

The Minutes of a meeting of the FINANCE COMMITTEE of the CARLISLE DIOCESAN BOARD OF FINANCE LTD held BY VIDEO LINK on 16 MARCH 2022

Present: Mr J A E Johnson (Chair)
The Bishop of Carlisle
The Archdeacon of Carlisle
The Archdeacon of Westmorland and Furness
Mr A R H Cook
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
Mr N Andrews - Property Secretary (Part C)
Mr M Jayne – Chair of the Property Sub Committee (Part C)

1. Opening Prayers: Prayers were led by Sue Wigley.

2. Apologies for absence: Apologies had been received from Stewart Fyfe, Archdeacon of West Cumberland

3. Minutes: The Committee approved the minutes of the meeting held on 19th January 2022.

4. 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. The action point relating to setting the Finance Committee's objectives had not been actioned but would be moved forward when time allowed.

The Chair raised 2 items that were not on the action sheet. The first was the possible need to set up additional Diocesan Multi Academy Trusts. Ninety church primary schools were yet to become academies but might have to do so within a very short time frame. It was as yet unclear how the MAT and DBE would achieve that, and the resource implications for the DBF were also unknown. It was expected that there would be a White Paper published in March which would give more clarity. The second item was the narrative about traditional ministry and new outreach initiatives. It was important to emphasise that the vision for the future of the church included a range of different approaches to ministry and mission and that often the traditional and new were blended together within individual churches.

Following on from a discussion at a Deanery Synod a question was raised about the criteria for awards from the Diocesan Growth Fund. The criteria were already very broad and awards could be made to projects that would lead to Church Growth of any sort, particularly growth in numbers, but also growth in spirituality and growth in community engagement/contact. Awards would however not be granted for buildings maintenance.

PART A FINANCIAL POSITION AND MAJOR FINANCE MATTERS

5. Management Accounts: Ric Jaques introduced the draft management accounts for the year to 31st December 2021. It was not anticipated that there would be changes prior to the audit visit in late March. The final costs and provisions for 2021 housing project work were around £35k lower than projected, so the final result for the year, before any decision to designate any of the gains made, was a surplus of £126,151, against a budgeted loss of £54,805.

Looking to the future, we expect to be facing financial pressure in a number of areas and there might be merit in designating some or all of this year's unrestricted surplus. This could mean making provision for further funding around restructuring costs, school academisation or costs incurred in reaching net-zero carbon emissions. There was already a designated fund for 'sustainability' including costs of restructuring. The Board agreed that £125,000 would be designated to that fund to be used for future projects.

PART B FINANCE – MINOR MATTERS

6. Financial implications from associated meetings: The Board received the paper on the financial implications from associated meetings. They noted that the Chair and Derek Hurton were hoping to meet a potential candidate for co-option to the Committee following the Finance Committee meeting.

Bishop James agreed that it would be helpful for the next Bishop of Penrith, who was expected to be appointed in July 2022, to attend Finance Committee meetings in a non-voting capacity in order to understand the Committee's role and ways of working in advance of the next Vacancy in the See of Carlisle, which they would cover.

7. Rydal Hall: The Committee noted the management accounts to 31st January 2022, final draft accounts to 31st December 2021 and draft Minutes of the meeting of the Rydal Board held on 18th January and 22nd February 2022. Ric Jaques introduced the management accounts. Overall, they showed a loss in January of £39,777 against a budgeted loss of £37,950. January always made a significant loss as one of the very quiet months and this January was very quiet in the Hall, largely due to some groups having to be cancelled due to the flooding. They had however received another one-off hospitality Covid grant which had offset the loss of income. Rydal's insurers were in touch with United Utilities in respect of a claim for the damage and loss of business caused by the flooding. Rydal were actively monitoring occupancy and linking with booking sites to try to fill vacant rooms. During spells where the hydro scheme did not operate due to low water levels in Rydal Beck Rydal had to import much more expensive electricity from the grid. Rising costs of living and fuel

were not yet factored in as the budget had been developed in April/May 2021 when these rises were not expected.

The question was raised about liabilities for resurfacing the road up from the A591 and Rydal's car park. Work on the car park would be Rydall Hall's responsibility and it had been agreed at the recent Rydal Board meeting that relevant improvements would be made. These had been budgeted for. The resurfacing of the road however would fall to the DBF. There had been correspondence on that issue in spring 2021 but things had gone quiet recently, so it was unclear what the cost would be or when work might take place.

