

The Minutes of a meeting of the FINANCE COMMITTEE of the CARLISLE DIOCESAN BOARD OF FINANCE LTD held BY VIDEO LINK on 17 NOVEMBER 2021

**Present:** Mr J A E Johnson (Chair)  
The Archdeacon of West Cumberland  
The Archdeacon of Carlisle  
The Archdeacon of Westmorland and Furness  
Mr J Edwards  
Mrs J Busk  
Mrs S Wigley  
Mr D Dalgoutte  
Mr D Bradley

**In Attendance:** Mr D Hurton – Diocesan Secretary  
Mr R Jaques – Head of Finance  
Mrs C Bell – Office Manager  
Mrs A Ng – HR & Governance Manager  
Mrs N Smith – Director of Ministry Development  
Mr G Fawcett – Thrive Worldwide  
Mr N Andrews - Property Secretary (Part C)

**1. Elections, co-options, Chair & Members of Sub Committees:** Jim Johnston proposed, and the Directors/Trustees unanimously agreed, to co-opt John Edwards and David Dalgoutte onto the Committee. This leaves 2 vacancies that could be filled in the future. Mr Edwards and Mr Dalgoutte then joined the meeting. Sue Wigley proposed Jim Johnson as Chair and the Committee agreed unanimously, with no other nominations. Jim Johnson then proposed Sue Wigley to remain as Vice Chair and the Committee agreed this. For the record Mr Johnson explained that this appointment does not automatically imply that Mrs Wigley will become Chair in the future.

Mr Johnson reported that the Property Sub Committee currently comprises himself, Rob Cook and John Edwards, together with Sub Committee Chair, Martin Jayne. Mr Jayne, who is not a trustee of the DBF, has agreed to remain as Chair for another year. Jim Johnson and Derek Bradley are both trustees on the investment subcommittee. Board members can attend any of the meetings of these committees if they wish. The Board were happy that these appointments should continue for 2022. Vernon Ross suggested, and the Committee agreed, that the Property Sub Committee's papers should be copied to all the members of the Finance Committee for information and any comment.

**2. Opening Prayers:** Prayers were led by the Venerable Vernon Ross.

**3. Apologies for absence:** No apologies had been received.

**4. Wellbeing Survey:** Graham Fawcett, from the Diocese's Occupational Health provider Thrive Worldwide, gave a presentation of the findings from the recent Diocesan Wellbeing

Survey. The Diocese commissioned a Wellbeing survey of all its Clergy and Church House employees in 2019 and a repeat survey was commissioned for the summer of 2021. Drawing on comparisons with the 2019 data it is possible to evaluate the impact of the pandemic on both Clergy and employee wellbeing. Response rates for Church House staff (67%) were high and the respondents were representative of the range of staff employed.

The key findings were that proportionally fewer staff are contemplating leaving; skills have improved; people have spent less free time with their team but feel communication has improved. The top stressor remains workload and the second stressor is now 'competing demands'. Key improvements include 'coming together', 'retaining focus' and 'senior management interest'. Management is seen as generally supportive, creating a good working environment helped by external support including that provided from Thrive. During the pandemic staff were mainly impacted by isolation, worsening work life balance and pandemic-related worry. On the other hand staff appreciated the opportunity to work flexibly, to travel less and to have more unscheduled time. There are however downsides to flexible working, for example that it becomes hard to set boundaries between work and homelife. This can be displayed by staff finding themselves still working at 10pm at night.

The key recommendations are to streamline systems in the face of increasingly complex workloads. This includes giving clear priorities where individuals have multiple lines of accountability. As lockdowns ease we should prioritise re-establishing internal links and promoting the Church House culture, together with linking our roles to the overall vision and how individual roles support it. The atmosphere generally in Church House is one of collegiality and open-minded senior management but some comments suggest a possible gap in understanding of roles between staff and senior clergy. We could benefit from restating to staff the vision for the Diocese and the way the Church House team's work supports the vision.

There was also a high response rate to the survey from the employed Pioneer Ministers. They are a robust group but in some respects feel disconnected from the Vision and Strategy. There is a real need for the Pioneer team to come together as the nature of their dispersed roles means they feel the challenges of isolation more acutely than other staff.

