

The Minutes of a meeting of the TRUSTEES of the CARLISLE DIOCESAN BOARD OF FINANCE LTD held BY VIDEO LINK on 15th May 2024.

**Present:** Mr J A E Johnson (Chair)  
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  
Mr P Yates

**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)

**1. Opening Prayers:** Prayers were led by Derek Bradley.

**2. Apologies for absence:** Apologies were received from Bishop Rob.

**3. Trustee co-option**

Following the enquiry from Peter Yates regarding his potentially becoming a Co-opted Trustee of DBF, and circularisation to existing Trustees of Peter's career details and experience, it was unanimously agreed to co-opt him as Trustee with immediate effect.

It was emphasised that elections were due to be held in the autumn, and that he would be eligible to offer himself for election in the normal way.

**4. Minutes:** The Trustees approved the minutes of the meeting held on 20th March 2024 with the addition of the wording of the resolution committing to financial support for Rydal Hall.

**5. 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 progressed or were on the meeting agenda.

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

**6. Management Accounts:** Ric Jaques introduced the Management Accounts to 30th April 2024. The accounts for the first 4 months of 2024 showed a surplus of £209k, which was £122k better than the phased budget.

Total expenditure after 4 months was around £191k under budget. Over half of this was due to stipendiary clergy vacancies. This continued underspend on local ministry was an unwelcome operational issue and was materialising despite the 2024 budget building-in an increased 'vacancy rate'. Other areas of spending below budget included the God for All Team, School Support and legal costs in HR.

Total income and funding was £70k under budget. Ministry offer receipts were a little soft but this was expected to be a result of the timing of payments. Some areas of investment income were below budget due to property sales not being achieved in line with original assumptions or the need to retain funds to purchase replacement vicarages. Contributions from other funds also reflected delayed property sales.

The forecast for the year showed a surplus of £174k which would be £78k better than budgeted. It was based upon the current view of likely clergy changes, and other known factors affecting the remainder of the year. However, there were a number of areas of uncertainty that made this early forecast subject to material change in the coming months.

During the discussion the difficulty in recruiting clergy into posts was highlighted and it was commented that this was 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 and the ministry element of the budget was prepared and reviewed on a granular, post-by-post basis for the 5 year period.

**7. Financial Report and Accounts to 31st December 2023:** Ric Jaques introduced the Financial Report and Accounts. Dodd & Co had carried out the annual audit and the Trustees were now required to approve the accounts before their submission to the DBF Annual General Meeting on 12th June.

There was one potential outstanding issue relating to the vicarage at Netherton which had been destroyed by fire in 2023. We were currently working on the basis of a fairly conservative settlement of around £400,000. It was expected that any difference in the settlement would not ultimately be considered material, and that no change to the draft accounts would be necessary. However, until we knew for sure, there was a small risk of a change being required.

It was highlighted that under section 5.5 'Principal Risks and Uncertainties', the 3<sup>rd</sup> bullet point should state that clergy numbers might vary above or below assumptions with consequential impact on ministry and costs. Ric Jaques agreed to circulate wording to Trustees for approval.

Typically Dodd & Co. issued a 'management letter' to the Trustees reporting on any issues they wanted to highlight arising from the annual audit. As with last year, no items had been identified this year, so no Management Letter had been issued. Trustees were asked to sign

the Letter of Representation to Dodd & Co to acknowledge the general responsibilities of Trustees in preparing financial statements and to confirm a number of general and specific points in relation to the accounts themselves.

The Trustees approved the Trustees' Report and the 2023 annual Financial Statements for submission to the DBF Annual General Meeting on 12th June 2024.

**8. Ministry Offer:** Ric Jaques introduced the Ministry Offer paper highlighting key points. As usual in the early months of the year, there were some parishes that had not yet started making payments. Statements had been sent out at the end of March and outstanding parishes would be contacted. Work would also be undertaken to review and contact parishes that had outstanding amounts due from previous years.

Derek Hurton gave a verbal update on the 2025 Ministry Offer process. There had been 20 meetings with groups of churches in a continuation of the process begun in 2023. Each meeting and the subsequent communications to Treasurers had been tailored to the local circumstances. Churches had been asked to submit their Ministry Offers by the end of July.