As part of the DBF's audit our auditors had sought the usual commitment to Rydal Hall as a subsidiary company. The Finance Committee agreed that the Carlisle Diocesan Board of Finance (CDBF) remains committed to the work and ministry of Rydal Hall Ltd. The CDBF will continue to keep the ongoing operation and viability of Rydal Hall Ltd under close review in the course of 2022 and 2023, and to give both practical and financial support, if required, to enable it to deliver its work as part of the Diocese's God for All mission strategy.

8. Stewardship Activities Report: The Committee noted the Stewardship Activities Report. Ric Jaques highlighted that we are engaging again with the Parish Giving Scheme, and that Grant Forrest, the new CEO of the scheme was developing and promoting it positively, including aligning it with the National Giving Strategy. It was suggested that legacy giving could be promoted alongside the Parish Giving Scheme if we decided to join.

9. Good Shepherd Multi Academy Trust (MAT): The Committee noted the draft minutes of the meeting held on 27th January 2022, and the Committee agreed to put Richard Pratt's name forward to become a director on the MAT Board. If the members appointed him then a new member would need to be nominated by the DBF.

10. Parish Offer: Ric Jaques introduced Parish Offer. Much work had been, and continued to be done, to roll out the 2023 Parish Offer process, with a move to get more Mission Communities setting their Offer collectively rather than as individual parishes and some moving onto a 3-year covenant approach from 2023. He hoped that all churches would be part of a Mission Community-based covenant approach no later than 2025.

PART C PROPERTY MATTERS

Neal Andrews and Martin Jayne (Chair of the Property Sub Committee) joined the meeting.

11. Property Issues requiring Finance Committee attention: The Committee noted that there were no minutes for the scheduled February meeting as it had been cancelled due to illness and that the next property meeting would be 9.30am Friday 22nd April (by Zoom) Any finance committee member wishing to attend was to advise Neal Andrews.

With the periodic management review not having been possible in February it was agreed that Neal Andrews would set up a special meeting with Walton Goodland.

Vacant Properties and House sales

Forthcoming Vacancies

Carlisle St Barnabas – Kristian Tjemsland, the Network Youth Minister and Intern Programme leader seconded from the NMS to vacate the house in the summer. There had been various ongoing discussions about the number of houses in the benefice, and there were alternatives available if another UK interim appointment was made. The Board agreed for Neal Andrews to consult with the Mission Community about selling the house once it is vacant.

Seascale Vicarage – it had been agreed in principle some time ago that we would give a generous lease of the building to Shackles Off, a local Methodist charity. The Board approved a rental figure with a recommendation that the charity apply to the Diocesan Growth Fund for support if they felt they would struggle to achieve the rent required.

Skelsmergh – occupied by a retired minister who had provided ministry support to the Beacon Team. The Board agreed the recommended approach to helping him find alternative accommodation.

Vacant Houses for Refugees: a parish had made an approach with a request for a vacant parsonage to be made available for Ukrainian refugees. There had also been queries from clergy about whether they could accommodate refugees in their houses. Many church members were also understood to be offering properties or rooms in their homes for this purpose. There was no in-principle reason why clergy could not make rooms available but there would be some administrative requirements in relation, for example, to informing our insurers. National guidance was expected on the process for accepting refugees. As far as parsonages were concerned there was unfortunately little scope to make these available because of the need to be able to accommodate local clergy or to use them for other diocesan purposes. Experience showed that it could be difficult obtaining possession of vacant parsonages once they were let in such circumstances. The Board discussed the issue at length and referred it to the Bishop's Leadership Team for a steer to the Property Sub-Committee.

House Sales

Rockcliffe Vicarage – The house had been offered to the tenant at the agent's recommended figure. A response to preliminary consultation with the Mission Community over the proposed sale had been requested but this had not yet been received. The Board agreed to wait until after the next Property Sub-Committee meeting to give the mission community the opportunity to respond before proceeding.

Housing

Matters Requiring Further Finance Committee Consideration And Approval

Natland and Crosscrake – There was a pastoral scheme moving forward to unite the benefices of Natland, Crosscrake and Old and New Hutton. Two current parsonage houses

are situated within it. The Board gave consent to the scheme on the basis that Natland would be the parsonage house for the new benefice but on the understanding that a suitable replacement house in Natland would be sought.

2021 Housing Budget Accruals - The Board approved the appended schedule where provision had been requested for an accrual in the 2021 accounts for incomplete housing work.

Significant Update Items To Note - Pooley Bridge Vicarage – possible lease remained with the registrar.

