

CARLISLE DIOCESAN BOARD OF FINANCE LIMITED

Minutes of a meeting of the **FINANCE COMMITTEE** of the Carlisle Diocesan Board of Finance Ltd held at Church House on Wednesday 17th July 2019.

PRESENT:

The Bishop of Carlisle	Mr A R H Cook
The Archdeacon of West Cumberland	Mr J Edwards
The Revd A Towner	Mr J Johnson (Chair)

IN ATTENDANCE:

Mr D Hurton – Diocesan Secretary
Mr R Jaques – Head of Finance
Mr N Andrews – Property Secretary
Mrs C Bell – Office Manager
Mrs S Wigley – Observer

FC 19/82 OPENING PRAYERS

Opening prayers were led by the Venerable Richard Pratt.

FC 19/83 APOLOGIES FOR ABSENCE

Apologies for absence were received from the Archdeacon of Carlisle, the Archdeacon of Westmorland and Furness, and Mr D J Bradley.

FC 19/84 WELCOME AND MINUTES OF FUTURE MEETINGS

The Committee welcomed Mrs Cath Bell, who was taking over some of the duties of Mrs Scott following her retirement. They also welcomed Mrs Sue Wigley who was observing the meeting as a possible co-optee.

Mr Hurton consulted the Committee about the nature of the minutes of future meetings, including what was required for the Company members at their meetings. The action list after the meeting provided an immediate record of decisions and actions but did not provide much detail. From the point of view of the Committee, a succinct record of the decisions taken at the meeting along with brief details of the factors that led to those decision would be sufficient. The meeting papers set out in some detail the background to most decisions that the Committee were asked to take and Trustees could refer back to these.

Thinking about the wider audience, and in the interests of transparency and accountability, DBF members might be interested to know more of the detail of what the Committee had discussed. This would potentially be in the form of a report. It was noted that the minutes would go to the County Archives as part of the history of the Church in the Diocese and that this implied that fuller minutes would be appropriate. It was suggested that any report to Synod could also usefully be circulated to Deanery Synods.

Mr Hurton was asked to give this matter some further thought prior to the Committee's next meeting.

FC 19/85 MINUTES – FC 19/80

The minutes of the meeting held on 15th May 2019 were approved and signed with three corrections.

FC 19/86 MATTERS ARISING FROM THE MINUTES

i. Action Sheet – Rydal lease renewal/rent review – FC 19/82

It was noted that as the lease on Rydal Hall was due for renewal, the basis for the relationship between the DBF and Rydal Hall over the lease would be addressed as part of the discussions.

ii. Co-options

Members were reminded that Ms Ann Mee had observed a meeting in 2018 with a view to being co-opted but had taken up a temporary job based in London and had therefore been unable to make the necessary commitment to the Finance Committee. As her temporary role had now finished it was agreed that Mr Johnson contact Ms Mee and ask her whether she would now be interested in co-option. He could also contact a second potential candidate who was known to both Mr Cook and Mr Jaques and who had experience in charity governance.

The Committee confirmed that ideally two of the four available co-options should be used, leaving two vacancies to be filled if a need arose. Mr Towner indicated that he would be stepping down from the Committee at the end of the year which could enable a co-opted member to stand for election.

It was agreed that Mr Johnson and potentially Mr Hurton would meet the candidates and that they could be invited to the Committee's next meeting if appropriate.

iii. Salary review – FC 19/83

Mr Hurton reported that there was no paper for this item but that Mrs Ng had undertaken a significant amount of background work on the scope of the exercise and the process to be followed. She had spoken to colleagues in other Dioceses to find out how they had approached similar exercises. She and Mr Hurton would continue to progress this item and would keep Mr Bradley in touch with developments.

PART A FINANCIAL POSITION AND MAJOR FINANCE MATTERS

FC 19/87 MANAGEMENT ACCOUNTS TO 30TH JUNE 2019 – FC 18/84

Mr Jaques reported that the main change since the May meeting was in the housing part of the budget. Rather than simply reporting a large underspend he had now phased the budget to provide a more realistic set of figures. Mr Andrews had reported that the housing budget as a whole was under considerable pressure in 2019, largely because of the number of clergy appointments which required ingoing work. God for All expenditure had also been phased over the year and there was likely to be an underspend on stipends as we continued to have more vacancies than budgeted.

