

The Minutes of a meeting of the TRUSTEES of the CARLISLE DIOCESAN BOARD OF FINANCE LTD held BY VIDEO LINK on 18th January 2023.

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

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)
Mr N Andrews – Head of Property (Part C)

1. Opening Prayers: Prayers were led by David Dalgoutte.

2. Appointment of Chair, Vice Chair & Sub Committee Membership: The Trustees approved the appointment of Jim Johnson as Chair and Sue Wigley as Vice Chair.

The Chair informed the Trustees that Martin Jayne had stepped down as Chair of the Property Sub Committee and suggested that Christopher Gray of Edwin Thompson should be co-opted as a replacement member. The Trustees agreed to the co-option and to reappoint the following members of the Property Sub Committee - Jim Johnson, John Edwards, Rob Cook. The Investment Sub-Committee members, Jim Johnson and Derek Bradley were reappointed. The Chair highlighted to Trustees that they are welcome to attend any of the Sub Committee meetings if they wish.

The chair drew attention to the fact that he will have to step down at the next elections in 2024, with a new Chair starting from 1st January 2025. He suggested that a prospective Chair might take on the role of Vice-Chair next year.

2. Apologies for absence: Apologies were received from Bishop James.

3. Minutes: The Trustees approved the minutes of the meeting held on 16th November 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.

The Chair raised the question of Emmanuel College (ETC) Trustees and whether Bishop Emma has stood down. Nigel Robson, who is a trustee, confirmed that Bishop Emma has stood down. A new Trustee has been appointed in her place. Nigel agreed to provide an update on developments at ETC at a future meeting.

5. Proposed dates for 2024: the following meeting dates were approved:

24th January

20th March

22th May

17th July

18th September

20th November

PART A FINANCIAL POSITION AND MAJOR FINANCE MATTERS

5. Management Accounts: Ric Jaques introduced the Management Accounts to 31st December 2022. As the year-end process continues and late invoices and receipts are processed, the figures will change at the margins but should be reasonably close to the final outcome.

Early draft accounts for the year before revaluations show a surplus of £41k which is £43k better than the budget. There will be more adjustments as late invoices and receipts come in, but these are not expected to net to significant sums, perhaps amounting to £30k of net income. Underspend is around £251k, with significant savings or underspending on clergy costs, the God for All Team and care for buildings, with only 2 areas showing modest overspends. Income is £208k under budget. Parish offer, prior to January receipts, ended the 12 months £69k below budget but parochial fees are £28k over budget. 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 and grants which, in turn, reduces the need to draw in associated funding streams.

Given the expected small surplus, a sum of £100k could be designated at December 2023 to start building the working capital fund for Rydal Hall agreed at the March 2021 Diocesan Synod. At that meeting the ongoing place of Rydal Hall within our vision and strategy had been affirmed and a sum of £250k allocated. With some significant capital spend required now is an appropriate time to begin to set aside funds.

6. Ministry Offer: Ric Jaques introduced the Ministry Offer paper.

After a slow start this year, gentle chasing in the summer proved to be effective in achieving a reliable flow of receipts through much of 2022, despite the financial uncertainties our parishes and congregations are facing. Overall the year might finish a little lower than projected. Ric and the Archdeacons are liaising with parishes with outstanding arrears from previous years and some payments are now being received.

Sophie Hodge updated Trustees on the Ministry Offer process. In the autumn of 2022 we reviewed the 2023 offer process with Mission Community leaders and subsequently agreed the process for the 2024 offers. Since then a key task has been to communicate this effectively to Mission Community Leaders. This was achieved via training delivered during Mission Community Leaders' meetings in each of the archdeaconries. The emphasis was on ensuring Mission Community Leaders understood: the process for making 2024 Offers; what their role in the process will be; and how Ministry Offer fits into the refreshed Vision and Strategy and 5 year budget.

31 Mission Community leaders were present at the training, and those who were not present have been followed up. Although the training in each archdeaconry had a different 'feel', owing to the fact that each archdeaconry is in a different place on this journey, the training was well received in each case. Overall, Mission Community Leaders engaged well with the topic, were supportive and on board, and appeared positive about Diocesan efforts to engage and include them on this matter.

