

The Minutes of a meeting of the TRUSTEES of the CARLISLE DIOCESAN BOARD OF FINANCE LTD held BY VIDEO LINK on 20th March 2024.

**Present:** Mr J A E Johnson (Chair)  
The Archdeacon of Carlisle  
The Archdeacon of West Cumberland  
The Archdeacon of Westmorland and Furness  
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 A Ng – Head of HR and Governance (item 8 – Risk Register)  
Mr N Andrews – Head of Property (Part C)

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

**2. Apologies for absence:** Apologies were received from the Acting Bishop of Carlisle

**3. Minutes:** The Trustees approved the minutes of the meeting held on 24th January 2024.

**4. Matters Arising from the Minutes:** The Trustees noted the points on the Action Sheet and it was confirmed that with one exception all the actions noted had been progressed or were on the meeting agenda. The exception was the action in relation to queries on the Heversham School statutory trust resolution which would remain on the action list for the next meeting.

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

**5. Management Accounts:** Ric Jaques introduced the Management Accounts to 31st December 2023. There were only two material changes to these accounts, compared to those presented in January. First, the hydro investments had been revalued, resulting in a decrease of around £75,000 in the general fund. This was simply a timing issue: with a higher level of dividends being paid out prior to year-end improving our result the retained profits on the balance sheet at 31st December were reduced, bringing down the year-end valuation. Second, the £250,000 designated to the Net Zero Housing Fund had been moved out of expenditure and was now shown as a transfer.

The accounts for the year showed a surplus after the Net Zero Housing Fund transfer of £229k, which was substantially better than the year's budget. Although there were a number of factors behind the additional net income, the main reason remained the challenge of recruiting clergy quickly into posts. This had resulted in an underspend in payroll costs of some £307k. As previously discussed, a majority of the positive variance, £300k, was to be designated to the Sustainability fund, subject to Board approval, along with £20k being designated into the same fund for future website development costs.

Ric Jaques gave an update on the annual 2023 DBF accounts. The group consolidation was currently work-in-progress and there would probably be some changes to the drafts, although the overall outturn was not expected to change materially other than, potentially, for the insurance claim relating to the Netherton Vicarage fire. This was currently forecast at £400k and if it changed materially before the accounts were signed an amendment would be made.

The overall net movement in funds was +£1.876m (surplus), which compared to -£2,548mil (deficit) last year. This change reflected the revaluation of investments, with 2022 seeing a paper loss of £3.5m on investments, and 2023 a paper gain of £1.56m as the CBF Investment Fund shares recovered from their 2022 fall. Although these were significant numbers they were not of concern given our long-term approach to investment.

Trustees approved the following resolutions:

- To designate £320,000 from unrestricted funds into the Sustainability Fund, to finance ministry and activity in future years
- To designate £250,000 from unrestricted funds into the Diocesan Housing Net Zero Fund, to finance future work to reduce carbon emissions from clergy houses
- To re-designate £150,000 from The Sustainability Fund into the Rydal Hall Fund, completing the allocation of £250,000 in support of Rydal Hall as agreed at Diocesan Synod in 2021

During the discussion the difficulty in recruiting clergy into posts was highlighted and it was commented that this is a national problem and not one just for our diocese. We had reflected the issue in the vacancy assumptions built into the 2024-27 budget but it would remain to be seen whether the new assumption was accurate.

**6. Ministry Offer:** Ric Jaques introduced the Ministry Offer paper highlighting key points. Receipts of £4,125,957 in 2023 represented 98.1% of the year's offers due. This compared to £4,082,075 (98.1%) received at the same stage in the previous year.

Receipts against 2024 offers were thus far coming in slightly ahead of last year, although with the usual issues around bank administration, lost mandate forms etc. A few 2024 offers still needed to be clarified and these were being worked through.

The latest national report on offers/share received for 2023 showed that we ranked 9<sup>th</sup> out of all dioceses which was quite encouraging and gave credence to our process, albeit that performance across the previous decade and a half was relatively very weak.

Derek Hurton gave a verbal update on the 2025 Ministry Offer process. There had been 8 meetings so far this year with groups of churches in a continuation of the process begun in 2023. Each meeting and the subsequent communications to Treasurers were tailored to the local circumstances. The overall approach remained to encourage the local church to recognise the costs of the ministry required to support local plans for mission and to take responsibility, in partnership with the Diocese, for funding it. Further meetings were scheduled up to the end of April with a deadline for Offers to be received in Church House of 28 July.

