

**CARLISLE DIOCESAN BOARD OF FINANCE LIMITED****Minutes of a Meeting of the Carlisle Diocesan Board of Finance, held via video link on Tuesday 15<sup>th</sup> June 2021****Chair's Remarks**

The Chair, Mr Jim Johnson, introduced the meeting. He informed the members of the Board that so far in 2021 we were seeing a continuation of the circumstances of 2020 in as much as Parish Offer was substantially lower than in previous years as a result of the continued impact of Covid-19.

The position was more or less in line with the budget which was unusual in allowing a small deficit. However, there remained a challenge in that some costs and income were difficult to predict with any degree of certainty. If we were able to finish the year with a break-even position this would represent a very creditable result and would be a tribute to everybody in all the parishes who are continuing to work hard to pay their Parish Offers. We hoped that Parish Offer would in due course return to the levels seen before COVID. If that did not happen, then there would be some serious issues to look at. Property rents are still coming through and our investment managers CCLA are doing remarkably well.

Turning to the minutes of the Board and the Finance Committee he noted that these are very comprehensive, and deliberately so, in order that the Members are fully informed of the unfolding situation and how the Trustees are managing it.

**Minutes**

The minutes of the meeting of the Diocesan Board of Finance held on Saturday, 6th March 2021 were approved.

**Minutes of the Finance Committee & Questions to the Chair**

The minutes of the meeting of the Finance Committee held on Wednesday, 20<sup>th</sup> January 2021 and Wednesday 17<sup>th</sup> March 2021 were received.

**Special Resolution****Articles of Association: Proposed Amendments to terms of Office**

Derek Hurton introduced the proposed amendments to the Board's Articles of Association. These addressed the terms of Office of Trustees/Directors and aspects of eligibility to be a Trustee/Director. The key considerations in this area are whether the arrangements, including length of terms of office and process for appointments, enable the Finance Committee to have sufficient experience and knowledge to provide effective and informed oversight at each moment in time. This includes providing the time required to build relationships between the ex-officio Directors and the elected and co-opted Directors and with the executive staff.

Given the unique role of the DBF within the wider Diocesan operation as compared to many other Charities, the range of its business; and the complexity of ecclesiastical law and finance, it can take some years to build up this experience and knowledge.

Although we have been fortunate to recruit effective Directors in recent years, the effort required in terms of succession planning and management is significant. The current maximum of two terms of three years reduces continuity and a longer maximum (ie three terms of three years) is therefore suggested in order to support more effective governance.

Filling the role of Chair is a particular issue with the current arrangements, as a Director will typically serve for some time – often a full three year term - before being appointed as Chair. This means that a Chair will currently serve for a typical maximum of only three years, a period that is too short to realise the benefits that should derive from effective working relationships with the Diocesan Bishop and Diocesan Secretary.

We asked other Diocese how they approach this and of 16 dioceses that responded not a single Diocese had limits that were as short as ours. The general consensus therefore seems to be that a longer maximum term is better. The main positive reasons given for having longer terms or more successive terms are to maintain continuity, develop expertise and retain good quality Directors. Very few dioceses were concerned about Directors unhelpfully becoming permanent fixtures and those who have such concerns also feel that this risk is more than offset by countering the risk of losing good Directors.

Under the proposal the elected Directors would have to stand for re-election at the end of each three year term, which would provide the members of the company with the opportunity to refresh the situation as they see fit.

The current rules require co-opted Trustees to be members of the Church of England or of a Church in Communion with the Church of England. The proposal would broaden the pool for co-options without diluting the Christian ethos of the Finance Committee. It would increase our ability to access the skills and experience required to steer the Diocese's financial and corporate affairs effectively. The Articles of Association now include the option for co-opted trustees not only to be members of the Church of England or a church in communion with the Church of England, but also one of the Covenanted Partnership Churches in Cumbria or a member of a Church that is part of Churches Together in Britain and Ireland

On the advice of the corporate lawyers there are a number of changes of wording to bring it in line with current legislation. These are changes that don't materially affect the operation or the responsibilities of the Board, but are simply a tidying-up exercise to match the current requirements.

The Board approved the proposed revised articles by passing the following Resolution:

THAT with effect from the conclusion of the meeting the draft articles of association [produced to the meeting and, for the purposes of identification, initialled by the Chairman OR attached to this resolution] be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the Company's existing articles of association.