. Unit costs however were rising by around 2.5% a year. The real challenge would arise when we reached our 2020 planned levels of staffing, at which point Parish Offer receipts would need to rise in line with the increase in unit costs.

The proposed work on stewardship would need to examine whether approaches being used in other dioceses in the Northern Province could have a positive impact if applied here. It might make sense to try some of these in the areas where the changes to the Parish Offer system were proposed to be piloted. It would be important to emphasise that Parish Offer was needed in order to fund the mission and ministry that we wanted to see on the ground.

ii. Parish offer arrears – FC 18/12. Mr Jaques reminded members that this had been discussed at the last meeting and noted that money had been received against some of the arrears. He and the Archdeacons were now assessing the remaining arrears and in some cases there might be a case for writing them off. He would report progress to the Committee as part of the regular Parish Offer report.

FC 18/12 MULTI-ACADEMY TRUST – FC 18/13

i. Director’s Report and draft Minutes of the meeting held on 6th December 2017. The minutes were noted. There continued to be a significant level of interest among schools in joining the MAT. The experience of the schools that had joined continued to be positive, with Lazonby recently receiving a good Ofsted report and some promising developments at Whitfield School which was part of the MAT but was located just over the border in Northumberland. There would be some work to establish protocols to handle situations where members of Diocesan Committees were also members or Directors of a MAT other than the Good Shepherd.

FC 18/13 OPSHOPS

i. Development Project Report. The Archdeacon of Carlisle reported that Carolyn Barton had been appointed as OpShop Development Project Manager on an 18 months contract. Carolyn’s work would involve transferring OpShops into a new charitable structure independent of the DBF and achieve associated financial and operational sustainability, with a renewed emphasis on mission and evangelism.

ii. Finance Statement to 31st December 2017 – FC 18/14. Mr Hurton reported that the figures were much better than those for 2016, although November and December had been slightly disappointing. There would be a small overall loss for the year as a whole.

FC 18/14 CONFLICT OF INTEREST

Mr Hurton and Mr Jaques were asked to provide a draft conflict of interest policy for discussion at the next meeting.

PART C PROPERTY MATTERS

FC 18/15 PARSONAGES COMMITTEE MINUTES

i. Archdeaconry of Westmorland and Furness – 7th November 2017 – FC 18/15. The minutes were received.

ii. Archdeaconry of Carlisle – 30th November 2017 – FC 18/16. The minutes were received.

iii. Archdeaconry of West Cumberland – 5th December 2017 – FC 18/17. The minutes were received.

FC 18/16 PROPERTY ISSUES REQUIRING FINANCE COMMITTEE ATTENTION – FC 18/18

i. Property Sub-Committee. The Committee noted the agenda of the cancelled meeting scheduled for 12th January, and the Chairman’s comments thereon.

ii. Accounts Provisions 2017. The Committee approved provision being made in the 2017 accounts for work that would be completed in 2018. Mr Jaques confirmed that this had been reflected in the management accounts and represented a very substantially lower figure than in previous years.

iii. Capital Works 2018 – Grange over Sands Rectory. This was not a purpose built-house, and had been extended in the past. It was short of bathroom accommodation and had no separate utility room. It was the least suitable house of those in the Cartmel Peninsula Team but a replacement house would be difficult to find and very expensive. Archdeacon Ross confirmed that Grange over Sands was a key location and the house should have a long term future in an ecumenical mission community. To improve it to the standards now expected was expected to cost in the region of £40,000 - £50,000 so any decision to undertake the work involved needed to be considered very carefully.

The Committee gave its approval for feasibility work to be undertaken including assessing the costs involved but without committing to spend the money at this stage.

iv. Curates Placements/Housing in 2018.

(a) Barrow Furness St John. The Committee approved the use of St John's Vicarage, to house a curate from Petertide 2018 and the necessary ingoing works.

(b) Curate Numbers. There were plans to recruit a curate to either Dent or Crosscrake to live in the housing available in those villages. If such a curate was recruited this would mean that the property in the relevant location was no longer available for a house for duty post and any recruitment plans for such a post would need to be withdrawn.

v. Grasmere. Archdeacon Ross told members that following further discussions he was reasonably confident that the Parochial Church Council would agree to the disposal of the Rectory and Tithe Barn, provided that there was scope within the overall package to support the provision of replacement parish facilities. It was reported that the school was planning a new site which could potentially incorporate a new parsonage house.

Concerns expressed by the Patrons were expected to fall away if the Parochial Church Council was to agree to the sale. It was agreed that a further approach should be made to the Parochial Church Council explaining that no decisions about future provision of clergy housing would be taken without full consultation, that the DBF's intention was to provide a replacement property that was as close as practicable to green guide standard, and that a contribution from the sale proceeds would be made to the Parish in respect of their loss of the Tithe Barn facility.

vi. Heversham, Levens and Milnthorpe Vicarage. The Committee approved the ongoing search for a replacement for Milnthorpe Vicarage. It was noted that the house at Levens was to be retained, probably for future curate housing.

vii. Church House and West Walls Old Vicarage, Carlisle. It was reported that the Cathedral Development Trust had made a firm offer to purchase Church House and the United Reformed Church building. The Cathedral had requested occupancy of the Church House building for library and works department use if the sale was not completed before April.

Mr Andrews reported that the associated sale of the Old Vicarage was subject to obtaining planning and listed building consent. The Chairman reported that he had been in touch with the Chief Executive at Carlisle City Council pressing for an early determination of the application.

