

The Minutes of a meeting of the TRUSTEES of the CARLISLE DIOCESAN BOARD OF FINANCE LTD held BY VIDEO LINK on 24th January 2024.

Present: Mr J A E Johnson (Chair)
The Acting Bishop of Carlisle
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
Mr N Andrews – Head of Property (Part C)
Mr N Evans – Rydal Hall General Manager (Item 11 Rydal Hall)
Ms A Whigham – Rydal Board (Item 11 Rydal Hall)
Revd W Sanders – Rydal Board (Item 11 Rydal Hall)
Mr P Yates – Rydal Board (Item 11 Rydal Hall)
Mr J Parker – Rydal Board (Item 11 Rydal Hall)

1. Opening Prayers: Prayers were led by Rob Cook.

2. Apologies for absence: Apologies were received from the Archdeacon of West Cumberland the Archdeacon of Westmorland and Furness.

3. Minutes: The Trustees approved the minutes of the meeting held on 22nd November 2023.

4. Matters Arising from the Minutes: The Chair drew attention to succession planning for Trustees. Dave Roberts had included an advert in the eNews to encourage potential Trustees of the DBF and members of its sub committees to put their names forward. In terms of current recruitment, expertise in land property management and investments had been stressed. There had been an expression of interest for the Property Sub-Committee from someone who worked for H&H Estate Agents and that person would be invited to attend the February sub-committee meeting. There had also been an expression of interest for a co-opted DBF Trustee position. It was agreed that due to the forthcoming DBF elections prospective candidates for the DBF should be invited to put themselves forward for election. There was always the option of co-option following the election to ensure that the Trustee body had the range of skills required.

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.

5. Proposed dates for 2025: Trustees noted the proposed 2025 dates.

PART A FINANCIAL POSITION AND MAJOR FINANCE MATTERS

6. Management Accounts: Ric Jaques introduced the Management Accounts to 31st December 2023. The year-end process was in its early stages and further modest receipts and invoices were expected to be received over the next few weeks. Preparations were underway for the annual audit.

The accounts for the year showed a surplus, before revaluing investments, of £193k which was over £350k better than the year's budget. This was mainly due to difficulties filling clergy vacancies which had led to an underspend of £320k on clergy stipends/pensions

Ministry Offer Receipts of £4,162k fell £47k under budget but were £39k up on 2023. Income from the hydro schemes were higher and these, together with higher interest rates on deposits had offset reduced investment income from delayed property sales. The property team had made a big push to catch up on property repairs this year which had halved the year-end provision. Savings in education meant we did not need to draw down the full year's Barchester net income, while Growth Fund and Property Fund grants had been high this year. Many of these were linked to net-carbon-zero work in churches through the diocesan LED-challenge.

It has previously been agreed by Finance Committee and Bishops Council that the balance of around £200k in the existing designated Sustainability Fund would be allocated in 2023 for the final £150k tranche of funding for Rydal Hall and for £60k of Restore projects. From the 2023 results, the positive variance in the unrestricted fund this year of over £300,000 would allow the further designation of an equivalent amount into the sustainability fund. This was highly relevant given decisions about applications for support from national Diocesan Investment Programme (DIP) and People Capacity Funding (PCF) grants which would be discussed in detail later in the meeting.

7. Ministry Offer: Ric Jaques introduced the Ministry Offer paper highlighting key points. Receipts of £4,125,957 represented 98.1% of the year's offers due. This compared to £4,082,075 (98.1%) received at the same stage last year.

Statements had been sent out to parishes in the last week and treasurers would be contacted where it looked as though a payment had been missed in error. Some parishes were struggling to pay in full and a number had indicated they would not be able to pay 100% this year.

8. Stewardship Activities Report & Strategy: The Trustees noted the Stewardship Activities Report. John Thompson was continuing to support the ongoing stewardship work while Sophie Hodge was on maternity leave. He would be visiting PCCs, encouraging stewardship campaigns, promoting Legacy Week and supporting and encouraging the various online

giving options. The Ministry Offer Process was ongoing, with meetings scheduled for the spring.

9. Diocesan Investment Programme: Derek Hurton updated Trustees on progress with the proposed bid for support from the national Diocesan Investment Programme. The plan was to defer the main application for approximately a year, but in the meantime to seek national People Capacity Funding (PCF). PCF grants were for staffing costs related to work to get a diocese into a place where they could both submit a DIP bid and effectively absorb the substantial funding that it would provide. We were looking at the elements that might be in a capacity bid of around £370k for the 12 months from March of this year. Such an application would require some match funding from the DBF because there were limits on what the Capacity Funding would pay for, both in terms of the overall size of any application, and also in respect of what would fall within the scope of that fund.