FC 19/88 FINANCIAL RISK REGISTER – FC 19/85

Mr Johnson introduced the risk register. Attention was drawn to the risk relating to the potential for the planned reduction in stipendiary clergy numbers to lead to a reduction in Parish Offer. The level of parish offer was still a major risk with a significant potential impact. Mr Hurton and Mr Jaques believed that the register provided a comprehensive record of the likely financial risks, their impact and any mitigation.

The risks relating to IME student numbers and associated fee income, and to Church Commissioner's grant funding were discussed. The impact of low student numbers would be felt beyond 2020.

It was agreed that in terms of presentation to future meetings, the risks should be rated strategically from most to least significant.

FC 19/89 PARISH OFFER REVIEW – FC 19/86

Mr Jaques presented a paper which set out what he suggested would be presented to the Bishop's Council in September for approval for submission the October Diocesan Synod. The Bishop's Council meeting would take place the week before the next Finance Committee meeting. The final paper would reflect input from today's meeting and that of the Bishop's Council and would be voted on by the Diocesan Synod in October.

Mr Jaques suggested that the proposal should take the form of a set of guidelines for the future operation of the Offer. It would not make sense to have a rigid approach as mission communities were developing and would be structured in a number of different ways. The guidelines would include the principles at the heart of the parish offer system, ways in which people might consider approaching making their offers and ideas about structures and budgeting. They would prompt Mission Communities to look at their mission and ministry costs, as far as possible on an ecumenical basis, and consider what they wanted to do with their available finances and what level of contribution they could make to the Diocese.

In three to five years' time when mission communities were all established and bedded in, the guidelines and approach would be revisited to look at the how things were working. Mr Hurton, Mr Jaques and the Archdeacons would work closely with the mission communities to help them put in place an approach that worked for both them and the DBF, promoting conversations within the mission communities. Several mission communities were already at this point but others were still to establish the requisite level of trust and joint working, especially between denominations. The role of the deanery co-ordinators in obtaining and collating Offers would cease to exist.

Members were reminded that the Diocesan Synod had already agreed to the general way forward and the pilots. About a quarter of Mission Communities had already been involved through the pilots. What was being proposed did not represent a fundamental change in the principles underpinning the system. The Committee agreed that Mr Jaques should proceed on the basis suggested.

FC 19/90 DBF AS EMPLOYER OF LOCAL PEOPLE – FC 19/87

Mr Hurton explained the background to this item. The DBF currently employed a number of people involved in a range of local ministry roles. The current situation had evolved over time with local church or Diocesan initiatives leading to the recruitment of more locally-

funded staff. Such people had to have an employer, and where there was no obvious local body the DBF had taken on this responsibility in order that the initiatives could proceed. The Board was now in a position where it directly employed 61 people. Examples of the non-Diocesan roles covered included Network Youth Church leaders, a Mission Community administrator, Deanery children's and family workers and a worker for an independent Christian trust. In some, but not all of these cases there was no local corporate body that could become the employer. In some cases local churches simply did not feel that they had the capacity to manage the payroll, pension and HR work that came with being an employer. Employment of local staff did not mean that the DBF responsible for funding their posts: in some cases the local church was recharged directly for the post, while in others, such as Network Youth Church, the posts were funded through the Parish Offer.

The Board was being increasingly being asked to employ people on behalf of mission communities or other non-parochial bodies. In thinking about our strategy for ministry we had to have a flexible and supportive approach, for example enabling mission communities to deploy administrators or children and family workers but recognising that mission communities were not legal entities unless they incorporated.

Mr Hurton was concerned that although he would always want the DBF to help local mission initiatives to flourish, the DBF was exposing itself to risks where the local line management arrangements were only weakly connected to the Board. This was the case in some situations where, for example, local clergy or lay volunteers were line-managing DBF employees.

Mr Hurton drew attention to a table in the paper setting out the pros and cons of employing local staff and the different approaches that could be taken to their continued employment. He proposed that as a general principle the DBF should continue to employ local staff because of the benefits this provided in terms of supporting mission. However, he suggested that this should not be on a carte blanche basis and that where local, legally constituted bodies existed these could be expected to take on the employment of some roles.

The Finance Committee discussed the potential risks associated with being an employer of local staff. In addition to the usual risks relating to employment, there was also a possibility that if local workers had to be made redundant because the local church could not afford to pay for them, the DBF would be left with covering any costs of redundancy. Where local clergy or volunteers were line managing DBF employees there was a risk that a line manager whose accountability to the DBF was not strong would act in a way that, for example, led to the DBF being the respondent in an Employment Tribunal.

