

CARLISLE DIOCESAN BOARD OF FINANCE LTD

Minutes of a meeting of the FINANCE COMMITTEE of the CARLISLE DIOCESAN BOARD OF FINANCE LTD AT CHURCH HOUSE, PENRITH ON WEDNESDAY 18TH SEPTEMBER 2019

Present:

The Archdeacon of West Cumberland	Mr D J Bradley
The Archdeacon of Westmorland and Furness	Mr A R H Cook
The Revd A Towner	Mr J Edwards
	Mr J E A 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

FC19/110 Opening Prayers: Opening prayers were led by the Venerable Vernon Ross, Archdeacon of Westmorland & Furness.

FC19/120 Apologies for absence: Apologies were received from the Bishop of Carlisle, the Archdeacon of Carlisle and Sue Green. The Chair welcomed Janet Busk and David Dalgoutte who had been put forward as potential co-optees and were present to observe the meeting.

FC19/121 Minutes: the minutes of the meeting held on 17 July were approved with Ric Jaques authorised to make a minor change clarifying the new arrangements for authorising online banking payments.

FC19/122 Matters Arising from the Minutes: Mr Jaques reported that work to update the Risk Register following the July meeting was substantially undertaken but not yet completed. Sophie Hodge reported that the stewardship work at Scotby church that was a condition of a growth fund grant had now happened but had not been undertaken in as rigorous way as she would have hoped. As a consequence she was not confident that it would have a significant impact.

FINANCIAL POSITION AND MAJOR FINANCE MATTERS

FC19/123 Management Accounts

The Committee received the management accounts to 31st August 2019. Ric Jaques reported that the accounts for the first 8 months of 2019 showed a surplus of £102k, which was £160k better than the phased budget, but £164k worse than at the same stage last year. A continuing level of unbudgeted Clergy vacancies and strong investment and rental income were key factors in this position. Parish Offer and parochial fee income levels remained a concern. The forecast to the end of the year showed a surplus against the budgeted break even position, but there were some one off items which had potential to reduce this. With some work around how the God For All spend to budget was expected to progress over the remainder of the year and suitable estimates included, the main

improvement since the forecast 2 months ago related to the material underspend likely from the 'CCL' part of this team, given the gaps in staffing this year.

There was a question about whether the covering report could be presented differently to make clear that the second part of it was looking at projections to year end. Mr Jaques agreed to look into that issue.

FC19/124 Parish Offer Review

Mr Jaques introduced a paper setting out a proposal which he asked the Committee to approve to go forward to Diocesan Synod and the Board of Finance in October. He reminded the Committee that at their July meeting they had approved a direction of travel which was consistent with the proposals now being put forward. In March 2018 the Diocesan Synod had approved progressing the Review to a pilot stage with 6 Mission Communities, with a view to setting their 2019/20/21 Offers as part of that year's process.

Based on the knowledge and experience gained in the pilot phase the plan was to proceed with adopting the piloted approach across the Diocese and county as a whole.

The paper for the item was accompanied by a "guide" which set out how the system would operate in the future. It addressed areas such as the Mission Community basis for future offers, but with full cooperation and agreement of constituent parishes and churches; the continued aspiration for Parish Offer plus parochial fees and rent on vacant parsonages to equate to the costs of local ministry; realism and generosity continuing as key themes underpinning the system; an approach based on conversations between representatives of the Diocese, including Archdeacons, and representatives from a Mission Community; flexibility over the details of operation so that local contexts and ideas could be respected; an attempt to agree three year aspirations for Mission Communities' Offers; continued communications about the issues and process similar to those adopted in 2019; and the promotion of good stewardship practices in our churches.

Mr Jaques reiterated the fundamental importance of the Parish Offer to our financial sustainability. If the Offer did not keep pace with clergy cost inflation after 2020 while other things remained equal, it was hard to see how the Diocese would remain financially sustainable.

