

The Minutes of a meeting of the TRUSTEES of the CARLISLE DIOCESAN BOARD OF FINANCE LTD held BY VIDEO LINK on 15th March 2023.

Present: Mr J A E Johnson (Chair)
The Bishop of Carlisle
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

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 The Bishop of Penrith.

2. Succession: The Chair reminded the Trustees of his comments at their previous meeting to the effect that he would be standing down at the end of 2024. He suggested that it would be prudent to appoint a Vice Chair who could shadow him in 2023 with a view to taking over as Chair in 2024. The Chair suggested that in the light of the work going on to discern the Statement of Needs for the next Diocesan Bishop the Trustees should wait until autumn to conduct a skills needs assessment with a view to planning for the use of the available co-optins. Once that is complete there can be a re-evaluation as to what is needed from a new Chair.

2. Apologies for absence: Apologies were received from Nigel Robson.

3. Minutes: The Trustees approved the minutes of the meeting held on 18th January 2023.

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 31st December 2022. There is one change still to go through prior to the audit visit in late March which is the revaluation of the Rydal Hydro investment, the accounts for which are not yet available. It is expected that this will show a small gain, but we await confirmation.

The final result for the year, before unrealised valuation losses and any designation of funds, is a surplus of £74,591, against a budgeted loss of £1,849. As at the January meeting, this is a slight improvement on the January figures and is the result of from late income and costs being beneficial. The figure includes the unrealised revaluation loss of £97k made on CBF Investment Fund shares, the share price having fallen during 2022. This loss is notional and will not affect our underlying position as we have no plans or needs to sell shares.

With the agreement of our auditors, some funding from the Church Commissioners is now being treated as Restricted, affecting the treatment of income and costs associated with funding for additional curates. The results also show a designation of £100k towards the £250k agreed by Diocesan Synod in 2021 to fund future investment at Rydal Hall.

6. Ministry Offer: Ric Jaques introduced the Ministry Offer paper. With regards to the 2022 Offer Receipts the collection rate is 97.7% on what was offered. It was anticipated that this would be slightly higher so work is underway with the Archdeacons to identify instances where underpayment could be caught up or where a write-off is more appropriate.

It is too early in the year to get a clear view on the 2023 Offer Receipts as some parishes are slow to get started with payments and, as usual, there are several instances where banks are not yet processing standing orders correctly.

Sophie Hodge updated Trustees on this year's Ministry Offer process. Over the previous two months key stake holders have been informed about the process for submitting 2024 Offers and how they sit within the wider context of the 5-year Diocesan Vision, Strategy and Budget and the development of Mission Communities. A Ministry Offer Online Webinar was held on 9 January aimed predominantly at PCC treasurers and wider clergy. Over 140 individuals attended the session which means that most parishes should now have a good understanding of the process.

The finance team are in the process of putting together a mailing for each PCC treasurer. The mailing varies depending on which Mission Community a parish is in as it contains a 'Mission Community Statement' specific to each Mission Community and is tailored to the level of the process at which the parish is working: ie submitting Offers parish by parish, as part of a Mission Community or entering a three-year Partnership Agreement.

In January the new language relating to the Ministry Offer Process was launched. Parish Offer is now referred to as Ministry Offer to reflect the move towards thinking about resourcing at Mission Community level. Covenant is now called Mission and Ministry Partnership Agreement, or 'Partnership Agreement' for short. This new language has been communicated through the Mission Community Leaders training, the Ministry Offer online meeting, in eNews and through the Diocesan website and will be explained in the mailing going out to all PCC treasurers.

Stage one of the process for setting 2024 Offers for those parishes involved in a Mission Community Offer or in setting a Partnership Agreement is a Ministry offer meeting between the Mission Community and the Diocese. Meetings are taking place between January and March, usually involving the clergy and PCC treasurers along with representatives from the Diocese (Sophie Hodge, Derek Hurton and the relevant archdeacon). Meetings can include ecumenical partners if appropriate. A full analysis of the impact of these meetings will be made later in the year, but the initial impressions are that the meetings have been worthwhile. Key benefits have included building relationships and trust between the local church and the Diocese.