Summarising the results of the survey, including both clergy and lay staff, Mr Fawcett said that as with the previous survey the results reveal an extraordinarily resilient group of people who are ministering and serving effectively and enthusiastically. This time however those results emerge from a time under extraordinary pandemic conditions. There are high levels of collegial relationships and co-operation throughout the diocese. The Bishop, Archdeacons, Church House staff and Diocesan Secretary are all repeatedly singled out positively for their pastoral care, leadership and ability to listen. On the other hand, new starters to the organisation had trouble learning the cultures of the organization when they joined during the pandemic. There are extremely high levels of fatigue throughout the Diocese. Some problematic signs have however diminished including there being a marked reduction in clergy conflict, perhaps, as one observer put it, because during the pandemic there has been less opportunity!

During the discussion the following points/questions were raised:-

- Confirmation that induction for new Church House employee covered the wellbeing support provided by the DBF, including the Employee Assistance Programme and occupational health.
- Issues addressed at a full team away day before the pandemic were vision and strategy and the wellbeing agenda. There is also a wellbeing group that draws people from all the different teams within church house will be reconvened.
- On the vision and strategy point and whether people are connected to what we're here for, the process for refreshing the Diocesan Vision has taken a long time and been complicated by the pandemic. There have been some mixed messages from that process and this has made it harder for people to see where their roles fit in to the organisation. In any further work to communicate the refreshed Vision there could be an event for Church House staff.
- In 2022 we will have to make decisions about future patterns of working which address three related issues: issue; operational effectiveness; and achieving our carbon neutral goal.
- The Archdeacons asked whether the Wellbeing Survey had addressed satisfaction with Clergy housing and associated communication and timeliness of maintenance and repair work. The survey overall had not indicated any concerns in this respect but Archdeacons were aware of some specific concerns. This would be picked up outside the meeting.

The Board endorsed the recommendations outlined in Ali Ng's accompanying paper. Ali Ng, Graham Fawcett and Nicky Smith left the meeting

**5. Minutes:** The Committee approved the minutes of the meeting held on 15<sup>th</sup> September 2021 with one amendment, namely to record that apologies for absence were received from Rob Cook.

**6. Matters Arising from the Minutes:** The Committee noted the points on the Action Sheet and it was confirmed that all the actions noted had been completed or progressed or were on the meeting agenda. It was confirmed that Sue Wigley is the nominated HR Trustee. In terms of a timetable for setting a budget for the next three five years there could be an initial joint meeting of Bishop's Council and Finance Committee in the spring, potentially in May, leading to a draft multi-year budget going to the Finance Committee and Bishops Council in September to go to Synod in October.

## **PART A FINANCIAL POSITION AND MAJOR FINANCE MATTERS**

**7. Management Accounts:** Ric Jaques introduced the draft management accounts for the year to 31<sup>st</sup> October 2021. The accounts for the first 10 months of 2021 show a surplus to date of £291k, which is £87k better than the phased budget. Total funding is £205k below budget, although £127k of this is Reaching Deeper income which is net-neutral to the year's outcome. Expenditure though is £292k under budget, again including £127k of Reaching Deeper, so savings more than compensate for the reduced income.

The forecast for the year currently shows a broadly break-even position with a prospective surplus of just £11k. That represents a £66k improvement on the budget. This position has worsened since the September Finance Committee due to there being no final quarter hydro dividends paid following a very dry summer, and the need to move around £48k from income into deferred income pending Charity Commission processes relating to Heversham School sale proceeds being completed.

The forecast is based on two material projections, namely the estimated final underspend in God for All this year, and assuming that the full property repairs budget is spent or committed as expected by the Property Manager.

**8. Review of the charity's risks:** Ric Jaques introduced the Review of Charities' Risks paper. We formally review the 'Financial Risk Register' at least once a year with additional updates as and when considered appropriate. Many of the other areas of potential risk are addressed and managed through various committees or DBF staff. The risks of the DBF are part of the risks of the wider Diocese but there are some wider Diocesan risks that are not formally documented on the DBF's register.

A piece of work is needed to pull together all of the perceived risks faced by the Diocese and the DBF and present them in one document. A 'responsible body or person' will be allocated against each one to manage and mitigate against the risk and to formally feed back into a regular review process of the whole register for consideration by the Trustees and the Bishop's Council.

The risk registers from a number of neighbouring Dioceses have been obtained and preliminary work has started to compare those with items already included in our own register. A log is being made of those issues listed by others for consideration in our own updated register.