The Committee discussed the proposals and a number of related issues including: the potential for the approach to be fully ecumenical; the scope and value of encouraging mission communities to set aspirations for their future offer in relation to their cost of local ministry; encouraging mission communities to share their plans for finance and mission in wider groups, as was happening already in Derwent Deanery; the value of PCCs making their accounts available to inform discussions within mission communities; the need for mission communities to set budgets as part of achieving sustainability; the importance of continuing to make every effort to communicate clearly around the Offer; and making clear that the Diocese sought to work in partnership with the mission communities to resource local mission and ministry. There was some debate about whether the hypothecation of all income from Parish Offer, parochial fees and rent towards meeting the costs of local ministry was a sound approach or whether we should encourage parishes instead to look at Diocesan finance in the round.

The Committee agreed that the proposal should go forward to Diocesan Synod and the Board of Finance for consideration in October.

FINANCE – MINOR MATTERS

FC19/125 Parish Offer: The Committee received a report on Parish Offer receipts to 31st August 2019 and indicative 2020 offers. Mr Jaques reported that he was budgeting for a 99% collection rate in 2019. This would represent an improvement on the 2018 outturn but would be in line with previous years. He was however very concerned about the Offers submitted so far for 2020 which showed a 2.9% cash reduction on those for 2019, equating to a real term fall of over 5%. A number of Offers had not yet been received but these were not expected to improve the position. It was particularly concerning that this fall was happening after so much effort had been put into communications around the Offer throughout the year. The Committee noted the figures with concern and agreed that this issue would be part of the discussion in the afternoon's workshop on future financial and resourcing strategy.

FC19/126 Rydal Hall: The Committee noted the draft Minutes of the meeting of the Rydal Board held on Tuesday 16th July 2019 and the associated Management Accounts for the period to 31st July 2019. The Venerable Richard Pratt reported back from the Board meeting. He expressed concern that the last two months had not seen a continuation of the encouraging trend since Easter. Revenues were growing strongly, being 10% up on the previous year but costs were also up, principally in areas where it was hard to see that they could be avoided, such as increases in the National Living Wage and essential property repairs.

The Board was continuing to work on areas such as researching and implementing a policy on room occupancy and rates, developing performance indicators and supporting the staff and management team. The Chair commented that as our agreed approach was to require Rydal to be financially sustainable without ongoing support from the Board of Finance, if performance did not improve to that level we would need to open a debate about the future. The importance of focussing on the role that Rydal was playing in the realisation of the Diocesan vision was also stressed.

FC19/127 Financial implications from associated meetings: Derek Hurton reported on a range of meetings which had discussed issues with a financial dimension. An application for Strategic Ministry Funding had been discussed at Bishop's Staff and Bishop's Council meetings and submitted to the Church Commissioners. This potential new funding stream was designed to enable dioceses to fund the full costs of additional curates in training. We would know in late October whether our application had been successful. There was currently no indication as to how many Dioceses had applied or how the available fund would be allocated.

The OpShop Shadow Board had met in August and had concluded that when the new OpShop company became operational the Board would not want to take on two of the existing shops in Botcherby and Currock. The Board had also asked that the Board of Finance undertake some essential aspects of work to the remaining properties in the remainder of the year. John Edwards who was a member of the Shadow Board, the DBF Finance Committee and the DBF Property Sub-Committee reported that he had undertaken the property survey that had resulted in the request for this work to be undertaken. He wanted to be clear about where decisions on this should be taken, given that until the new company started to operate, responsibility appeared to lie with the Board of Finance. It was

agreed that the Shadow Board would be asked to act in the interim as a committee of the Board of Finance and that Mr Edwards should seek quotes for the relevant work and make plans to progress it. It would make sense to cost the whole programme of work required. The Property Sub-Committee was authorised to approve expenditure as required.

