

The Minutes of a meeting of the TRUSTEES of the CARLISLE DIOCESAN BOARD OF FINANCE LTD held BY VIDEO LINK on 22nd November 2023.

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

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

**1. Opening Prayers:** Prayers were led by Richard Pratt.

**2. Apologies for absence:** Apologies were received from the Archdeacon of West Cumberland.

**3. Minutes:** The Trustees approved the minutes of the meeting held on 20th September 2023.

**4. Matters Arising from the Minutes:** The Chair drew attention to succession planning for Trustees. Following Nigel Robson's election, there were 2 places available for co-option and thought needed to be put in to filling those places. The Chair informed Trustees that he had spoken on a number of occasions with a potential co-optee and the Trustees agreed an 'interview' should take place if that person expressed a real interest in joining the Finance Committee. If any other suitable candidates were suggested the Chair would approach them with a view to an exploratory conversation.

The Trustees noted the points on the Action Sheet and it was confirmed that all the actions noted had been progressed or were on the meeting agenda.

Derek Hurton gave an update on the position of Emmanuel Theological College (ETC). Following on from their AGM the flow of information to Dioceses had improved and there had been new appointments to the College's Board including the Diocesan Secretary from Chester Diocese. As part of plans to put the College on a more sustainable financial footing ETC had requested that dioceses convert their initial £10k start-up loans into grants and had

requested additional funding for working capital. There now appeared to be consensus that the College had been undercapitalised at the outset. Dioceses held restricted funds that could be used only for ordination training and it might be possible to use these to support recapitalisation. That route would require consultation with the national Ministry Division. At the January meeting there would be a discussion of the financial position of ETC, and the DBF would formally respond to the requests for support following that meeting.

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

**5. Management Accounts:** Ric Jaques introduced the Management Accounts to 31st October 2023.

The accounts for the first 10 months of 2023 showed a surplus of £46k, which was substantially better than the phased budget.

2023 accounts v budget were a little 'messy' as the budget included a number of new posts and associated funding, most of which would now not happen until the Diocesan Investment Programme funding bid was approved. In most cases the forecast underspend would be matched by reduced income.

Total expenditure after 10 months was around £353k under budget. Over 75% of this was due to stipendiary clergy vacancies, with some delayed spend and savings accounting for the rest. This underspend on local ministry remained an unwelcome issue, mainly reflecting recruitment challenges. The underspend by the God for All Team had also increased.

**6. Ministry Offer:** Ric Jaques introduced the Ministry Offer paper highlighting key points about the implementation of the Ministry Offer process. Work had been undertaken to chase up those churches that had fallen behind with their payments. Every autumn there was a dynamic in which some parishes typically caught up with their payments while others realised they would struggle to pay their offers in full.

Sophie Hodge gave a detailed update on the Ministry Offer process. Ministry Offers pledged for 2024 had increased by 2.3% on the figures 2023. For those Mission Communities who had met with the Diocese as part of the 'Partnership Agreement' process, the increase was currently 4.10%. For those Mission Communities who had not met with the Diocese, the change in Ministry Offer was -0.28%.

The Diocesan Team (Archdeacon, Derek Hurton and Sophie Hodge) had met with 19 Mission Communities to discuss Partnership Agreements as part of the Ministry Offer process. Of those, 18 had made a Mission Community Offer or entered a Partnership Agreement. 4 had signed Partnership Agreements, and it looked likely that one more Mission Community would do so over the Autumn, bringing the total to 5 new Partnership Agreements.

In cash terms, the outcome achieved across the Diocese as a whole was approximately £100k better than the historic trend. Given that each year's figure became the following year's baseline, this implied a total improvement across the budget period of around £400k.

A number of factors would lie behind the figures, but there was little doubt that the process followed had achieved a significant positive impact and this implied that the process of meeting with Mission Communities had resulted in around a 4.5%age point increase in Ministry Offer from 2023 to 2024. If achieved across the whole Diocese the benefit of this would have been nearly £200k in a full year.

There was however concern that the positive increases seen in Ministry Offer for 2024 might not be repeated in 2025 and subsequently. In the last month meetings had happened with five Mission Communities to discuss Partnership Agreements for 2025-2027. In all these cases the Mission Communities had said that they would be drawing on reserves to maintain inflationary increases and/or had significant concerns around both their future income from giving and commitments to the maintenance of church buildings. It would therefore be prudent to undertaken scenario planning in the first half of 2024, rather than waiting for the 2025 Offers to be submitted at the end of July 2024 before beginning to consider what actions could be taken in mitigation against reduced Offers.