Outcomes of conversations with Mission Community Leaders as to the type of Ministry Offer they can operate this year are that 8 Mission Communities will continue to set their Ministry Offer at parish level, 23 Mission Communities will set a Ministry Offer at Mission Community level and 14 might enter a Partnership Agreement.

A risk in the process is that inflation may end up higher than anticipated when the budget was put together, resulting in higher costs of ministry than originally communicated. We updated our costs of ministry to reflect this and are communicating the new figures. The higher the actual level of inflation the harder it is for local churches to match the increase. There are also risks that the Parish Offer increase seen in 2023 offers is more a 'bounce back' from the 12% COVID drop in 2020 & 2021 than a result of the new approach, and that mission communities may not be sufficiently mature to be able to engage effectively with the process.

7. Stewardship Activities Report: The Trustees noted the Stewardship Activities Report which was introduced by Sophie Hodge. Highlights included the fact that 150 churches have now received pull up banners and/or posters aimed at promoting visitor giving in churches; and work on implementing a legacy initiative. Legacies have the potential to make a big difference to church finances. There will be a legacy week in which churches will be supported with resources and the opportunity to offer wills free of charge via a partnership with will-writing company 'Farewill'.

Ric Jaques gave an update on the Energy Grant provided from the Church Commissioners. Carlisle Diocese received approximately £200k to support parishes in combatting the rise in energy costs. This has been heavily publicised and has resulted in 124 applications being

received. The Finance and Stewardship team will assess the applications next week to discuss how to distribute the funds with an emphasis helping those churches with the greatest needs in comparison with their resources. It was suggested that each applicant should get a minimum amount as a baseline and that is something that is being considered.

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 mentioned NCI/Church Commissioners' funding for Carbon Neutral and Church Buildings for Mission. This funding is welcome but the work involved in making applications is substantial, with an expectation of increasingly collaborative bids coming from groups of dioceses and overlapping timescales for different funding streams.

10. Serious Incident Reporting: Derek Hurton informed Trustees that following changes to national guidance and responsibilities within the DBF we need to update our policy on the reporting of serious incidents and associated delegations. The changes require the Diocesan Safeguarding Advisor (DSA) rather than the Diocesan Secretary to submit safeguarding reports to the Charity Commission, and make clear the role of the Deputy Diocesan Secretary & Ali Ng in both safeguarding and non-safeguarding cases. Trustees approved the updated policy and delegations.

10. Rydal Hall: The Trustees noted the management accounts to 30th November 2022 and draft minutes of the meeting of the Rydal Board held on 15th November & 13th December 2022. Ric Jaques gave a verbal update. Rydal will make a significant loss this year against a break even budget. Income has been near to target and increased by around 30% year on year to £1.3m. This increase was offset by increased staff costs and unforecast one-off costs, particularly in terms of energy bills during the dry spring when the Rydal Hydro scheme was not generating.

The Rydal Board are confident that there remains much potential to increase turnover further, some elements of which will require investment. There is a strong board and leadership team in place with an experienced General Manager taking up post in March.

During the discussion some concerns were raised. The Chair reminded Trustees that in 2021 Diocesan Synod resolved that Rydal formed an integral part of the diocesan outreach and mission, and committed £250k to the Hall in the coming years. Rydal has not yet drawn down any of that money, having successfully applied for funding from the Heritage Lottery Fund for charities affected by the financial impact of Covid.

It was agreed that the situation will be monitored over the next 12 months and that a Rydal Board representative will present the Hall's business plan to the Finance Committee in May 2023, while a DBF Trustee will attend a Rydal Board meeting in spring 2023.

11. Restore: The Trustees received the management accounts to 31st December 2022. Rob Cook gave a verbal update on the accounts. The outturn was more or less in line with the budget. If the Penrith store had traded all year the outturn would be better than budget.

The Trustees are expecting to set a break-even budget for 2023. They are looking to recruit a General Manager to drive the retail side of the business forward. This will include introducing gift aid on donations which will require an IT change and additional training for volunteers but could give an additional £30k income a year based on current turnover.

11. Good Shepherd Multi Academy Trust (MAT) & Academy Schools: The Trustees noted the draft minutes of the meeting held on 8th December 2022. There was a discussion about the relationship between the MAT, Diocesan Board of Education and the Board of Finance, concluding that more joined up working will be required in the future as we finalise the Diocesan approach to academisation. Charlotte Tudway, the Diocesan Director of Education, will be attending the next DBF meeting to discuss the DBE and MAT agendas.