If we were to initiate work in 2024 that was designed to extend for longer than the life of the PCF bid it would have to be sustained either through the larger, longer term DIP bid, or through the DBF's budget.

The Acting Bishop of Carlisle provided more background to the decision to defer the DIP bid. He explained that after careful consideration and discussion he had concluded that further work was required on some aspects of the bid. A number of questions and ideas had been received from the national team in the last couple of months of 2023 and there was a real risk that the bid might be turned down unless those were given detailed consideration. He had therefore made the decision to delay the application. He paid tribute to the amount of skilled and detailed work that had already been put into the DIP application, particularly by Kerry Roughton.

At the same time he was very keen to maintain momentum with work that was already underway with the God for All Vision and Strategy.

He was therefore proposing that the Diocese should apply for funding for the following posts: -

- **A third Archdeacon** - to provide capacity within the senior team following Richard Pratt's retirement at the end of March, especially with the long-term vacancy in the See of Carlisle. This would enable local pastoral care of clergy and churches in the Carlisle Archdeaconry, provide strategic capacity, cover statutory Archidiaconal functions and continue work on Mission Community development.
- **Church Planting Lead** - to provide the capacity and specialism to help develop and negotiate plans locally for church plant programmes in Carlisle, Barrow and around the A66 in Derwent deanery. Part of the role would be to work with external partners and national staff to build connections and credibility for the plans, thereby increase the likelihood of success for the DIP bid.
- **Vocations** - the flourishing and impact of the local church, and the sustainability of many local churches, required an increased focus on vocations work and the further development of a pipeline for ministry in all its forms. Although this development was primarily focussed in local churches and mission communities, experience across

the country showed that it needed central leadership and support. In order to discern and nurture the ministry needed over the next 10 years, we had to increase resource for this work now.

- **Project Management** – to provide the project management capacity required to manage the grant funding and to coordinate work on the DIP bid.
- **Growing Younger Role** - to oversee the development and care of Network Youth Church, refining and implementing the Growing Younger strategy and ensuring creative and strategic links were made between that strategy and the work of schools and the Board of Education.
- **Interim Ministry** – providing ministry cover in locations where church planting was planned, pending the bigger DIP bid providing additional staffing resource.
- **Mission Community Operations/Admin Support** – piloting resource to manage mission community operational and administrative activities in order to release clergy for mission and ministry.

Following the discussion Trustees gave their full support to the proposals to: postpone the bid; proceed with the submission of a People Capacity bid; start the process to recruit an Archdeacon of Carlisle; and to fund the DBF elements from within the designated Sustainability Fund discussed as part of the Management Accounts item. More detailed costs would be drawn up.

10. Emmanuel Theological College: Derek Hurton updated Trustees on the request for financial support for Emmanuel Theological College (ETC). The college had been set up by the six North West bishops to provide ordination and other ministry training to their dioceses from 2021 onwards. The governance structure and episcopal direction was designed to ensure that the college delivered training in response to diocesan needs.

Trustees would recall that at their November meeting they had been informed that a request for financial support had been received from ETC. The request related both to a small start-up loan from Dioceses and a more substantial working capital request. In terms of recent financial performance, the college had made a loss of £190k in the financial year Sept 2021 to August 2022, and was expected to have lost a similar amount in 2022/23. The college's current projections of student numbers, income and expenditure suggested that losses would be much smaller in 2023/24 and 2024/25, and that the outturn would be better than break even in 2025/26.

Overall there was strong episcopal and diocesan support for ETC as our preferred provider of ordination (IME1) and reader (LLM) training. Lower student numbers were felt to reflect a temporary blip in the numbers coming forward nationally for ordination, while a delay in achieving Office for Student accreditation had prevented the recruitment of independent, fee-paying students.

The DBF's 2023-2027 budget did not provide directly for support to ETC because at its inception the college had been established on a self-sustaining basis. The plan had been for it to earn enough fee income from training ordinands and other ministers to cover all its costs. This was not to say that support could not be provided in 2024, but that do so would

require some flexibility, either in terms of opportunity cost or by identifying alternative sources of funding.

In the latter respect, the DBF had accumulated RME (Resourcing Ministerial Education) restricted funds represents as a result of the unusual fee arrangements for ordinands. The national grant for many of our ordinands was greater than the actual fees charged by ETC, meaning that the balance remained in a restricted Diocesan fund. Most of the North West Dioceses appeared to have similar funds available. These funds were restricted to use for IME1 (ie ordination training) which we anticipated could include supporting our principal ordination training provider. The national Ministry Division were likely to have a view on this idea.