**7. DIP Application/Capacity Funding:** Derek Hurton updated Trustees on progress with the proposed bid for support from the national Diocesan Investment Programme (DIP). At the previous meeting there had been a discussion around the areas that we would potentially be looking to resource in advance of the DIP application. Funding for these would come from our recent, successful, £650k national People Capacity Funding (PCF) application together with the £300k that had been agreed would be allocated to the designated Sustainability Fund. Discussions had taken place in Bishop's Council to determine priorities for the use of the Sustainability Fund. The priorities currently identified added up to £280k out of the available £300k and included:

- Growing Younger Role
- Startup costs of the Church Plant on the A66
- Work with the Norwegian Mission Society, including start up costs of the work of their Missionaries in Carlisle
- Providing Interim Ministry cover in locations where church planting was planned, pending those plans being resourced
- Piloting Mission Community Operations/Admin Support

**8. Risk Register:** Ali Ng introduced the Risk Register. While the DBF maintained a comprehensive financial risk register and other parts of the Diocese such as the Diocesan Board of Education and God for All also formally managed business risks, the approach for non-financial areas of risk had historically been less well developed. A wider suite of risk registers had now been established, drawing together existing strands of work and adding new areas. The following areas of risk management were now in place:

- Financial risk register managed by Ric Jacques, Head of Finance, and owned by the DBF Trustees.
- Non-financial risk register managed by Ali Ng, Head of HR and Governance, and owned by the DBF Trustees.
- Safeguarding risk register managed by Jo Van Lachterop, Diocesan Safeguarding Adviser, and owned by the Diocesan Safeguarding Advisory Panel.
- Education risk register managed by Charlotte Tudway, Director of Education, and owned by the Diocesan Board of Education.

- God for All risk register managed by Kerry Roughton, owned by the God for All Operations group and Strategy group and reviewed by the God for All Risk Mitigation Review Group.

Risks in each area had been identified and scored on the basis of pre-mitigation likelihood and severity / impact. Mitigation had then been identified for each risk and a rating given for post-mitigation likelihood and severity / impact.

During the discussion the following points were raised: -

- the non-financial risk register should include risk relating to national church stories with a reputational dimension (current areas where this risk was manifest included chattel slavery redress, safeguarding, Church Commissioners' funding)
- the financial risk register should more fully address the risk of falling ministry offer caused by local church decline, with more explicit reference to increasing non-local ministry revenues and work to quantify expected changes
- the non-financial risk register should include a risk related to our inability to recruit clergy
- the mitigation in respect of loss of key staff – notably the Head of Finance role - should be developed and catalogued
- the registers should indicate where the Bishop's Leadership Team and Bishop's Council were responsible for the mitigation of individual risks
- a timetable for reviewing mitigation and reporting regularly to the Finance Committee should be put in place

It was agreed that the Risk Register would be updated to reflect the comments above and that a timetable for reviewing the register and its use would be proposed. Trustees were asked to email any specific comments to Ali Ng. Trustees accepted the Risk Register.

## **PART B FINANCE – MINOR MATTERS**

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

Derek Hurton drew attention to the meeting of the Inter Diocesan Finance Forum (IDFF) and associated meetings of Diocesan Heads of Finance and Diocesan Secretaries. A potentially significant item discussed at the IDFF was the national "Project Glebe" review of financial flows in the church. This had involved substantial data reporting by Dioceses and was likely to propose significant changes in the way funds flowed between Dioceses and the National Church Institutions. It was too early to know what the results of the review would be, but there was a strong risk that they would not be our benefit because we were increasingly perceived as a 'wealthy diocese'. As we had discussed previously, this reflected our stringent approach to financial management in the last two decades as compared to other Dioceses who had sold assets and used the proceeds from year to year to bridge their funding gaps. More positively however, the review was expected to reduce some of the bureaucracy inherent in the current system. In the course of the IDFF meeting it had also

been reported that the cumulative deficit across all 42 Diocese was expected to rise to £60m in 2024.

**10. Stewardship Activities Report & Strategy:** The Trustees noted the Stewardship Activities Report which was introduced by Ric Jaques. Ric reported that there had been more interest from parishes around stewardship campaigns which was encouraging. However, feedback from last year's experience was that churches were finding campaigns were having less of an impact on their finances. We were trying to establish whether this was caused by the cost of living crisis, or pointed to a need to revamp our approach. There would be another Legacy Week this summer, which would be supported by the Stewardship team.

**Parish Giving Scheme:** Ric Jaques introduced the Parish Giving Scheme item. For some years Carlisle Diocese had considered whether to join the Parish Giving Scheme (PGS) but had been concerned about two main barriers: the costs of being a member; and the capacity and cost of resourcing roll-out which would need to be sufficiently effective to generate a positive rate of return. Recent developments had changed the financial model making it more attractive. The overwhelming evidence from Dioceses joining the scheme was that, with suitable encouragement and support, churches experienced a significant increase in giving and many givers (over 50%) selected an option providing for an annual inflationary increase to their giving.