During the discussion the following comments were made:

- LLF/PLF and the influence of the Save the Parish movement could have an impact on future income, potentially beginning in 2024. The meetings with Mission Communities provided opportunities to discuss such concerns face to face and tackle any misconceptions about the Diocesan financial position.
- the use of reserves to fund Ministry Offer was a complex issue. We needed data on levels of reserves and the extent to which they were being drawn down in order to inform our financial planning. Trustees therefore agreed that the analysis of Mission Community reserves undertaken in 2020 should be repeated in order to inform Ministry Offer risk management.

**7. Stewardship Activities Report & Strategy:** The Trustees noted the Stewardship Activities Report.

**8. Diocesan Investment Programme:** Derek Hurton updated Trustees on the Diocesan Investment Programme Bid. The key meeting in the last two months had been the 'design review'. At that meeting concerns had been raised by national colleagues that the bid was too large in relation to the size of Carlisle Diocese and that the projected outcomes were not sufficiently ambitious.

Various suggestions for further work on the bid had been made, most significantly for the Diocese to consider dividing the bid across two or more shorter phases and to provide a detailed 'people plan'. Other areas for further work include reviewing the proposed outcomes and sustainability plans, and undertaking more detailed design of some elements, especially around church planting.

The bid introduced a number of associated financial and resourcing risks which would need to be understood and mitigated. For example, we expected some of the initiatives proposed would not become self-sustaining during the lifetime of the bid. Further funding

would therefore be required in the medium and potentially the long term. Long term budget projections suggested that such funding could not be found from within the DBF's current income streams without reallocating money elsewhere.

**9. Parsonage Policy Approach:** Derek Hurton introduced the paper, highlighting that the item was intended to allow a discussion about: the desired standards for parsonage properties; the processes for defining the standards; and how they could then be achieved. David Dalgoutte had undertaken a comparative analysis of several dioceses' approach to housing repairs and their policies and standards, as set out in their 'pink books' of housing policies.

In the substantive discussion that followed the following points were made:

- a starting point to help inform desired standards could be a survey or consultation with occupiers
- Our aspiration should be to err on the side of generosity because having a comfortable home was a significant factor in clergy feeling valued and happy in their ministry and in their families' wellbeing
- It was relatively easy to compare some aspects of housing provision between dioceses, including eg numbers of rooms, floor areas, age of properties, but the level of quality was harder to compare
- Some dioceses were clearly more pro-active in some areas, eg Blackburn Diocese had proactively undertaken asbestos surveys in all properties
- Against the comparator dioceses we appeared to be less generous in some areas such as redecoration and recarpeting when clergy moved in to properties
- The language in our 'pink book' was less supportive than that used by other dioceses
- Aspirations and expectations varied between clergy but generally increased over time
- Overall our houses largely met the national 'Green Guide' standards for numbers of rooms, bathrooms, studies etc but in a substantial number of parsonages the fixtures and fittings, while remaining functional, were old and the overall quality was variable
- When fixtures and fittings were replaced the quality was felt to be high but there was currently no agreed written set of standards
- Undertaking comprehensive recarpeting and redecoration for clergy moving into the diocese could cost an additional £100k a year
- Our ecumenical partners took slightly different approaches to aspects of housing provision and in the case of the Methodist church, were more generous. To some extent this might reflect the higher frequency with which Methodist ministers moved house as a result of their stationing process.

It was agreed that Derek Hurton would draw together the threads of the discussion and suggest next steps including action for the Parsonage Conference in February.

## **PART B PROPERTY MATTERS**

**13. Property Issues requiring Finance Committee attention:** The Trustees received the Minutes and action point list from the property sub-committee meeting on the 20th October 2023 & noted that the next meeting would be on 15th December 2023.

## **Vacant Properties & House Sales/Purchases**

### **Significant Update Items To Note**

Coniston Vicarage: - The tenants who were going to buy the house before the sale was postponed had given notice and were no longer interested in purchasing the property. The house would therefore be vacant from December pending a decision on possible parish use or sale. The parish would continue to be given until the March Finance Committee meeting to develop and present their proposals.

118 Dalston Road, Carlisle: Further to the decision to withdraw the house from the market as a result of it having failed to sell, the house had been re-let.

Ongoing Sales: the sales of Burneside Vicarage, 1 St John's Gate Threlkeld and the Egremont Team Vicarage were in the hands of solicitors.

### **Housing**

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

Crosscanonby and Aspatria: A pastoral scheme was being progressed to unite the benefice of Allonby, Crosscanonby and Dearham with the benefice of Aspatria with Hayton and Gilcrux. Under the proposed scheme the Crosscanonby vicarage would be the parsonage for the benefice. Trustees approved the proposal that the Crosscanonby vicarage should be the parsonage for the proposed new benefice. Decisions about the future use and status of the Aspatria Vicarage would be taken as part of wider review of housing needs in the Diocese.