FC19/128 MAT: The draft minutes of the meeting of the MAT Board meeting held on Thursday 11th July and the associated Finance Update were noted. At the last MAT Finance Committee the projected out-turn for the 2018-19 year had been presented. It had showed that, for the central element of the Trust (ie excluding the schools themselves), a drawdown of £29,000 was to be requested from the DBF.

Historically, the actual drawdown tended to be less than early forecast suggested, but we would not know the final figure until late in 2019. The amount was neutral in the DBF accounts as an equal amount would be drawn from Barchester to match the grant given.

To date, the DBF had contributed £67,100 in support of the MAT (funded from the Barchester fund) - £35,000 in 2015, £19,000 in 2017 and £13,100 in 2018. This left £52,900 still to be drawn down.

FC19/129 Stewardship Activities Report

Sophie Hodge, the Diocesan Stewardship Enabler, reported on the work she had undertaken in the previous two months. Two key areas of work had been the continued communications around the Parish Offer and stewardship, including the Bishops' Roadshows which had attracted over 400 people, and the focus groups looking at giving and stewardship in Fresh Expressions of church, which would be the subject of a report to a future Finance Committee meeting. In response to encouragement to seek a slot at Clergy Chapter and Mission Community meetings, she reported that she expected that she would have visited all Chapters and Deanery Synods by the end of her second year in post.

PROPERTY MATTERS

FC19/130 Parsonage Minutes: The minutes of the following meetings were noted:

- Archdeaconry of Westmorland and Furness – 9th May 2019
- Archdeaconry of Carlisle – 27th June 2019
- Archdeaconry of West Cumberland – 11th June 2019

Property Issues requiring Finance Committee attention

FC19/131 The Committee received the draft minutes of the property sub-committee meeting held on 16th August 2019.

FC19/132 Borrowdale: an offer had been received for the house and glebe land. In the current market the agents had said they would support sale at the offer price. However there was a chance that another prospective purchaser was interested. The Committee authorised the Property Sub-Committee to consider any offers received and approve a sale.

FC19/133 Kirkbride Rectory: Agency advice had concluded there was no merit in selling the glebe with the rectory. It was proposed to market the property for £210k, to negotiate separate sale of the glebe to the tenant (who owns adjoining land) and formally to transfer the church car park (which was historically parsonage land) to the PCC.

The Committee approved the proposed actions.

FC19/134 Rosley Vicarage: The PCC had confirmed reluctant acceptance of the decision to sale, and the sale could therefore proceed. The house was currently rented for £650/month, representing about 3.5% gross on an anticipated value of £220,000. The Committee agreed to terminate the tenancy and move to sell.

FC19/135 Stapleton Rectory: The tenants had departed at no notice for Croatia with arrears of £3,000. The property had been left in good order and would be re-let.

FC19/136 Barrow St John & Barrow Housing: Further to the review on 12th September at the Deanery chapter meeting a paper was to be prepared for the October property meeting on the future rationalisation of Barrow housing. Following further consultation the sale of the St John's house was expected to be proposed.

FC19/137 139 The Parkland, Cockermouth: No offers had so far been received whilst marketing at the new sale price. There were now plans to withdraw the property from the sale market in order to re-house tenants from Egremont rectory to allow that house to be refurbished ready for a new minister.

FC19/138 31A Stonegarth: Following the death of the tenant the flat had been emptied and keys had been handed over to Jon Greenwood. In the absence of any executor or administrator to officially surrender the flat no actions were being taken to re-let pending at least being able to write to the tenant's son & daughter to confirm their intention to surrender.

Closed Churches

FC19/139 Croglin St John The Baptist: Mitre Housing had confirmed that the church would not be viable for them as affordable housing. Time having been allowed for further consideration by the local community, but with that consideration and the affordable housing option having come to nothing, the Committee determined to proceed to the Commissioners marketing the property to see what interest emerged.