The previous model had operated as a standalone charity and required the payment of a joining bond of £20,000, with annual costs of around £20,000 for our diocese. PGS had now become a part of the National Church, with the charity now owned and controlled by the Archbishop's Council, but with ongoing consultation with signed-up Dioceses to ensure future direction was in line with their wishes.

The change in ownership had been accompanied by a change to the financial model which had scrapped the joining 'bond' and would see the annual running costs of the scheme being met by the national church. Existing and new members were being asked to make a one-off contribution in 2024 to a development fund. This fund would be matched by the National Church and would support developments to the system to make it more robust and secure, as well as enhancing functionality, in particular around one-off donations. For us the contribution would amount to £20,000, which was in the 2024 budget.

Trustees agreed that the Diocese should join the PGS scheme, drawing down the allocated budget to support a one-off contribution of £20,000 to the development fund.

**11. Rydal Hall:** The Trustees noted the management accounts to 31st January 2024, final draft accounts to 31st December 2023 and draft minutes of the meetings of the Rydal Board held on 23rd January 2024.

The Rydal Board had agreed that Peter Yates would act as the interim chair following Venerable Richard Pratt's departure. This arrangement would be in place until the new Archdeacon of Carlisle was in post, at which time they would take over as Chair.

Ric Jaques remarked that the February accounts showed that Rydal was on budget for the month and showed encouraging growth on the previous year. Within the overall figures the

tea shop had performed relatively poorly, probably as a result of recent wet weather. Savings had been made on staffing costs.

The Trustees reiterated that the Carlisle Diocesan Board of Finance (CDBF) remained committed to the work and ministry of Rydal Hall Ltd. The CDBF would continue to keep the ongoing operation and viability of Rydal Hall Ltd under close review in the course of 2024 and 2025, and 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.

**14. Good Shepherd Multi Academy Trust (GSMAT) & Academy Schools:** The Trustees noted the draft minutes of the meeting held on 25th January 2024.

The Chair asked about succession plans for Richard Pratt's position on the GSMAT Board. No decision had yet been made. Derek Hurton would confirm the basis for Richard Pratt's position as Director of GSMAT and initiate the process to fill the vacancy.

**15. Restore:** The Trustees received the 2023 Annual Report and Rob Cook gave a verbal update. The appointment of the new General Manager had taken pressure off Trustees in relation to day-to-day management. The refit of the Morton shop and the appointment of a new manager there had proved to be successful and would be replicated at the Petteril Bank Road shop which would close over the Easter weekend for a minor refit. Currently the main area of concern was the overwhelming volume of donated goods being received, a substantial amount of which was poor quality. A pause had been put on donations, but this had resulted in bags being left outside shops, creating additional work and expense.

## **PART C PROPERTY MATTERS**

**16. Property Issues requiring Finance Committee attention:** The Trustees received the draft Minutes and action point list from the property sub-committee meeting and the PFK management review meeting on the 23rd February 2024, and noted that the next meeting would be on 19th April 2024.

**Joint Parsonages Conference:** The Trustees noted that the Joint Parsonages Conference had taken place at Rydal Hall on 8th February. The minutes and a schedule of recommendations for changes to policy on housing management and implementation of net carbon zero measures for the DBF to consider would now come to the Finance Committee in May.

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

**Natland Vicarage:** Further to the letter from Natland Parish Council, reviewed in January, suggesting use of part of the vicarage grounds should be provided for a school car park, Derek Hurton had replied to the Parish Council Clerk. A further response had been received from the Parish Council but it had not provided substantive responses or assurances on the points raised. Trustees agreed to proceed with the sale and Derek Hurton would send a final response to the Parish Council.

### Wigton Old Vicarage:

Having bought a replacement house it had been decided to retain the old Wigton vicarage for curate use. However further changes taking place, with the benefices of Allonby etc and Aspatria etc uniting meant that the Cross Canonby (Allonby etc) vicarage would now become the parsonage. This would allow the Aspatria vicarage, which was considered a better house for curate use than the old Wigton vicarage, to be designated for curate occupation. The old Wigton vicarage would therefore be redundant. Trustees approved proceeding with sale of the old Wigton vicarage and retaining the Aspatria vicarage for curate use.

The old Vicarage was currently rented out to tenants who had moved in during November. Trustees agreed to allow the tenancy to continue until 31st March 2025 with subsequent sale.

Coniston Vicarage: A letter had been received from the Benefice, confirming that they no longer objected to the sale of the vicarage but requesting that the Coniston & Torver PCC should receive 10% of the sale proceeds to support a local church project. An agent had been instructed and arrangements were being made to market for sale. Trustees approved proceeding with the sale without the requested donation of sale proceeds to the PCC. Instead it was agreed that the PCC should be offered the maximum Growth Fund grant.