Holme Eden Rectory: Further to inspection with the churchwarden it was proposed that an area of the rectory garden could form a car park, replacing the current parking area behind the rectory. This would reduce the impact of church activity on the rectory, which was to be sold, and improve its value. Trustees agreed that this should be investigated further including discussions with the parish.

#### **Other Diocesan Board of Finance Properties - Significant Update Items To Note Since The Property Meeting**

34 Valley Drive and 44 Valley Drive, Kendal: Purchase of No44 and sale of No34 had completed on 10th November.

#### **Closed Churches - Significant Update Items To Note Since The Property Meeting**

Carlisle Holy Trinity: The Redeemed Christian Church of God had failed to provide proof of funding by the end of October deadline. With the approval of the Archdeaconry Mission and Pastoral Committee, the Commissioners, and the PCC the alternative offer from HB Villages for redevelopment as sheltered housing was being pursued.

Waverton Christ Church: Sale was expected to complete on 1st December.

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

7 Devonshire Street: The contract and transfer had been circulated for signature and completion was imminent.

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

Endmoor School House: The tenants were expected to purchase a property but timing remained uncertain. In the meantime they were not expecting the Diocese to undertake improvement works.

## **PART C FINANCE – MINOR MATTERS**

**11. Barchester Trust, Heversham School sale proceeds:** Trustees agreed to Nigel Robson reviewing the document, including liaising with the DBE's solicitor, Maria Wright, with a view to bringing it back to the Trustees for consideration at their January meeting.

**8. Financial implications from associated meetings:** The Trustees received the paper on the financial implications from associated meetings. In response to a question about the allocation of the national Carbon Neutral Capacity Funding grant between the three participating dioceses (Blackburn, Manchester and Carlisle), Derek Hurton explained that the funds would be split more or less equally. The grant was intended to fund the production of decarbonisation plans for the top 20% most emitting churches in each of the 3 dioceses, along with similar plans for Carlisle's church schools. Blackburn Diocese would manage the project overall, with input from each participating diocese.

The diocese had also been awarded grants from the Church Buildings Support Officer fund for a two year part-time role to help implement the God for All Buildings Strategy and from the Minor Repairs and Improvements Grants fund.

**9. Good Shepherd Multi Academy Trust (GSMAT) & Academy Schools:** The Trustees noted the draft minutes of the meeting held on 14th September 2023 and considered the Diocesan Board of Education's (DBE) Terms of Reference. The Trustees requested work to revisit the wording of the Terms of Reference in the following areas:

- ensuring consistency in respect of references to the Diocesan Board of Finance and the DBF's Finance Committee
- the process for setting the DBE's budget
- the involvement of the Diocesan Secretary in decisions on appointments
- providing minutes of the DBE's meeting to the DBF Finance Committee
- the appointment of the DBE Chair

The Terms of Reference should be formally approved at the next Trustees meeting.

**10. Restore:** The Trustees noted the statutory accounts and the management accounts. Rob Cook gave an update. The accounts showed a small loss for the year to date but the overall trading position was strong and improving. The new General Manager was making good progress in terms of developing more effective administration and governance and was increasing furniture sales. Both the Manager and Assistant Manager at the Morton branch had resigned and advantage was being taken of the branch's associated temporary closure to refurbish it. Extensive community outreach work continued. In that respect, the work done by Revds Chris Harwood and Beth Honey was being supplemented through an intern from the cathedral who was setting up reading and craft groups in three shops.

**Rydal Hall:** The Trustees noted the management accounts to 30th September 2023 and draft minutes of the meetings of the Rydal Board held on 19th September and 17th October 2023.

Richard Pratt gave a verbal update. The Chair highlighted that Richard would be retiring next year and raised the question of succession planning. A skills audit had been carried out.

Ric Jaques introduced the Rydal Hall Management Accounts. Financial performance in September was better than budget in terms of profit/loss, although it was not a particularly strong month in terms of revenue, while October's bottom line was approximately £10k better than budget. There would be some costs incurred on work required following fire risk assessments and for minor building improvements and repairs.

Trustees reappointed Ric Jaques and Richard Pratt as Trustees/Directors of Rydal.

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

**13. Treasury and Investments:** Ric Jaques introduced the fund statements.

The Investment Fund share price had ended October 0.3% below the price at the start of the year. The Property Fund share price had fallen by 4.1% in the year to date but appeared to have stabilised. The CCLA property portfolio was generally in higher-end office properties and distribution/warehousing, both of which were still expected to be solid long term investments.

2023 distributions for both funds were forecast to be unchanged in cash terms from 2022 which meant a reduction in real terms, reflecting the current global economic outlook. CCLA expected that inflationary increases would be achieved in 2024.

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, 24th January 2024**