Derek Hurton explained to Trustees that the memorandum and articles of the MAT specify a certain number of members to be appointed, including a member who is a DBF trustee. He proposed that Nigel Robson should be appointed as the DBF representative. Trustees approved the appointment of Nigel Robson as a member of the Good Shepherd MAT.

PART C PROPERTY MATTERS

12. Property Issues requiring Finance Committee attention: The Trustees received the minutes and action points from the property sub-committee meeting and Walton Goodland management review on the 16th December 2022, and noted that the next meeting will be on the 17th February 2023.

Trustees noted the following 2023 Property Sub-Committee dates, all 9.30am by Zoom.

Friday 14th April

Friday 16th June

Friday 18th August

Friday 20th October

Friday 15th December

Vacant Properties and House sales

Matters Requiring Further Finance Committee Consideration And Approval

Central Lakes Curate Housing 2023: Discussion with the surveyor has concluded it will not be feasible to complete the required works to the Grasmere replacement house in time to free up the Windermere St Mary house for a curate arriving in June. A decision is required on where to house the curate so they can make schooling arrangements for children. Trustees agreed that the curate should live at Langdale, noting that this would prevent the Langdale vicarage being sold and the sale proceeds invested, with a significant financial impact across the next four years. Other steps would be required in order to mitigate against this impact, including taking a more proactive and robust line on other property disposals.

Skelsmergh Vicarage: The tenant has advised he will be moving out, probably by the end of January. Trustees confirmed to proceed with consultation over the sale of the house and,

once vacated, to proceed with marketing for sale at a guide price to be agreed with an agent.

Pooley Bridge Vicarage: The benefice and acting Archdeacon have indicated a wish to find a replacement vicarage. The accommodation at the current house is generally satisfactory but it is in an isolated position on the edge to Pooley Bridge, which is mainly holiday/second homes and it is next to a caravan park. The house is a 1960s prefabricated panel building. A house located to the larger residential population at Tirril would be preferred. Trustees approved this proposal in principle, subject to a suitable house being found and consideration of the financial implications. In the meantime, the new incumbent would be housed in the existing vicarage.

Significant Update Items To Note Since The Property Meeting

Grasmere Replacement Rectory: The Purchase of Willow Bank completed on 7th December 2022.

Wigton Replacement Vicarage: The Purchase of 31 Lowmoor Row completed on 6th December 2022.

Other Diocesan Board of Finance Properties

Matters Requiring Further Finance Committee Consideration and Approval:

Rusland Reading Room: The DBF owns the building as custodian trustee for the PCC. A lease renewal to the village hall charity has been progressing for some time. However, there are potential issues regarding the EPC and obligations for meeting energy efficiency requirements. Trustees agreed to defer the decision on the lease pending further advice and discussion at the Property Committee.

Closed Churches

Significant Update Items To Note Since The Property Meetings:

Carlisle Holy Trinity: The church and halls are now being marketed at a guide price of £250k. A substantial offer has been received and further offers are expected which will be reported for consideration in due course.

Glebe

Matters Requiring Further Finance Committee Consideration and Approval

126 Dalton Road, Barrow: Further to marketing for sale at a guide price of £65k various offers have been received, the highest of which was accepted by the Trustees.

Significant Update Items To Note Since The Property Meetings

Gelt Bridge Farm: The title registration completed just before Christmas and has been given as 'title absolute'. Solicitors are pressing the buyers to progress the purchase.

Stanwix Glebe Field: The school have confirmed they will lease the land and this will be progressed.

Diocesan Board of Finance School Property

Significant Update Items To Note Since The Property Meeting

Eskdale School: The lease terms have been reviewed following concerns about subletting. Agents will follow up to ensure unauthorised use does not happen in the future.

PART D FINANCIAL STATEMENTS AND REPORTS

13. Treasury and Investments: Ric Jaques reported on the fund statements. The Investments Sub-Group had undertaken the annual review of the DBF's Investment Policy. Some minor changes were proposed to the investment type limits to reflect the changing weight of investments as properties are sold. The Trustees ratified the changes as recommended by the Investment Sub-Group.

The Trustees 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
- Loan Statement

14. Date of Next Meeting: Wednesday, 15th March 2023