The Finance Committee also considered the relative ease with which the DBF could employ staff as compared to local church bodies which could be unfamiliar with dealing with HR policies and procedures as well as payroll and pensions administration. The Board was an experienced employer with an HR department and an understanding of taxation and pensions and could use these resources and knowledge to support the local church.

The Finance Committee concluded that as mission communities became established, there was likely to be a greater variety of roles in mission and ministry, some of which would require an employer. The DBF would therefore continue to employ local staff where there was no other local, constituted body that could do so, but this arrangement should be accompanied by training for local line managers and a requirement for volunteer

agreements to be in place as appropriate. Where it made sense, existing employees would be transferred to local employers with support from Church House.

Ali Ng, the Diocesan HR Manager would work with the Archdeacons and Richard Passmore, the Diocesan Fresh Expressions Enabler, to put in place the necessary training and infrastructure, and would support the transition.

PART B FINANCE – MINOR MATTERS

FC 19/91 PARISH OFFER TO 30TH JUNE 2019 – FC 19/88

Mr Jaques reported that even though the collection rate was slightly above that for the same period in 2018, the level of Offer continued to arouse concern. Since writing out to parishes in April about arrears some payments had been received. Some parishes had yet to respond to the letters, but responses could depend on the timing of parochial church council meetings. Members received reports on the situation in individual parishes.

Mr Jaques agreed to let the Archdeacons have a list of those parishes he thought should be contacted by them to pursue any outstanding amounts. He also reported that most of the 2020 offers should be received before the September meeting.

FC 19/92 RYDAL HALL

i. Draft minutes of the meeting held on 14th May 2019 – FC 19/89

The draft minutes were noted. The Archdeacon of West Cumberland reported that a meeting of the Board had been held the previous day and that the staff were working hard to market online offers. The Board were getting to grips with enhanced reporting on occupancy and bookings. There was cautious optimism about the prospective financial outturn for the year against the budget, which was broadly breakeven. He was pleased that the Hall itself was performing strongly, as opposed simply to the ancillary businesses that had compensated for the Hall's weaker performance at times in the past. The Hall's improved residential performance was the direct consequence of hard work by the marketing staff.

The Board were well engaged, the staff were working hard and the figures were looking better. Mr Peter Yates was still expected to take over from Archdeacon Pratt as Chair in due course. Members were reminded that Rydal was a wholly owned subsidiary with a separate Board.

ii. Management Accounts to 30th June 2019 – FC 19/90

Rydal Hall's management accounts were noted.

FC 19/93 FINANCIAL IMPLICATION FROM ASSOCIATED MEETINGS – FC 19/91

The Committee noted the paper on relevant meetings of associated groups.

FC 19/94 MAT

i. Draft Minutes of the meeting held on 16th May 2019 – FC 19/92

The draft minutes were noted. It was reported that the MAT's Board was effective and there were a number of good schools considering joining. Wreay, rated Outstanding by

Ofsted, was now on board. The MAT had Christian values and good relationships, and was worthy of the continued support of the Finance Committee.

ii. Financial Update – FC 19/93

The MAT's financial update was noted.

FC 19/95 CCL UPDATE ON TRANSFER OF BUSINESS – FC 19/94

Mr Jaques reported that the transfer had been largely completed on 1st February 2019. The outstanding item was the legal novation of the contract for the accreditation of courses by Durham University from CCL to the DBF. Delays in the University in responding to queries had meant that the novation was still to happen. For the timebeing, IME1 and Reader training would therefore stay with CCL. Once the novation was completed these would transfer to the DBF and CCL would become dormant.

As CCL was migrated into the God for All team, those parts that had been transferred were included in the training section of the Management Accounts. The key financial risk continued to relate to student numbers and therefore fee income.

FC 19/96 STEWARDSHIP ACTIVITIES REPORT – FC 19/95

The report was noted. The outcomes of Kendal Parish Church's adoption of contactless giving would be viewed with interest. It was being monitored to see if it represented a viable option for other churches.

FC 19/97 MANDATE AND CORPORATE CREDIT CARD – FC 19/96

The Committee agreed that Mr Andrews be added to the list of those who could authorise internet banking and Mrs Ng added to authorise the payroll. This was necessary in situations where either Mr Hurton or Mr Jaques were not available, as payments had to be authorised by two people.