Initially work will be done within the Church House management team and then with staff and Trustees to agree the risks that need to be included on the register, the scale of risk involved, document the mitigation currently in place against those risks, and identify any action needed to reduce the potential impact. This will take place over the next six months with a view to bring back a more comprehensive, final draft of the register to be presented to the July Finance Committee.

There has also been an intention for some years to produce a formal Disaster Recovery Plan for use and reference should there be a significant disaster affecting the ability of the DBF to operate. Examples of this would include the loss of Church House through fire or key IT systems. The transition to home working during the first Covid lockdown illustrated that much of what would be required in that plan is already in place, but a more catastrophic event would be harder to cope with.

During the discussion the following points were made:-

- The potential benefits of explaining the financial risks better to Bishop's Council and Diocesan Synod so the significant and impact of reductions in Parish Offer were understood better
- The importance of clarity as to which body (Bishop's Staff Team, DBF Trustees, Bishop's Council, Church House Management Team) has specific responsibility for each area of risk.
- Rob Cook had agreed to be the lead Director for health and safety.

**9. Finance Committee Objectives:** Derek Hurton introduced the Finance Committee Objectives item. Following on from previous work and discussions the paper set out possible draft objectives in six areas:-

- Financial framework and financial strategy.
- Monitoring and overseeing ongoing activity
- Policies
- Risk
- The relationships between the trustees and other bodies
- And a catch all for other initiatives the Finance Committee is asked to take on

Under each of those headings objectives have been drawn up along with a suggestion as to how we would measure whether they've been achieved or not. These require detailed consideration to ensure that they both cover the right range of functions and make a difference. The proposals were agreed and Derek Hurton, Sue Wigley, Ric Jaques, Janet Busk and Jim Johnson will arrange a separate meeting to discuss the details of individual objectives.

Bishop James left the meeting.

**10. Clergy Early Severance and Compensation for Loss of Office:** Derek Hurton introduced the Clergy Early Severance item. Bishop's Council and Synod have endorsed an approach to future local ministry deployment that may result in situations where early severance arrangements are appropriate and helpful. Discussions at Bishop's Staff meetings have requested that the existing early severance policy is updated to reflect changes since it was first introduced. The documents presented to the Finance Committee included a general statement of policy along with annexes confidential to the Committee that indicated maximum levels of compensation for loss of office and criteria for awards.

The Board approved the terms of the policy as drafted, including Annexes.

## **PART B FINANCE – MINOR MATTERS**

**11. Restore:** The Committee noted the statements to 30<sup>th</sup> September 2021 and introduced Bryan Gray, the Chair of Restore who was attending the meeting for this item. He briefed the Finance Committee on the purpose and vision for Restore and on recent developments, challenges and plans for the future.

He feels that Restore provides an amazing opportunity for mission in the communities of Cumbria and beyond. The vision is that every community could have a Restore presence, not run centrally, but with help to set up and become established – effectively a franchise model. Restore shops provide a presence on the high street for people to meet, to pray, to welcome and love people and to do whatever is needed in the local community. The Restore strapline is about restoring love and happiness. The goal for the Trustees was to demonstrate that the model works in Carlisle and Penrith and then make that model available to any other community that wants to set up a Restore outlet.

A package of funding including support from the Church Commissioners was enabling pioneer ministry to operate out of Restore shops in Penrith and Carlisle, collaborating as appropriate with local churches from all denominations and Churches Together groups. The existing Morton, Harraby and Petteiril Bank Road shops are well placed to succeed commercially and missionally, but the Shaddongate warehouse needs work if it is to achieve its potential and investment is needed in the Morton and Harraby shops to bring them up to an acceptable standard. There were ongoing staffing changes with two new managers starting work in November. Grant funding was pledged from the Tudor Trust, to fit out the new Penrith shop and to fund administrative support. This would help with the production of timely financial information and introduction of systems which are more suited for a retail operation.

2021 has inevitably been a difficult year. Due to the pandemic shops have had to close and there have been staff and volunteer absences. Loss of income has been offset in part by government support. November and December should see some recovery with all shops open in a busy trading period. There was some confidence that breakeven can be achieved in 2022. Trustees have of necessity been more executive than should be expected and Restore could not have managed without their commitment, but this is not sustainable.