Other Diocesan Board of Finance Properties:

Matters Requiring Further Finance Committee Consideration And Approval

Restore - Lease of Unit K2, New Squares, Penrith – Restore had requested approval for the DBF to act as guarantor for a lease to Restore of Unit K2. Cartmel Shepherd had been instructed to advise the DBF on the lease and guarantor/surety provisions and had raised concerns. The Board resolved to provide the advice received to Restore. The DBF would not act as guarantor of the lease under the current terms.

Duckintree Farm and House, Kaber (DBF custodian trustee of parish property) – Approval had previously been given to sale by Kirkby Stephen PCC of Duckintree Farm. Approval was now requested to the sale of the Farm and an associated residential property let on a separate protected tenancy. Sale of both would be to existing tenants. Some queries over the qualified surveyor's reports for the sale were being addressed. The Board approved the sale of the farm and house.

Little Langdale Chapel/ Little Langdale Closed School - The PCC had confirmed they wished to register title to the chapel and flat below with a view possibly to proceeding with a sale. The Board approved registering title to the chapel and flat for the PCC and, subject to a suitable Charities Act report in support, sale of the property.

Significant Update Items To Note

17 Wordsworth Drive Kendal & 34 Valley Drive, Kendal - The purchase of 17 Wordsworth Drive had again fallen through. 34 Valley Dive had consequently been withdrawn from the market pending finding another suitable property.

Bardsea Schoolroom – Further to approval of the sale the contract and transfer had been received for signing.

Closed Churches:

Letter From The DAC – a letter had been received from the Chair of the DAC raising concerns about the maintenance of closed churches and the potential for further work if more churches close in the coming years. Work was already underway to assess the overall

capacity in the Property department, including the demands associated with closed churches. Proposals were likely to come forward to deal with the backlog of work, ideally on a cost-neutral basis.

Carlisle Holy Trinity – The Church Commissioners had published for consultation the draft closure scheme. The Baptist Church remained interested in taking on the site. Valuation figures had been shared with the Baptists, noting that the PCC would want to secure good value for the sale of the hall. The Board were asked to consider on what terms the diocese may be prepared to sell/transfer the church part to the Baptists. It was agreed that the decision would be deferred until the Archdeaconry Committee meeting had reconvened and the local churches had had an opportunity to consult with each other.

Glebe

Gelt Bridge Farm – Questions had been raised about the valuation of the farm and our agents had been asked to update their advice. The agents continued to support the sale at the agreed price and the Board accepted that advice.

DeBRA – 126 Dalton Road, Barrow – the Board agreed to proceeding with the lease renewal including the 3 year tenant break.

Church House – DWP/Job Centre Lease – the Board agreed to reject the proposal to amend the lease to omit the tenant break clauses.

School Property

Matters Requiring Further Finance Committee Consideration And Approval

Blencogo Village Hall – The property was leased to Bromfield Parish Council on behalf of the Blencogo and District Village Hall Committee. The Committee were becoming a Charitable Incorporated Organisation and therefore capable of holding the lease in their own right. Assignment of the lease to them was requested. The Board approved assignment of the lease, subject to costs being met.

Cartmel Primary – Nursery Lease Renewal – The Board agreed to approve, subject to suitable professional advice being obtained on the terms of the proposals, the renewal of the nursery lease.

Penny Bridge School - As part of arrangements being progressed to regularise the nursery occupation of the site an amendment was proposed to alter the head lease from DBF to County Council to change the designated access. The Board approved the lease amendment.

PART D FINANCIAL STATEMENTS AND REPORTS

12. Treasury and Investments: Ric Jaques reported on the fund statements. We continued to be confident in CCLA's ability to navigate through the current economic and political uncertainty but we're monitoring the Investment Fund price on a weekly basis. At the end

of February, the Investment Fund share price had fallen by 7.2% but the Property Fund share price had increased by 4.25%. Both had seen growth of over 14% in 2021.

Although markets were experiencing shocks from the growing fuel crisis and invasion of Ukraine, our approach and investment portfolio, and in particular its ability to generate long-term income to fund mission, remained sound and strong. We would continue to monitor developments and liaise with CCLA, and the Finance Committee would be consulted should there be any material change required.

13. The Committee 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

John Edwards gave a verbal update on Restore. Two of the major issues for Restore were the lack of volunteers and potential loss of some Directors/Trustees. Restore received a large amount of donations but needed volunteers to process them and display them in the shops. Given the thinly stretched staffing situation, any sickness absence created difficulties in keeping shops open. There was also nervousness about current levels of trading and whether budgeted sales would be achieved. The Chair would liaise with the Chair of Restore over these issues and the appointment of Directors/Trustees.

14. Date of Next Meeting: Wednesday, 18th May 2022