It was noted that the decision taken some years previously to obtain a corporate credit card had never been fulfilled because of the bureaucracy associated with the application process. It was agreed that a new application should now be made for a card with Mr Jaques as the signatory.

PART C PROPERTY MATTERS

FC 19/98 PROPERTY ISSUES REQUIRING FINANCE COMMITTEE ATTENTION – FC 19/97

i. Property Sub-Committee Minutes and Meetings

The Committee received the draft minutes of the property sub-committee meeting held on 14th June 2019.

ii. Matters requiring further Finance Committee consideration and approval

(a) Cockermouth, 139 The Parklands. The property had been marketed and the price reduced following advice from the agents who were now suggesting a further reduction. The house could be rented for a yield of 3.5 to 4% but would make substantially more if it was sold and the proceeds invested.

It was agreed that Mr Andrews should seek a second opinion from another agent before taking any further action.

iii. Significant Update Items to note since the Property Sub-Committee meeting

- (a) Barrow St George Team Vicarage, 98A Roose Road.** It had been agreed that this house would be occupied by the curate currently living in St John's Vicarage.
- (b) Carlisle St Elisabeth.** The current occupant would move to High Hesket Vicarage from the end of August. The new Priest in Charge would move in during the first week of September.
- (c) Carlisle Holy Trinity (& Workington St John).** Professor Hannaford had deferred his decision on a move from Workington to Carlisle until September.
- (d) Bassenthwaite.** The tenants had vacated without notice and two months rent arrears were being written off.

iii. Matters requiring further Finance Committee consideration and approval

- (a) Holme Cultram Vicarage/Kirkbride Rectory.** The present curate who occupied Holme Cultram Vicarage had been appointed to Carlisle St Elisabeth and this house could possibly be redundant, with future curates living at Thursby. It was reported that the future pastoral arrangements for the benefice of Kirkbride, Newton Arlosh and Bowness on Solway were being considered. There were discussions with the parochial church councils of Kirkbride and Newton Arlosh about these parishes becoming part of the Solway Plain benefice. Mr Andrews wanted to begin consultations with the Solway Plain about housing. The Archdeacon of West Cumberland suggested that once the Pastoral Scheme had gone through with regard to Kirkbride and Newton Arlosh, Kirkbride could be sold but no action should be taken over Holme Cultram at the moment.

iv. Significant Update items to note since the Property Sub-Committee

- (a) Langrigg Vicarage.** The original purchaser had withdrawn due to serious illness. Following marketing a new sale had been agreed.
- (b) Eskdale Vicarage and Glebe.** An offer had been negotiated and accepted. Following this a further offer had been received. Following a discussion with the Property Sub-Committee and having taken our agent's advice a decision had been made to accept the original offer as it was a cash offer and likely to proceed significantly more quickly.

Closed Churches

i. Matters requiring further Finance Committee consideration and approval

- (a) Low Wray.** Mr Andrews reported that the National Trust might, in the end, be interested in this property but wanted until the end of the year to make a decision. They had prevaricated for a number of years prior to this point. The Revd Richard Passmore was working with an Arts/Stonemasonry project to produce a viable alternative proposal to lease the building. The Committee confirmed they were happy for Mr Passmore to continue his work with the group.

(b) **Croglin.** The suggestion that there was potential for community use having come to nothing, a local councillor was exploring the possibility of conversion for affordable housing. There was a suggestion that this might involve the building being gifted as a community asset. It was suggested Mitre Housing be approached to either purchase the building or take out a 99 year lease. Mr Andrews was asked to contact Mitre Housing,

Glebe

i. Matters requiring further Finance Committee consideration and approval

(a) **Unit 2, 19-24 Friargate.** The Committee considered plans and estimated costs to convert Unit 2 on the ground floor of Church House into a conference and training room. Penrith Town Council were interested in using the room if it was converted and it would be the base for the proposed Pioneer Mission Unit's work as well as for a range of Diocesan training events which were currently held in other venues for which there was a charge. The costs were higher than the original estimates and the final decision was delegated to Mr Hurton after consultation with Mr Andrews and some of the potential users of the facilities about potential cost savings.

(b) **Kirkby Thore Glebe.** Mr Andrews reported that despite having increased by 50% the area of land on which the purchaser wanted the mineral and restrictive covenant released, the purchaser had refused to increase the previously agreed payment.