The Finance Committee thanked Mr Gray for his presentation and expressed their support for the ongoing development of Restore and their wish, given the DBF's role corporately as the Member of the Restore charity, to continue to have sight of its finances and operational achievements.

**12. Financial implications from associated meetings:** The Board received the paper on the financial implications from associated meetings. Derek Hurton wanted to draw attention to the Inter Diocesan Finance Forum, which is a regular national get-together of finance representatives from each of the 44 Diocese. The IDFF's agenda ranges across areas where there are national developments which might have a financial consequences for Diocese.

Specific areas covered at the October meeting including the following.

- The overall financial health of Dioceses – which is very worrying as Dioceses collectively appear to be planning to continue spending at their pre-Covid rate while seeing income falling.
- Allchurches Trust grants to Dioceses – which are to become increasingly based on a competitive application process rather than an allocation to Dioceses

- Church Commissioners – who are reviewing their approach including the mix of funding between support for low income Dioceses and discretionary funds. They appear likely to continue to focus their discretionary funding very tightly on urban areas, under-represented groups and youth, so it will become increasingly difficult for us to be successful in applications from those sources.

Mr Hurton also reported that post-IDFF discussion on the Diocesan Secretaries' Forum had raised the issue of the high and rising rate of inflation. Our 2022 budget provides for a 1% increase in salaries and stipends at a time when there is a 1.25 percentage point increase in national insurance contributions - which itself exceeds the value of the salary and stipend increase - and when the official statistics show that the consumer price index inflation was 4.3% in the year to November. This will put a significant real term squeeze on employees and clergy income for next year. It was possible that we might want to revisit this issue in the coming months.

**13. Rydal Hall:** The Committee noted the draft Minutes of the meeting of the Rydal Board held on 14th September and 19th October 2021 and the management accounts to 31st October 2021.

Richard Pratt, the Chair of the Rydal Board gave a verbal report on the Rydal Hall. In the discussion the question was raised as to whether Rydal Hall would be requesting the £250,000 working capital support from the DBF that had been pledged as part of Diocesan Synod's decision to keep the Hall open. Since the Synod vote, the Rydal Board had successfully managed to apply for Heritage Lottery Fund to top up their reserves and they had no immediate plans to draw down the DBF's working capital pledge. The Board intended request that support only in relation to specific aspects of their business plan.

**14. Stewardship Activities Report:** Ric Jaques introduced the Stewardship Activities Report. The main items to note are that John Thompson joined us on the 1st of November to work alongside the Stewardship Enabler. His post is funded by the National Church for five years. John has a long professional career in tax, accounting, business improvement and data analysis. He is also an Anglican lay reader, has served on PCCs and has been involved in running stewardship programmes at his churches.

The Contactless Giving Pilot has been a success so far, with total contactless giving donations since then amounting to £31k. Much of that will be new income rather than displaced giving. As we are the first pilot of this approach the national church team committed to learning from our experience. Connectivity in rural locations is understandably one of the big issues.

There are also plans to revisit the Stewardship Strategy which is now a couple of years old. The Finance Committee and Bishop's Council will be asked for their input and ultimately their approval.

**15. Good Shepherd Multi Academy Trust (MAT):** The Committee noted the draft minutes of the meeting held on 16<sup>th</sup> September 2021.

**Appointment of Directors:** Due to the Venerable Vernon Ross resigning as a director of the Good Shepherd Multi Academy trust the members of the company will be appointing a new director from the DBF. The Bishop's Staff team will discuss names and make a suggestion to the Finance Committee. Once a name is suggested the Finance Committee, on behalf of the DBF can put the name forward for approval by all the members.

**16. Parish Offer:** Ric Jaques introduced Parish Offer. Total offers made for 2021 are £4,119,179 – which represents a fall of 12.48% on offers originally made for 2020 – and a fall of 6.77% on what was actually paid in 2020.

Parish offer receipts have been the largest area of uncertainty in relation to the DBF 2021 forecast. The offers were originally made with a baseline set of assumptions that proved to be too optimistic in terms of the relaxation and reimposition of Covid restrictions and the return to collective physical worship in our church buildings. However, parish finances in 2020 and unrestricted reserves built up in previous years proved to be more resilient than at first feared. 2021 receipts and associated messages from Treasurers continue to be closely monitored and reported. There was commendably little reluctance by PCCs to commit to a standing order this year which otherwise would have been a concern.

