

The Minutes of a meeting of the TRUSTEES of the CARLISLE DIOCESAN BOARD OF FINANCE LTD held BY VIDEO LINK on 16th November 2022

**Present:** Mr J A E Johnson (Chair)  
The Archdeacon of Westmorland and Furness  
Mr A R H Cook  
Mrs S Wigley  
Mr D Bradley  
Mr J Edwards  
Mrs J Busk

**In Attendance:** The Bishop of Penrith  
Mr D Hurton – Diocesan Secretary  
Mr R Jaques – Head of Finance  
Mrs C Bell – Office Manager  
Mrs S Hodge – Stewardship Officer (Part A)  
Mrs A Ng – Head of HR (Part A)  
Mr N Andrews – Head of Property (Part C)

**1. Opening Prayers:** Prayers were led by the Bishop of Penrith.

**2. Apologies for absence:** Apologies were received from Bishop James, the Archdeacon of West Cumberland, David Dalgoutte & Nigel Robson.

**3. Minutes:** The Trustees approved the minutes of the meeting held on 21<sup>st</sup> September 2022.

**4. Matters Arising from the Minutes:** The Trustees 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.

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

**5. Management Accounts:** Ric Jaques introduced the Management Accounts to 31<sup>st</sup> October 2022. The accounts for the first 10 months of 2022 show a surplus of £254k, which is £42k better than the phased budget.

Underspend is around £178k, which is around the level of underspend now forecast for the year. Income is now £135k under budget, Parish Offer receipts having more than recovered from the slow first half of the year. Some investment income is below budget due to delayed property sales and a dry spring for the hydro schemes. Contributions from other funds also reflect delayed property sales, as well as reduced spend which in turn reduces the need to draw in that funding.

The forecast for the year is based upon the current view of likely clergy moves and other factors affecting the final 2 months of 2022. Restructuring costs are not currently forecast as needing to be funded by the designated sustainability fund, and an assumption remains that over 99% of parish offer pledges are received. It shows a forecast surplus of £65k. There are options for designating any surplus funds at year-end to support work in 2023 and provide the £250k of working capital that Synod committed to Rydal Hall in 2021. Decisions on designation can be taken at the January meeting.

**6. Parish Offer:** The Trustees noted the Parish Offer Receipts to 31<sup>st</sup> October 2022 and Ric Jaques introduced the Parish Offer paper. After a slow start this year, some gentle chasing in the summer from the Archdeacons appears to have been effective in achieving a good flow of receipts despite the financial uncertainties our parishes and congregations are facing. There has been little to suggest that parishes in general are unable to pay in full, although there are isolated exceptions. Some arrears have been paid.

It was suggested that in the future the Parish Offer paper could also show the ministry cost for each deanery and Mission Community. Ric Jaques explained that there were already plans for the presentation of the data in the new year that included reporting on this basis.

Sophie Hodge updated Trustees on the Parish Offer process to be followed in 2023 for the Offers for 2024. Parish Offer is a very significant component of an ambitious budget, with an expected requirement for 3% and then 2% increases from 2025 onwards. That is in the context of Parish Offer having decreased by 40% in real terms over the last ten years. Given these factors, making a success of the Offer needs to be an organisational priority for the Diocese over the budget period.

The plan is to shift from parish by parish offers to Mission Community offers and 'partnership agreements' between the episcopal and the local, whereby Mission Communities come together to collectively discuss the resourcing of mission and ministry in their locality in terms of deployment and finances. The aim is that Mission Communities will eventually feel able to enter a three year agreement with the Diocese, in which each side commits to an aspired level of finance and deployment for the duration of the agreement. This process gained traction in the West archdeaconry over the last couple of years, and in 2022 it was rolled it out to parts of the North and South archdeaconries too.

Parish Offers for 2023 have increased by 2.4%, the highest level of increase in 10 years. This is particularly notable given the post-COVID context and the cost-of-living crisis.