These meetings have incurred a considerable workload for the Diocesan team in terms of setting up, planning and delivering the meetings. The bespoke context of each Mission Community has meant that considerable thought and planning needs to be given to the conversation and presentation of information in each place.

7. Stewardship Activities Report: The Trustees noted the Stewardship Activities Report which was introduced by Sophie Hodge. Key things to note from January and February were preparations for the forthcoming Legacy week and the promotion of the resources that have been developed to support this, including Legacy Videos, Legacy Sunday Resources, Free Wills and a section on the Diocesan website dedicated to legacy giving. The Diocese has received around £200,000 Energy Support Grants from the Church Commissioners to support parishes in combating the rise in energy costs, with some of the funds also able to be used to support those churches providing 'Warm Spaces' for their communities. 130 applications were received and all 130 applications were awarded grants ranging between £250 and £4,500. There have also been 2 more treasurer pea and pie suppers which were well attended.

In the discussion of this item Trustees commented on press reporting of aspects of the Church Commissioners' funding including the fund recently created related to previous chattel slavery. Negative publicity about the Commissioners inevitably had a knock-on effect on local churches' perceptions of overall church finances including those of the Diocesan Board of Finance. It was suggested that we should take a proactive stance on such issues, providing facts and continuing to work to build strong relationships of trust within the parishes.

11. Good Shepherd Multi Academy Trust (GSMAT) & Academy Schools: The Trustees noted the draft minutes of the meeting held on 26th January 2023.

Charlotte Tudway introduced the item on Church Schools and Academies. She highlighted the positive impact that the GSMAT was having on its constituent schools, as evidenced through their Ofsted and SIAMS reports. The GSMAT has an unbroken track record of maintaining or improving grades awarded by external inspectors. The GSMAT has a new Chair in the person of Revd Peter Ballard, former Director of DBE Services.

A big concern for the GSMAT is financial sustainability. Twelve schools are part of the GSMAT but given the preponderance of small schools they provide only 650 pupils. The

Department for Education's advice is their benchmark number of pupils for a viable MAT is around 3,000. There remains some reluctance from headteachers and local Governing Bodies to join the GSMAT and a priority is to understand why that is the case and what would encourage and incentive more to join.

In addition to the Good Shepherd the diocese will need a second MAT which, from a geographical point of view, will best be located in the south of the county. This will give an element of choice for schools considering or being pushed towards academisation or in the event that the DFE required a school in the GSMAT to find an alternative home.

During the discussion the following questions were raised:

- Q. Does the reluctance to join a MAT come from headteachers or governing bodies?
Ans. Reluctance comes primarily from governing bodies, harking back to the early days of academisation when MATS were seen as the destination for schools who were forced to convert because of poor performance.
- Q. from a DBF trustee perspective when are we likely to get a business plan and a budget?
Ans. An appraisal of the potential financial impact of setting up and running a new MAT will be undertaken as we develop a better sense of the extent of interest from schools in joining a MAT in the next few years. We will model costs and revenue for a number of scenarios.
- Q. Is the need for a second MAT a statutory or financial one?
Ans. The needs relate to what the Government will and will not allow and to practical issues. The Department for Education would not allow all 104 Church schools join one MAT because it would effectively then be a mini local authority in itself. If a school received an inadequate Ofsted report and it was decided by the Department for Education that the GSMAT could no longer support that school, they would be incorporated into another non-Diocesan MAT and we would therefore lose them from the diocese. From a practical point of view, head teachers have indicated that they would like choice.

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 drew attention to the various funding opportunities that the Church Commissioners are making available. There are also further opportunities to bid for people and financial support to the Diocese from other sources including the Norwegian Mission Society and the Benefact Trust.