The Committee agreed that subject to a suitable licence being agreed and insurance requirements being met the Cathedral could use the Church House building.

viii. West Seaton, Holy Trinity. It was reported that two offers had been received, one for a glass making workshop and the other for a performing arts facility. The higher offer was almost certainly unrealistic as it failed to recognise the cost of work required to the building. The West Archdeaconry Mission and Pastoral Committee had not yet had a chance to consider both offers.

The Committee agreed to support the lower offer for the building if this was agreed by the West Archdeaconry Mission and Pastoral Committee.

ix. Cleator Moor, St John. There was a suggestion that a local Community Interest Company would be formed to take over the running of the building and that the interested parties intended commissioning a survey. However, the timescale and costs associated with this were unclear. It was agreed that Mr Andrews should ask for a timetable from the interested part and then make a judgement as to whether the timetable was realistic. If the timetable was felt to be unrealistic then we should impose a deadline for the survey to be carried out.

x. Grinsdale, St Kentigern. Mr Johnson declared an interest. There remained a substantial amount of work to be done before a sale could be completed. Mr Andrews reported that the Church Commissioners were handling the sale and that good progress was being made.

xi. Barrow St Matthew. The Committee agreed to pursue a possible full repairing and insuring lease for community use of the building on the basis of a peppercorn rent.

xii. Causewayhead, St Paul, Silloth. The Committee approved marketing the property for sale at a guide price to be agreed with the Church Commissioners. This would flush out any interest in the property.

Glebe

i. 30 Market Place, Richmond. The Committee noted the repeated failures of the previous tenants to comply with the original surrender agreement or subsequent payment agreement. It was reported that the lease had been taken out in personal names rather than a company name. We were at the point where we either had to write off the money or take legal action.

The Committee agreed to obtain an estimate for the cost of pursuing the outstanding rent. The estimate would be circulated to the Committee and unless the costs were considered prohibitive, the Property Sub-Committee would then decide on the appropriate action to be taken.

ii. Church Hall Cottage, Chapel Stile. The Committee approved, in principle, the request of the Community Land Trust who hold the property on a long lease to assign the lease to a housing association, with a request that Mitre Housing should be approached as our preferred housing association.

iii. Appleby Cricket Club. The Committee approved the assigning of the lease from the names of two individuals to the name of the Cricket Club. This was necessary to enable significant grant funding for the new flood-proofed pavilion to be claimed.

Closed Schools

i. Heversham School. The Committee noted that the trusteeship of the school had transferred to the DBF on 22nd January, 2018.

ii. Wham Head Farm. The Committee gave its approval to the agents and the tenant agreeing a price for the sale of the freehold at an appropriate figure between the open market value and the tenanted value.

iii. Beetham Land. The Committee noted that two planning permissions had been granted on 18th January subject to conditions. Decision notices were awaited and if the conditions were routine and standard then the purchase of the school field site could be progressed.

PART D PARISH PROPERTY FUND

FC 18/17 REQUESTS FROM PARISHES FOR FINANCIAL ASSISTANCE

i. Appleby St Lawrence. The Committee noted a grant of £3000 for the renewal project to modernise and open up the church to encourage visitors following the 2015 floods.

ii. Castle Carrock St Peter. The Committee noted a grant of £3,000 towards work to improve the flooring, pews etc to provide access including access for wheelchairs and pushchairs.

PART E TRUST MATTERS

PART F FINANCIAL STATEMENTS AND REPORTS

FC 18/18 TREASURY AND INVESTMENTS – FC 18/19

Mr Jaques reported that the Investment Sub-Committee had not needed to meet since the last Finance Committee. A meeting with CCLA was scheduled to bring Mr Johnson and Mrs Troughton up to speed with how CCLA operated and their investment performance. CCLA had agreed to undertake a high level review of our investment portfolio.

FC 18/19 PASTORAL ACCOUNT STATEMENT TO 31ST DECEMBER 2017 – FC 18/20

The Committee noted the statement. It was noted that the capital growth on the Pastoral Account and other funds was really paper growth and was largely irrelevant for us as our overriding goal was to achieving strong income across a very long time period. If we sold shares to realise the capital gains we would need to find alternative investments that provided at least as good a return and this would be very difficult given the lack of opportunities currently available. The Diocesan budget was predicated on the basis of investing the capital receipts from the sale of surplus parsonages.

FC 18/20 GLEBE STATEMENT TO 31ST DECEMBER 2017 – FC 18/21

The Committee noted the statement.

FC 18/21 BARCHESTER STATEMENT TO 31ST DECEMBER 2017 – FC 18/22

The Committee noted the statement. In response to a query, Mr Jaques reported that he was to have a meeting the following Monday about maintenance grants based on the conversations with schools that had happened so far. The end result was likely to be a provision in the accounts as we were unlikely to recover all the outstanding funds.

FC 18/22 PARISH PROPERTY FUND TO 31ST DECEMBER 2017 – FC 18/23

The Committee noted the statement and the increase in the capital value of the fund.

FC 18/23 GROWTH FUND STATEMENT TO 31ST DECEMBER 2017 – FC 18/24

The Committee noted the statement.

FC 18/24 LOAN STATEMENT TO 31ST DECEMBER 2017 – FC 18/25

The Committee noted the statement. Mr Jaques reported that he was continuing to press a parish for action to progress an outstanding VAT claim that was intended to enable the repayment of an outstanding loan.

FC 18/25 DATE OF NEXT MEETING

Wednesday, 21st March 2018. The Chairman authorised Mr Dickinson's absence from this meeting.