It was agreed not to go ahead with the release unless the purchaser offered a significant uplift in what they were prepared to pay. In any case, any change in the area of land in scope would require new Glebe notices to be published.

(c) **Little Salkeld Glebe.** The purchaser wanted the Diocese to drop its reserved access over the land to the remaining glebe or to renegotiate the sale price. The Board agreed that if the purchaser was not happy to abide by the original terms, the land was to be remarketed.

(d) **Eskdale Glebe.** It had transpired that the glebe land that was to be sold included the Eskdale War Memorial. The agent had been asked to confirm with the purchaser that they were happy for the War Memorial to be omitted from the sale. It was suggested that the parish be asked if they wished to take on local ownership and responsibility.

(e) **Borrowdale Glebe.** Mr Andrews reported that the Vicarage and glebe land had been put on the market. A buyer was potentially interested in purchasing the house if we retained the glebe land.

(f) **Egremont Glebe.** No further progress had been made in respect of the sale of the glebe land to the Home Group. Another developer was interested and was being encouraged to draw up an outline site plan with a view to making an offer.

Closed Schools

i. Matters requiring further Finance Committee consideration and approval

(a) **Heversham Former School.** The parish had originally been seeking a payment from the sale proceeds for the local community but when it had been agreed to sell the site to Dallam School they had withdrawn their request. This request had resurfaced following the

sale of the school at open market value, with the parish seeking funding for a specific project to improve their church. The Section 554 order to transfer funds from local trusts to the Barchester education fund was progressing with the Department of Education.

The Committee suggested that Mr Andrews should contact the parish with details of the Parish Property Fund. As the work they were proposing to fund was to improve their church building it would not be possible to use a grant from the Barchester education fund for that purpose.

PART D PARISH PROPERTY FUND

FC 19/99 REQUESTS FROM PARISHES FOR FINANCIAL ASSISTANCE

i. **St John the Evangelist, Carlisle.** The Committee noted a grant of £5,000 towards the Botcherby Church Community Centre Project.

PART E TRUST MATTERS

FC 19/100 PLUMPTON PAROCHIAL CHURCH COUNCIL

The Committee noted that the Chair had given delegated consent to the transfer of a piece of land for an extension of the Churchyard.

PART F FINANCIAL STATEMENTS AND REPORTS

FC 19/101 TREASURY AND INVESTMENTS – FC 19/95

The report prepared by Mr Jaques was noted. Performance in 2019 continued to be strong.

FC 19/102 MINOR FUNDS UPDATE – FC 19/96

The Committee noted a report from Mr Jaques outlining changes in the statements circulated to the Committee. There were no significant items to note.

FC 19/103 PASTORAL ACCOUNT STATEMENT TO 30TH JUNE 2019 – FC 19/07

The Committee noted the statement.

FC 19/104 GLEBE STATEMENT TO 30TH JUNE 2019 – FC 19/98

The Committee noted the statement.

FC 19/105 OPSHOPS STATEMENT TO 30TH JUNE 2019 – FC 19/99

The Committee noted the statement. It was reported that the new charitable company would be launched on 1st January. The Board was now largely in place and had met, chaired by Mr Bryan Gray. Mrs Carolyn Barton had now left at the end of her contract, having done a very good job in setting up the new company. The remaining work on that front would now be overseen by the Revd Mike Talbot. The application to become a charitable company had been made. The staff involved at OpShops who were currently employed by the DBF would be transferred to OpShops.

Mr Edwards, a Director of OpShops, said that an initial Board meeting had taken place with each member being given an area of responsibility. These would be reviewed at a meeting in August which would look at preparations for the 1st January start.

FC 19/106 BARCHESTER STATEMENT TO 30TH JUNE 2019 – FC 19/100

The Committee noted the statement.

FC 19/107 PARISH PROPERTY FUND TO 30TH JUNE 2019 – FC 19/101

The Committee noted the statement.

FC 19/108 GROWTH FUND STATEMENT TO 30TH JUNE 2019 – FC 19/102

The Committee noted the statement.

FC 19/109 LOAN STATEMENT TO 30TH JUNE 2019 – FC 19/103

The Committee noted the statement.

FC 19/110 DATE OF THE NEXT MEETING

Wednesday, 18th September 2019 – Mr Edwards gave his apologies for this meeting.

At the conclusion of the meeting it was agreed to invite Mrs Wigley to become a co-opted member of the Committee.