The use of the RME funds in this way would probably require concerted lobbying on the part of NW Bishops and Bishop Rob was prepared to suggest that to his colleagues. If such an approach proved to be unsuccessful, then it would be possible instead to use the designated Sustainability Fund to support ETC. That would however reduce the amount available for use as match funding for the People Capacity Fund application and would require consultation with Bishop's Council.

Following on from the discussion Trustees expressed support for the idea of providing financial help to ETC, including the possibility of writing off the initial small loan, but wanted to act in tandem with the other NW dioceses. In the meantime, the DBF could give assurances to ETC that the loan would not be called-in in the short term. The Trustees agreed that if the grant was not available out of the RME pot it could be accommodated as part of the designated Sustainability Fund if requested by Bishops Council.

11. Rydal Hall: The Trustees noted the management accounts to 31st December 2023 and draft minutes of the meetings of the Rydal Board held on 21st November & 12th December 2023.

Rydal Board members then joined the meeting and Ven Richard Pratt, the Chair of the Board, introduced the Report on Rydal Hall's 5-year Business Plan. The plan represented substantial, detailed work undertaken since they had reported to the DBF Trustees in July 2023. The Board felt they had a clear and realistic strategic understanding of their business and the dynamics of their markets, customers and competitors. The new General Manager Nigel Evans had been in post for 9 months and was introducing substantial changes to the way the Hall operated, including a new staffing structure.

Nigel Evans explained that the plan was broken down across the different areas of the business, with clarity as to how the elements would be achieved, especially in terms of growing the revenue for the Hall itself. The Board and management had also looked at overheads, reducing over-staffing through the introduction of more effective staff rotas, with a focus on core tasks that would ensure everyone was multi-trained to cover a range of areas of work. There was now more promotion of the quieter periods at the Hall and already 26 new groups had booked for stays in 2024. The cottages and bunk house were being marketed on a new booking site which adjusted pricing to reflect demand, and the

bunk house had seen a clear improvement on bookings due to this. Camping had been very successful in 2023 so more pitches were being added, while the cabins that had been purchased last year from the long-standing licence holder would very soon be available to book online.

The Tea Shop had also seen increased revenue this year with work ongoing to speed up waiting times and reduce queuing. Draught beer and a simple menu were being introduced in the bar to target people using the campsite.

Ric Jaques reminded the Trustees that the 5-year Financial Plan had been presented in detail at the meeting in July 2023 and that it would now continue to be developed on a rolling basis, always looking 5 years ahead. With a good combination of sales, marketing and getting the pricing right, turn-over was looking more robust and new staffing arrangements were controlling wage costs in spite of pressures from increases in the Living Wage. The 2024 budget now included an adjusted revenue target which was felt to be achievable.

During the discussion the following questions were raised:-

- Q. What was the major risk to the plan?
- A. The biggest risk was always going to be achieving the projected income. The Rydal Board and management therefore needed to continue to monitor and adapt to market changes in order to minimise that risk.
- Q. The budgeted 21% increase in income was a very large rise. How were the Board and management expecting to achieve it?
- A. Most of the gains in the last year had been around the non-hall aspects. In 2024 a greater focus on sales and marketing to attract the right demographic groups to the Hall, along with steps to optimise spend per head on site would enable additional growth to be achieved.

The Trustees accepted the Business Plan as a reasonable and achievable basis for continuing to operate the Hall. The Mission Plan for the Hall would be considered by Bishop's Council in February.

PART B FINANCE – MINOR MATTERS

12. Financial implications from associated meetings: The Trustees noted the paper on the financial implications from associated meetings.

13. DBE Terms of Reference: Derek Hurton introduced this item reminding Trustees that the Diocesan Board of Education was now a statutory subcommittee of the Diocesan Board of Finance. One of the requirements of the DBE measure was that its Terms of Reference had to be agreed by and then annually reviewed by the DBF. The DBF had agreed the terms of reference in October 2022. When the terms had been brought back to Finance Committee in November 2023 for review a number of comments had been made. Derek Hurton had consulted with the Director of Education, Charlotte Tudway, and produced a revised draft. Trustees approved the updated terms of reference.

14. Good Shepherd Multi Academy Trust (GSMAT) & Academy Schools: The Trustees noted the draft minutes of the meeting held on 14th September 2023 and the 2022/23 statutory accounts.

15. Restore: Rob Cook gave an update. The sales figures to the end of the year were more or less on target. After a brief period of closure without staff at Morton, they had now recruited a new staff team and the shop had been refitted and was open for business again. Dodd and Co were getting ready to prepare the accounts in time for the next Finance committee meeting in March.

PART C PROPERTY MATTERS

16. Property Issues requiring Finance Committee attention: The Trustees received the Minutes and action point list from the property sub-committee meeting on the 15th December 2023 & noted that the next meeting would be on 23rd February 2024.