50 Stainburn Road, Workington: With the Archdeacon of West Cumberland now living in the Holme Cultram vicarage and wishing to remain there it was proposed that Stainburn Road should be sold. Trustees agreed to the sale subject to a possible short term let and informal consultation with local parties.

Skelsmergh Vicarage: The Revd Michelle Woodcock had been appointed as priest in charge of the Beacon Team. Following local consultation it had been agreed that she would live in the Skelsmergh Vicarage.

Trustees approved the following:

- Retaining Skelsmergh and making it the parsonage by exchange with Kendal St George
- Retaining Kendal St George as a DBF property for curate use (it being superior to 64 Valley Drive)
- Proceeding to sell 64 Valley Drive as no longer required for curate use

Brampton Vicarage: Possible replacement of the Brampton vicarage, an unsuitable property due to its age and type of construction, had been discussed at the February property meeting. Due to uncertainties over future ministry provision across Brampton Deanery there had been reluctance to commit to a replacement. However further discussion with the Archdeacons had concluded that in the longer term there would be a requirement for a house in Brampton and that a replacement should be acquired so that the current house could be sold when the current occupier retires. Trustees approved seeking a suitable replacement house in the Brampton area and to sell the existing house when vacant.

Dalton in Furness Vicarage: The current Georgian vicarage was considered unsuitable due to its age and type of construction. A new priest in charge had been appointed and would live in the current house for the time being. Trustees agreed to seek a replacement house, accepting that appointee might wish to remain in existing property for the duration of their appointment.

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

Completed Sales – 3 ongoing sales had completed in 2024:

- Burneside (£535,000) – 31/01/24
- Egremont Team Vicarage (£195,000) – 31/01/24
- 1 St Johns Gate, Threlkeld (£300,000) – 22/02/24

High Hesket Vicarage: The Archdeacon's meeting with parishes on 26th February had confirmed that the sale could proceed. An agent had been instructed and marketing for sale would commence shortly.

Torpenhow Vicarage: No further objections to sale of the existing house had been received and it had been confirmed with Lord Inglewood that he therefore did not require his representation to be referred to the Commissioners. Purchase of the replacement house was ongoing and anticipated to complete on 15th April.

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

Closed Church Insurance: This matter had been deferred by the property sub-committee in February for consideration by the finance committee. Insuring closed churches for full reinstatement cost was disproportionately expensive so for some years they had been insured only for a limited indemnity value, equivalent to demolition and site clearance in case of major loss. Rigid conditions associated with this level of cover made maintaining it practically impossible at times. It was questionable whether the cost of premia for the extremely limited buildings cover was justified, and whether the DBF should carry the risk. It was unlikely that reinstatement would ever be required following a major loss but, mainly with listed buildings, a theoretical risk remained, with associated significant financial cost. Trustees agreed to cancel building insurance cover for closed churches and insure against public liability risk only.

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

Low Wray St Margaret: The Mission & Pastoral Committee had endorsed pursuing the sale for storage use to circumvent problems with securing rights from the National Trust.

Croglin St John: It had been reported that the prospective tenant might have lost a major grant and this could explain their failure to progress with the lease. Neal Andrews was to follow up.



Barrow St Matthew: The contents list had been returned and this would allow the lease documentation to be completed.

Lowther St Michael: The Commissioners had published the draft scheme for closure and lease disposal. Heads of Terms for the lease had been agreed with the relevant Lowther Trust and solicitors had been instructed. The PCC were satisfied and Mission & Pastoral Committee had agreed the final reserved rights for church use.

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

General Synod Biodiversity Motion: A motion passed by General Synod in February had requested Diocesan Secretaries and DBF's to create action plans to achieve the land element of Eco Diocese at Silver level by 2026 at the latest. This would require the creation and implementation of a detailed land management plan. We were committed to becoming an Eco Diocese and had already achieved Bronze Eco Diocese status but would need to approach this request in a pragmatic fashion, taking into account capacity and cost. Trustees agreed that our response to the General Synod request should be made within the Diocesan Carbon Neutral action plan.

### **Significant Update Items To Note Since The Property Meetings**

Dufton Glebe: Land title registration had been completed and the transfer of part for the churchyard extension could now be progressed.

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

Millom Holy Trinity Former School: The local parties had advised that the Community Interest Company could not proceed on the basis of the proposed Heads of Terms for the lease approved by the Finance Committee in January. Trustees agreed that Neal Andrews should obtain a rental figure from our Agent and advise the local parties that the DBF would give 4 months to explore whether they could viably take this forward.

Skelwith Brathay Community Centre: The tenant had been advised that it would not be sold to them for £1 as they had requested. Trustees agreed to accept an early surrender of the lease with vacant possession.

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

**17. Treasury and Investments:** Trustees noted the Treasure and Investment report and approved the updated Investment Policy.

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, 15th May 2024**