## **PART B FINANCE – MINOR MATTERS**

**9. Barchester Trust, Heversham School sale proceeds:** The questions previously raised by Nigel Robson had been addressed to his satisfaction by the Diocesan Board of Education's solicitor. Trustees passed the resolution.

**10. Financial implications from associated meetings:** The Trustees noted the paper on the financial implications from associated meetings and Derek Hurton drew attention to several topics.

Work was underway to recruit to the posts funded by the recent national People Capacity Funding grant. The third Archdeacon/Strategy Development Officer and Programme Management support for Reaching Deeper had already been recruited and discussions with an individual about providing consultancy support for developing our Church Planting plans were well advanced. Some of the roles to be funded through matched DBF Sustainability fund were still in development but the Growing Younger role had now been finalised and recruitment would commence shortly.

Work had begun in preparation for the INEQE Safeguarding Audit which would take place in January 2025. That work, together with a national resource benchmarking exercise, our participation in the IICSA Pathfinder and commentary in the recent Jay review into independent safeguarding within the Church of England had suggested that we apply relatively low levels of resource to Safeguarding. Although our budget was substantially higher than previously, demands continued to increase and, in conjunction with the Chair of the Diocesan Safeguarding Advisory Panel and the National Safeguarding Team we had concluded that we should add to the resource currently deployed.

The God for All Programme Budget had been allocated by the God for All Operations Sub Group for the remainder of 2024 and into 2025. This was an annual process which allocated

funds for a range of projects and activities ranging from lay ministry training to Network Youth Church Ablaze events. One of this year's projects came within the ambit of 'Beyond the View', a brand that sought to help people meet God through their experience of nature and the outdoors, drawing on the Lake District as a 'site of special spiritual significance'. The expectation was to set up Beyond the View as a Charitable Incorporate Organisation at arms-length from, but ultimately 'owned and controlled by' the Diocese (ie the DBF).

Bishops Council, along with the other ecumenical bodies, were looking at some revisions to the ecumenical governance of God for All to make it more effective.

**11. Stewardship Activities Report & Strategy:** The Trustees noted the Stewardship Activities Report which was introduced by Ric Jaques. 'Legacy Week' would again be promoted in the summer. The Diocese had now joined the Parish Giving Scheme and had identified at least 8 churches as pilot parishes, most of whom had members with previous experience of the scheme in other Dioceses. The aim was to work with them towards launching schemes in their churches in the Autumn and then, having learned with them, to roll out the scheme to the rest of the Diocese in 2025.

**12. Rydal Hall:** The Trustees noted the management accounts to 31st March 2024 and draft minutes of the meetings of the Rydal Board held on 19th March 2024.

Peter Yates, the interim Chair of Rydal Hall Board, provided an update on business at the Hall. After the first quarter the outturn was £31.5k better than budget, and £71k better than at the same point in 2023. These figures reflected the fact that Hall occupancy was up 38%. Costs were also down, largely as a result of the effectiveness of the new general manager in pursuing a revised staffing model. Bookings for 2024 so far were showing that 89% of the budget for the hall was booked, 79% for the cottages and 79% for the bunk house. There was now a rolling 12-month review of the accounts which was also indicating that the Hall continued to move in the right direction. The deficit of recent years was steadily declining on a rolling 12-month basis.

Recruitment of a new chaplain was underway and, in the meantime, a temporary rota was in place to provide cover.

**13. Restore:** Bryan Gray, the Chair of the Restore Board gave a verbal update. The Board were exploring options for a new outlet in central Carlisle. This would generate additional income and profit which would enable the network to take on funding of mission and ministry provided through the shop chaplains. Conversations were taking place about the opportunities for working with local churches and the cathedral, adopting a similar model to the one used in the Penrith shop which had proved to be very successful. Premises had been identified close to the Cathedral. It was likely that the Shaddongate shop and warehouse would no longer be needed in the future and this would mean that an alternative venue would be needed for the Community Shed which was currently operating out of Shaddongate.