Encouragingly, we have seen the greatest level of increase in those Mission Communities where there was most engagement with the move to a Mission Community Offer. On average, those Mission Communities who met with the archdeacons and/or Finance Team as part of the process increased their Parish Offer by 3.5%, compared to a 0.9% increase from those Mission Communities who had no direct Diocesan involvement in the process. Moreover, those who entered a three year agreement increased their offers on average by 3.8%, those who submitted a Mission Community offer increased on average by 2.7% and those who submitted a Parish Offer saw a decrease in their giving of 1.9%.

Over the months of September and October work was done to evaluate the process that was followed by parishes making 2023 Offers, and then to design the process for 2024 offers. Two focus groups were held with Mission Community Leaders in order to understand how the process had been perceived 'on the ground' and learn lessons for 2024. The Mission Community Leaders who attended the focus groups were positive about the overall process but with some specific concerns, and provided helpful feedback on a range of different aspects.

Bishop's Council have now agreed changes to the terminology from 'Parish Offer' to 'Ministry Offer' and from 'Covenant' to 'Mission and Ministry Partnership Agreement' which will commonly be known as 'Partnership Agreement'.

**7. Stewardship Activities Report:** The Trustees noted the Stewardship Activities Report. Sophie Hodge introduced the Report. Autumn is generally the busiest time of the year for stewardship support, as many churches choose to link their stewardship programmes to Harvest. This year proved slightly exceptional in that two stewardship programmes were postponed at the last minute due to the unexpected death of Queen Elizabeth II. However, there were still a good number of stewardship programmes completed in September and October, with the Stewardship Enablers supporting and preaching at stewardship programmes held in St Peter's, Kells; Milnthorpe and Beetham. St Michael's, Workington have given very positive feedback about the support they received this year, noting that after not having looked at Stewardship for 9 or 10 years, they are now planning to run a stewardship programme at the same point each year.

The first PCC Treasurers' Pie and Peas supper was held in Burneside, just outside Kendal. Over 20 treasurers attended. The evening was very upbeat with many treasurers surprisingly optimistic given the economic backdrop.

**8. Data Breach:** Ali Ng updated Trustees on the recent data breach, providing additional information to that previously reported by email. As reported, the principal cause was human error, compounded by a specific security weakness in some shared mailboxes. All those individuals and organisations whose data was breached have been notified and advised about remedial action.

The ICO were notified and decided that regulatory action was not required. Action Fraud, the UK's national reporting centre for fraud and cybercrime were notified and stated that as 'it has not been possible to identify a line of enquiry which a law enforcement organisation in the United Kingdom could pursue' they have closed the case. A number of steps have been taken in response including applying Multi Factor Authentication (MFA) to a small number of remaining accounts with a Carlisle Diocesan email address. All shared mailboxes have now been configured to be secured through MFA. A Serious Incident Report will be provided to the Charity Commission.

Derek Hurton highlighted to Trustees that the management team regard this as a very serious incident and that substantial time and effort has gone in to understanding what happened, dealing with the fallout and implementing changes to further secure the IT system.

## **PART B FINANCE – MINOR MATTERS**

**9. Financial implications from associated meetings:** The Trustees received the paper on the financial implications from associated meetings. Derek Hurton expanded on proposals for our application of the national Energy Grant scheme. This is a support package from the Church Commissioners. Each diocese has been allocated money and we are free to allocate it however we see fit, with the intention that it supports churches and clergy who are struggling with their energy bills. We have been allocated £220k and we plan to have a simple approach under which if a parish is not on a fixed rate energy tariff, faces a substantial increase in their bill and doesn't have substantial free reserves they can apply for support. An element of the funding will be top sliced for allocation to clergy suffering hardship as a result of increased bills and this will be distributed via the Bishop's Office on the same basis as the support for that purpose provided by the Church Commissioners earlier in 2022. We also want to try to target some of the funding towards churches who are opening up as 'warm spaces'. Ric Jaques will email Trustees the proposal for their input and comments.

**10. Rydal Hall:** The Trustees noted the management accounts to 30<sup>th</sup> September 2022 and draft minutes of the meeting of the Rydal Board held on 11<sup>th</sup> October 2022. Ric Jaques introduced the Rydal Hall item.