10. Rydal Hall: The Trustees noted the management accounts to 31st January 2023, final draft accounts to 31st December 2022 and draft minutes of the meeting of the Rydal Board held on 17th January & 21st February 2023.

Ric Jaques introduced this item. The final position for 2022 stands at a loss for the year of £178,659, so some £220,000 worse than budget. Without a doubt, the revenue earned in the hall and across the estate has continued to grow this year, although November and

December have been very disappointing. Encouragingly there is higher income across all the non-hall elements, with record income levels from the cottages, campsite, tea shop and bar.

A detailed quinquennial report has been carried out and will inform the 5-year budget plan which will be worked on in the next few months.

The Trustees reiterated 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 2023 and 2024, 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.

11. Restore - Update including request for funding from the sustainability pot: Ric Jaques gave a verbal update on the accounts. The initial draft Management Accounts were presented at the DBF meeting in January where errors relating to at least one rent figure were pointed out. Final figures for 2022 were in preparation.

Rob Cook gave a verbal update on operations. Interviews have been carried out for a General Manager position on a 3 day a week basis with a view to this role helping to provide the sound foundation from which the shops could continue to increase sales and donations. A very strong candidate with good references has been interviewed and an appointment will hopefully be finalised in the next few days. Restore were seeking £35k of sustainability funding support from the DBF towards the costs of that appointment. The Trustees agreed to revisit this request when Restore's final accounts for 2022, a projection for 2023 and a business plan were available.

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 on 17 February 2023, noted that the next meeting will be on 14 April 2023 and received the minutes of Joint Parsonages Conference held on 23rd May 2022

Joint Parsonages Conference: The Trustees received the minutes of Joint Parsonages Conference held on 23 May 2022

The conference recommended several minor policy changes requiring DBF approval:

- Cooker Grant – Increase to 50% of the cost of a cooker up to a maximum grant of £350. Previously £300, unchanged since at least 2017
- Carbon Monoxide Alarms – Provide alarms in clergy housing for all gas, oil and solid fuel appliances in accordance with revised regulations applicable to private rented properties.
- Electrical Inspection and Testing – Amend policy for 5 yearly electrical inspection and testing, in accordance with the quinquennial works programme, to match new regulations for private rented housing (previously 10 years had been adopted)

Trustees agreed to the proposed policy changes.

Housing

Matters Requiring Further Finance Committee Consideration And Approval

The Benefice of Crosscrake, Natland, Old Hutton and New Hutton: Draft proposals for pastoral reorganisation, combining three benefices into one, contain housing proposals that require approval from the DBF as the Diocesan Parsonages Board:

- Natland Vicarage – To become the parsonage for the new benefice.
- Crosscrake Vicarage – To be transferred to the DBF for diocesan purposes. A generally satisfactory replacement vicarage, perhaps requiring some upgrading to sanitary facilities, and expected to be used for curate housing.

Trustees approved the housing proposals for the new benefice.

The Benefice of the Duddon Estuary: Draft proposals for pastoral reorganisation, combining two benefices into one, contain housing proposals that require approval from the DBF as the Diocesan Parsonages Board:

- Broughton-in-Furness Vicarage – To become the parsonage for the new benefice.
- Kirkby Ireleth Vicarage – To be transferred to the DBF for disposal. Expected to be sold as surplus to requirements.

Trustees approved the housing proposals for the new benefice.

The Benefice of Barrow Team Ministry: Draft proposals for pastoral reorganisation, combining four benefices into one, contain housing proposals that require approval from the DBF as the Diocesan Parsonages Board:

- The Rectory, 98 Roose Road – To become the parsonage for the new benefice. St Matthew's Vicarage - To be transferred to the DBF for diocesan purposes.
- St Mary's Vicarage, Walney – To be transferred to the DBF for diocesan purposes.
- St John's Vicarage – To be transferred to the DBF for disposal.

Trustees approved the housing proposals for the new benefice.