Receipts to the end of October are a little off the pace as compared to the budget forecast but there is often an element of catch-up in the final months of the year, so the collection rate is expected to be close to 100% by the time the 2021 ledgers close in mid-January.

Most of the 2022 Parish Offers have now been reported, following a series of meetings and conversations locally within Mission Communities and/or Deaneries. The issues around the offers, how they do or do not cover local costs, how the subsidy has/should be allocated, and how that links in with the 2022 budget were covered in a separate 2022 Budget paper presented in September. Clearly if a drop of over 12% since 2019 represents the new, lower, baseline then it has serious and long-lasting implications for the locally funded ministry going forwards.

## **PART C PROPERTY MATTERS**

**17. Property Issues requiring Finance Committee attention:** The Committee received the minutes of the property sub-committee meetings on 13th August & 20th October 2021 and the action point lists from those meetings and noted that the next property meeting will be 9.30am Friday 10th December (by Zoom). Any Finance Committee member wishing to attend should advise Neal Andrews.

### **Vacant Properties and House sales**

Penrith, 18 Skirsgill Close: Tenants have acknowledged they needed to move on by March to make way for a curate. No court application for possession will therefore be made at this time.

Rockcliffe Vicarage: When informally advised of likely notice on the tenancy due to sale the tenant has expressed an interest in buying. The Board agreed that a potential sale to the



tenant can be explored subject to charity commission rules relating to achieving market value.

### **Significant Update Items To Note Since The Property Meetings:**

Holme Cultram Vicarage: Tenants have been offered, and accepted, a temporary tenancy on Holm Croft, Kendal, to move in December.

Barrow St Paul/33 Holebeck Road: An agent is being instructed on Holebeck Road, which will be marketed when vacated, at the guide price they advise.

Barrow St Aidan/Barrow St John: Possible sale of St John's will be deferred due to the occupation by the Pioneer minister. Redecoration and re-carpeting required to enable market re-letting of St Aidan's will now be progressed.

Skelsmergh: Rent review process is underway with consideration of notice if realistic alternative housing plans are not agreed.

Sales In Progress:

- Kirkbride
- Workington St John - completed 20th October
- Rosley

### **Other Diocesan Board of Finance Properties**

Barrow St Paul Church Halls: The church halls were originally a school until a replacement school, on a new site, was built in about 1958. The buildings have since remained in the possession of the parish and been used as church halls. Now in need of extensive repair/refurbishment options are being explored including possible sale for development. The Board agreed to the PCC registering title and, should they wish, pursuing sale subject to usual Charities Act requirements.

### **Closed Churches**

Croglin St John the Baptist: The feasibility report has been received. It needs to be reviewed with the Church Commissioners.

Blawith Old Church (Ruin): The Commissioners have published the draft disposal scheme.

Rampside: Formal closure remains delayed as the Commissioners await a report on title.

### **Glebe**

Gelt Bridge Farm: Missing title documents may cause some delay with the sale.

## **PART D FINANCIAL STATEMENTS AND REPORTS**

**18. Treasury and Investments:** Ric Jaques reported on the fund statements. The investment portfolio has come through the pandemic very well, and the value and income of our investments over the last 20 months has grown, although the strengthening share prices will reduce the buying power and hence yield of property sale proceeds invested over the coming months. Suitable alternative investment assets and particularly in green energy or social impact schemes are proving to be harder to find than had been expected, but we will continue to explore options. The global economy is still at a very early stage of any long-term plan to fund the cost of the pandemic and the impact of supply chain issues, inflation and the energy crisis have some way yet to being resolved.

**19.** The Committee noted the statements and updates on the following funds:

- Minor Funds Update
- Pastoral Account Statement
- Glebe Statement
- Barchester Statement
- Parish Property Fund
- Growth Fund Statement
- CCL
- Loan Statement

**Resolution relating to Melmerby Loan:** The Board discussed the ongoing situation surrounding the loan that was made to Melmerby PCC in June 2014. Attempts to seek repayment have been hindered by a number of local financial and pastoral issues. Representatives of the Mission Community leadership team have now become involved and have suggested a way forward. The Finance Committee agreed to the proposal to write off the loan and accrued interest in exchange for a one-off payment of £2,637, with the PCC then making a 2021 Parish Offer of £2,000 and committing to the same next year.

**20. Date of Next Meeting: Wednesday, 19<sup>th</sup> January 2022**