FC19/140 West Seaton Holy Trinity: The sale price had been increased and the prospective purchasers had submitted a full planning application. The Commissioners were about to publish a new draft disposal scheme for residential conversion.

FC19/141 Causewayhead St Paul, Silloth: The s106 planning agreements had been completed and consequently the purchaser's planning permission had been granted. The Commissioners would complete the final disposal scheme and final wording for the sale contract was being agreed.

FC19/142 Broughton Moor St Columba: The Archdeaconry Mission and Pastoral Committee, having considered the Church Buildings Council report, had agreed to closure proceeding so the draft closure scheme would now be prepared and published.

FC19/143 Low Wray St Margaret: The Committee approved plans to press ahead with the lease of Low Wray closed church for the proposed arts and crafts project.

Glebe

FC19/144 Kirkby Thore Glebe: An increased figure for release of covenants and mineral rights had been agreed with the landowner and the enlarged land area and a share of proceeds agreed with the PCC. New glebe notices and Charities Act notices had been issued,

a faculty application had been recommended by the DAC and was being processed. It was anticipated that planning permission on the land might be completed as soon as October, which would clear the way for completion of sale of the land and release of the covenants.

FC19/145 Addingham Glebe Little Salkeld: Agreement had been reached for sale, retaining a 7m wide access strip and omitting reserved access rights. The target of exchange by mid September had been missed because of the delay over resolving access. The purchaser awaited search results and draft contracts had been prepared. Exchange in October was expected.

FC19/146 Thursby Glebe: The planning application had still not been determined. The ecological survey had been considered inadequate and another had been commissioned. An update on timing was awaited.

FINANCIAL STATEMENTS AND REPORTS

FC19/147 Treasury and Investments: Ric Jaques reported that CBF Fund share prices had been volatile over the previous 18 months. However, with strong global equity markets in the first 8 months of 2019, the Investment Fund had shown strong recovery and growth since January. The Property Fund share price had fallen a little this year but its income yield remained attractive.

Since the last Finance Committee, with no further property sales, the only investment decision had been to move £200,000 from Barchester's HSBC account into the CBF Deposit account to increase the interest yield.

The Committee noted the statements and updates on the following funds:

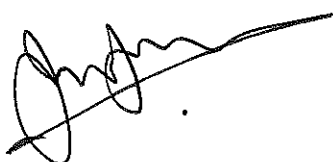
- Pastoral Account
- Glebe
- OpShops
- Barchester
- Parish Property Fund
- Growth Fund
- Loans

The date of next meeting was noted as Wednesday, 27th November 2019.

FC19/148 Dates for meetings in 2020 were agreed as follows:

- Wednesday, 22nd January
- Wednesday, 18th March
- Wednesday, 20th May
- Wednesday, 15th July
- Wednesday, 16th September
- Wednesday, 18th November

FC19/149 God for All Resourcing Workshop: After the meeting the Committee and members of the Bishop's Council took part in a Finance Strategy Workshop intended to help them understand the financial context in which the God for All Vision refresh was taking place.



Actions and Decisions from dbf Finance Committee meeting 18 sept 19

Notebook: DBF Finance Committee

Created: 18/09/2019 10:04

Updated: 26/11/2019 09:32

Action: RJ change headings on management account commentary to clarify which section relates to projections to y/e

Decision: Parish Offer: approved proposal to go to Diocesan Synod for change the approach to one based on mission communities (RJ)

Decision: OpShop premises agreed that new charity won't take shops at botcherby and currock

Decision and Action: OpShops Premises: JE to obtain quotes for work and bring to property subcommittee (JE)

Action: Ask new OpShops Board if they will take on responsibility for operations with immediate effect, acting as agents of the DBF (DH)

Actions: Property: NA to progress decisions from papers including:

- Borrowdale agree to explore second potential offer for house without glebe field; would accept £650k for house and land
- Kirkbride: to market for £210k
- Rosley: to market in the spring
- Croglin: to contact church commissioners to market the property