October was on budget and achieved break even, although the current projection for the overall year is to make a loss of approximately £65k. Some of this is due to one-off factors such as restructuring costs, the dry weather (which means buying in electricity at higher prices than those for power generated at the hydro plant) and the need to pay high agency rates for chefs. Other elements appear to be increasingly 'hard-wired' into the structural costs, including higher wage rates and inflated food and other costs, which will not reduce going forwards. A hard look at the pricing is needed while remaining conscious of how the prices compare to other providers, and to what guests and customers are likely to be able and willing to pay in what will continue to be difficult economic conditions in 2023.

The Chair reminded Trustees of the debate at Bishop's Council and Synod in 2021 about the place of Rydal Hall in our mission and outreach.

**11. Good Shepherd Multi Academy Trust (MAT) & Academy Schools:** The Trustees noted the draft minutes of the meeting held on 15<sup>th</sup> September 2022 and approved the Appointment of Charlotte Tudway, the Director of Education, to represent the DBF as a member of Crosby-on-Eden School.

A Trustee commented that some parts of the MAT's minutes can be difficult to follow given the technical language used. The Trustees agreed that once a year Charlotte Tudway should be invited to attend a meeting to give an update both on the Good Shepherd Multi Academy Trust, and the development of future MATs.

## **PART C PROPERTY MATTERS**

**12. Property Issues requiring Finance Committee attention:** Derek Hurton introduced the paper setting out changes to the roles in the Property Department following recent staffing changes and a review of the roles. The objectives of the change are to provide dedicated capacity for particular elements of the work and to use the skills and experience of staff in the most effective way.

The changes should be cost neutral as additional staff costs will be offset by savings on payments to external surveyors undertaking Quinquennial surveys and increased investment income achieved by pushing disposals through faster.

The Trustees noted that the property sub-committee meeting scheduled for Friday 21st October 2022 was cancelled, so no minutes were received. The next property meeting will be 9.30am Friday 16th December 2022 by Zoom. A representative from Walton Goodland was due to attend the cancelled October meeting and will be invited to the December meeting.

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

#### **Matters Requiring Further Finance Committee Consideration And Approval**

Coniston Vicarage – It has been agreed that the tenants, who are aware sale is proposed, can remain until the end of the school year. They have expressed an interest in buying the house. Sale without marketing can present issues with meeting charity requirements to secure best terms. It has however been done where properties are “standard” enough for an agent to be confident and the board satisfied, that an agreed price is appropriate. Trustees agreed that Neal Andrews should obtain a valuation which could inform an initial conversation with the tenant.

#### **Significant Update Items To Note Since The Property Meeting**

Grasmere Replacement Rectory – The Purchase of Willow Bank continues. All documentation is in place and dates are awaited from down the chain. It is hoped completion might be at the very end of November or early December. The surveyor has been instructed to produce survey drawings and develop proposals. The house will require extensive refurbishment and a garage conversion/extension to provide a study. An eco retrofit is being considered.

The Chair informed Trustees that Grasmere replacement rectory has a direct connection to housing issues at both Windermere and Langdale Vicarages, the latter having been identified as a property that can be sold, and the former currently occupied by the vicar of Grasmere, pending the provision of an alternative house. With a curate coming into the deanery and expected to be housed in Windermere, the idea is that if Grasmere Rectory isn't ready by the time the curate arrives, Langdale Vicarage might have to be used as a backstop, thus delaying the sale. This matters because the recently agreed 2023-2027

budget is dependent upon achieving the sale of surplus properties such as Langdale in order to generate funds that can be invested to provide long term income to support ministry. After much discussion it was agreed that work on Grasmere Rectory will be prioritised and that the situation will be reviewed in January. If at that point it is clear that the work will not be completed in time, then all the alternatives will have to be considered.

Wigton - The Purchase of 31 Lowmoor Row continues. All documentation is in place and there is a provisional completion date for 6th December.