Vacant Properties & House Sales/Purchases - Matters Requiring Further Finance Committee Consideration And Approval

Natland Vicarage: Agents had been instructed and marketing for sale of the old vicarage was about to commence for £760,000. A letter had been received from the Parish Council suggesting on the school's behalf that part of the vicarage grounds might become a car park for the school. Trustees agreed to delay marketing the property until after their March meeting, pending exchange of correspondence and views with the Parish Council.

21 Victoria Park, Ulverston: The tenants were expected to be leaving in November 2024. They had asked if a further year's extension to their tenancy would be allowed. They were very good tenants, members part of the local church, and paying a reasonable rent. The Trustees agreed to extend the tenancy for a further year.

Seascale Vicarage: the Shackles Off Methodist charity had now formally requested to be allowed to remain for longer in the vicarage. The property committee had agreed in principle to allow this, subject to the Methodist circuit having no objection as it could foil potential plans for the circuit to use the house for a deacon. The circuit had been asked for any comment. Trustees confirmed, subject to no significant objection being made by the Methodist circuit, that they were happy allow the longer lease to Shackles Off.

Significant Update Items To Note

House Sales In Progress:

Burneside: A reduced offer had been received due to survey issues. Further to the meeting a revised sale figure had been agreed with the buyer, conditional on exchange and completion by the end of January. Sale documents had been signed.

Egremont Team Vicarage: The Property Sub Committee meeting had rejected a reduced offer but the buyer had since increased their offer to a satisfactory level. Documents had now been signed and exchange and completion in January was likely.

1 St John's Gate, Threlkeld: Sale continued to be delayed by further enquiries.

Torpenhow Potential Replacement: With several previous offers having been rejected, the sellers had suggested a compromise figure and the interim property sub-committee meeting had agreed an offer which has been accepted. Solicitors had been instructed and a survey had been commissioned. Trustees approved issuing formal notice for the sale of the current vicarage and sale of the glebe field behind the church and vicarage.

Other Diocesan Board of Finance Properties - Matters Requiring Further Finance Committee Consideration And Approval:

Satterthwaite Parish Room: Held by the DBF as custodian trustee. The proposal was to lease the building to a village hall charitable incorporated organisation. Trustees approved proceeding with the proposed lease.

Westfield St Mary Scout Hall: Part of the Westfield church/halls site was the former scout hut, which had been rented for several years to the Workington Town Boys and Girls Club (Boxing Club). On registration it would be vested in the DBF on trust for the PCC. The parish wished to sell the freehold of the hall to the Boxing Club. Surveying advice had been obtained and Head of Terms for sale had been produced. Agreement of the boxing club to proceed was awaited. Trustees approved proceeding with the proposed sale.

Closed Churches - Matters Requiring Further Finance Committee Consideration And Approval:

Lowther St Michael: Draft Heads of Terms had been produce for the lease to the Lowther Estate Trust. Comment/approval was awaited from the Church Commissioners before referring to the Trust. Trustees approved the lease in principle, subject to minor amendment required in negotiation with the parties.

Glebe - Significant Update Items To Note Since The Property Meeting

Aikton Hall Farm: The tenants had advised that they did not want to proceed with buying the freehold. In the fullness of time, on succession to the son who would have the final succession, it was likely that there would be renewed interest in buying.

School Property - Matters Requiring Further Finance Committee Consideration And Approval:

Blencogo Village Hall: The long lease of the former school to the village hall committee would expire in January 2025. The current rent was only £1,220pa. A more commercial rent would be presentationally difficult, but a discounted rent could not strictly be justified within the Barchester trusts. The village hall committee had asked if they might buy the

freehold and had acknowledged that they would have to pay market value. Trustees agreed to agents being instructed to negotiate a freehold sale.

Millom Holy Trinity School & School House: This property had historically been registered on trust for the PCC in error. The Board of Education had found proof that it was actually included on a scheme transferring it to Barchester in 1975. Solicitors were sorting out the title registration. Trustees approved proceeding with the lease of the former school building in accordance with the proposed heads of terms and proceeding with sale of the former schoolmaster's house.

PART D FINANCIAL STATEMENTS AND REPORTS

17. Treasury and Investments: Ric Jaques introduced the fund statements.

The Investment Fund share price, which had ended 2022 11.8% down, had increased by 4.1% since the start of the year but ended October at 0.3% below the price at the start of the year.

The Property Fund share price, which had fallen by 11.7% in 2022, had fallen further by 4.1% this year so far, but property markets appeared to have stabilised relatively for now. The CCLA property portfolio was generally in higher- end office, and distribution/warehousing, and CCLA remained confident that the fund would perform robustly in relation to income and distributions.

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

18. Date of Next Meeting: Wednesday, 20th March 2024