The Benefice of Workington: Draft proposals for pastoral reorganisation, combining two benefices into one, contain housing proposals that require approval from the DBF as the Diocesan Parsonages Board:

- Workington St Michael Rectory – To become the parsonage for the new benefice.

Trustees approved the housing proposals for the new benefice.

Benefice of Cartmel Peninsula Team Ministry: It is anticipated that draft proposals will be brought forward to disband the current team ministry and form four new benefices which will contain housing proposals that require approval from the DBF as the Diocesan Parsonages Board:

- Allithwaite Vicarage – To become the parsonage for the Benefice of Allithwaite and Flookburgh.
- Haverthwaite Vicarage - To become the parsonage for the Benefice of Finsthwaite, Haverthwaite and Staveley-in-Cartmel.
- Grange over Sands Rectory - To become the parsonage for the Benefice of Grange-over-Sands and Field Broughton with Lindale.
- Cartmel Vicarage - To become the parsonage for the Benefice of Cartmel.

Trustees approved the housing proposals for the new benefices.

Housing Repairs 2022: The final 2022 summary of housing repairs and draft ended up slightly over budget for the year. There was a late run of bursts and floods in December, hence expenditure going over by approximately £19k. Substantial accruals are being made for works that haven't been completed in the year, but this work is in hand.

Trustees approved the proposed accrual provisions for inclusion in 2022 accounts for work in progress.

Significant Update Items To Note Since The Property Meeting

Grasmere Willow Bank: The meeting to review the scope of work/extent of retrofit was due to take place on Tuesday 14th March but due to weather conditions will have to be rearranged.

Other Diocesan Board of Finance Properties

Significant Update Items To Note Since The Property Meeting

Replacement of 34 Valley Drive: the occupier continues to search for a bungalow property to replace 34 Valley Drive. A recent offer on a bungalow was unsuccessful. With an additional contribution from the occupier being explored it might be possible to look for properties in a higher price range.

Closed Churches

Matters Requiring Further Finance Committee Consideration and Approval

Carlisle Holy Trinity: Further to the invitation for best and final offers the highest offer received was for £250,000, for storage and office use. It is subject to survey and planning. Approval from the Church Commissioners to the heads of terms is awaited.

Trustees approved proceeding in accordance with the £250,000 offer for storage and office use.

Glebe

Matters Requiring Further Finance Committee Consideration and Approval

Soulby Glebe: A offer has been received for this land in line with agent's valuation. The land earns £300 in rent per annum and has no development potential.

Trustees approved the offer.

Significant Update Items To Note Since The Property Meetings

Former Bradford Glebe – Killington Wind Farm: Bradford Diocese (now Leeds) held a part share in land where developers withdrew from wind farm proposals some years ago having gained planning consent but with the application being called in by the Secretary for State. A developer is again exploring the possibility. Discussions with Leeds continue over transfer of glebe and, in the meantime, to their agreeing for the developer to investigate the potential. Any wind farm development can be expected to be controversial.

Orton Glebe: Further to the invitation for best and final offers an offer has been accepted and solicitors instructed.

Diocesan Board of Finance School Property

Matters Requiring Further Finance Committee Consideration and Approval

Endmoor School House: The property sub-committee decided, further to discussion set out in the minutes, that how to address the issues with the condition of the property, whether to improve it, or to seek and end the tenancy and sell the house, should be referred to the finance committee.

Trustees agreed that the required work to upgrade the heating should be undertaken and the property sub-committee should revisit this to explore what other work is needed and at what cost.

PART D FINANCIAL STATEMENTS AND REPORTS

13. Treasury and Investments: Ric Jaques reported on the fund statements. After December's significant fall in markets generally, and hence CBF Fund share prices, there has been a little increase in equity based funds since the start of the year. No property sales have been completed yet although possible further house sales and Gelt Bridge Farm mean that there could be material levels of investment in the months ahead.

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, 17th May 2023