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

#### **Matters Requiring Further Finance Committee Consideration and Approval:**

Mungrisdale Churchyard Extension - The parish wish to extend the churchyard at Mungrisdale. Under the provisions of the Church Property Measure the DBF acquires land for churchyard extensions which, under the provisions of the measure, automatically vests in the incumbent. The parish are meeting the purchase price and all costs. They have planning permission. The registrar is confirming that the DAC foresee no issue with the required faculty. Consecration will follow on from the required enclosure work. The Trustees approved the DBF acquiring the land, to be vested in the incumbent.

### **Closed Churches**

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

Carlisle Holy Trinity – Formal closure is expected to come into effect on 1st December. Arrangements are in hand, and agents are instructed on marketing for sale.

Blawith Old Church (Ruin) – Sale completed on 21st September.

Brougham St Wilfred – The Commissioners have advised that issues raised by a neighbour who controls access and parking are preventing the scheme being made to close and vest the church in the Churches Conservation Trust. Further information is being sought from the Commissioners. For the time being it is not known how or if the issue can be resolved so that the scheme can go ahead.

### **Glebe**

#### **Matters Requiring Further Finance Committee Consideration and Approval**

Orton Glebe - A sale has been agreed but publication of Glebe Notices prompted interest from another potential purchaser. The Trustees agreed to ascertain whether that purchaser has the necessary funds with a view to inviting final bids for the land.

126 Dalton Road, Barrow-in-Furness – DEBRA have indicated that they are no longer interested in continuing to pay rent on the property. Walton Goodland have valued the

property with advice suggesting a depressed value and little prospect of improvement. Previously it was proposed to proceed to market for sale of let. The Trustees agreed to let DEBRA stay rent free for the time being on the understanding that the property will go on the market for rent or sale.

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

Gelt Bridge Farm – The application for title registration has been submitted with a request for it to be expedited in light of the pending sale.

Stanwix Glebe Field – The school have still not committed to leasing the land. As previously suggested, the lease will now be offered to the football club who have had the tenancy at will for several years. In taking this decision Trustees recognised that the potential loss of use of the field by the school might cause local concern.

Kirkbride, Land Opposite Former Rectory – Two neighbours have expressed interest in the land. Best and final offers have been invited.

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

**13. Treasury and Investments:** Ric Jaques reported on the fund statements. The Investments Sub-Group comprising of Jim Johnson, Derek Bradley and Ric Jaques have a meeting scheduled for 22nd November by Zoom.

The Investment Fund price is being monitored weekly because of the current potential for market turbulence. Price fluctuations have however not been significant, with the highest weekly movements between 3% and 4.2%. Neither increases nor decreases have been sustained for many weeks. The Property Fund share price fell in October by 5.2% and is also monitored closely. By the end of October, the Investment Fund share price had fallen since 1st January by 11.0% and the Property Fund shares by 1.1%. Both saw growth of over 14% in 2021. CCLA have moved to decrease the liquidity of the Property fund, now requiring 6 months' notice to withdraw funds. Given our long term investment timescales, fluctuations in capital values are of less immediate interest to us than any changes to dividend rates.

The interest rate on the CBF Deposit Accounts which had fallen last year to 0.01% has more recently increased as the Bank of England base rate increases. The rate now stands at 2.25% with more increases expected. It is expected that base rate will continue to increase further while inflation remains high. We are likely to move into a position where interest rates are higher than the yield on the CBF Investment Fund and this issue will be discussed at the November Investment Sub Group meeting.

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

- Minor Funds Update
- Pastoral Account Statement
- Glebe Statement
- Restore
- Barchester Statement

- Parish Property Fund
- Growth Fund Statement
- Loan Statement

Rob Cook gave a verbal update on Restore. The Penrith shop has been doing well. On average all of the stores are taking between £1.5k and £2k a week. The next challenge is to move towards Gift Aid, and to train volunteers to sign people up for Gift Aid when they donate items. Karen Parr has produced the statutory accounts for last year and Dodd & Co will produce the final accounts as well as the independent examination.

It was agreed that Rydal and Restore should be moved up future agendas while there are substantial ongoing developments.

Derek Hurton reported briefly on the cost of living and increases in salary levels across 2022 and 2023.

**14. Date of Next Meeting: Wednesday, 18th January 2023**