Across the network as a whole it was apparent that the core operating model worked well both in terms of the commercial operation and the associated mission and ministry in the

local community. The Board was keen to progress a franchise model enabling them to expand by establishing Restore shops in partnership with churches elsewhere in Cumbria. Plans to use an electric van to take Restore into rural communities around Penrith had been given the go-ahead under the banner of 'Restore On The Road'.

In the discussion the following questions were raised:

- Q. If Restore were to leave the Shaddongate premises what warehousing options would be available?
- A. The Penrith shop operated successfully without support from a warehouse and there was no reason why the model adopted there cannot be followed elsewhere.
- Q. What were the timescales for the proposed developments including the opening of the proposed new Carlisle City Centre shop, Restore on the Road and the franchising model?
- A. Establishing the new shop was expected to be a 12 to 18 month project. Funding for 'Restore on the Road' was already in place so it was now being actively pursued and was expected to be up and running in 2024. The franchise model was not a priority for 2024 or 2025 but would be kept on the radar.

**14. Trust Matters:** Ric Jaques introduced this item.

**Dalston PCC:** Dalston PCC were seeking to access an element of capital within an endowment trust fund which was held by the DBF as custodian trustee. Ordinarily under charity law, the size of this fund meant that capital could be used, even for the purpose for which the fund was intended, in this case maintaining the graveyard. However, an application to the Charity Commission could be sought to change the nature of a trust fund from endowment to restricted. If successful in their application the PCC would be able to spend both income and capital on the graveyard from this fund. There had been extensive conversations locally and the proposal was not seen to be contentious.

The Trustees approved the following resolution:

It is resolved that the Carlisle Diocesan Board of Finance support the proposed application to the Charity Commission by Dalston Parochial Parish Council, to change the status of the Margaret Gore Legacy Trust from 'Endowment' to 'Restricted'.

**DBF Education Restricted Funds:** Within the DBF's funds were 4 funds categorised as 'Restricted Education Funds', but where details of their provenance was unknown and no paper or electronic records were held. Attempts to gain further details around these funds had been unsuccessful due to the lack of documentation and, historically, the generic use of trust names. In spite of seeking information from sources including the two previous Diocesan Heads of Finance and the Diocesan Secretary's previous PA, it appeared that the funds predated living memory. Ric Jaques proposed that we approach the Charity Commission giving details of the funds and the attempts to find details relating to them, and asking for consent to use these funds as the DBE and DBF saw fit. In practice this would mean supporting the work of the DBE and our Church Schools.

The Trustees approved the following resolution:

It is resolved that the Carlisle Diocesan Board of Finance approach the Charity Commission, seeking clarification as to how we can use funds believed to be restricted for educational purposes.

## **PART C PROPERTY MATTERS**

**15. Property Issues requiring Finance Committee attention:** The Trustees received the draft minutes and action point list from the property sub-committee meeting on the 19th April 2024, and noted that the next meeting would be on 14th June 2024.

**Joint Parsonages Conference:** The Trustees noted that the draft minutes of the Joint Parsonages Conference at Rydal Hall on 8th February 2024, and the consequent recommendations for variations to housing policy, would now be presented to the July finance committee meeting.

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

**Coniston Vicarage:** Following relaunch for sale at £750k, there had been very little online interest. Trustees agreed to lowering the guide price and to follow agent's advice in negotiating with the previous potential purchasers around the revised price.

**50 Stainburn Road, Workington Sale** - A consultation document over the intention to sell had been issued on 1st May. The potential staff letting was not going to take place and the house was unoccupied and available for sale. No objections to the proposed sale had been received. Trustees agreed to proceed with marketing for sale.

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

**High Hesket Vicarage** -Following strong interest, an invitation for best and final offers, and after approval by the property sub-committee an offer had been accepted and sale was in the hand of solicitors.

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

**Crosscrake Community Hub** - It had previously been agreed in principle to take a long lease of land adjoining the churchyard for a church hall to be part on the churchyard, part on the new land. It had now been agreed instead that there will be a freehold transfer for a nominal £1.

Trustees approved acquiring the freehold to be held on trust for the PCC.

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

Low Wray St Margaret – The Church Commissioners were finalising heads of terms for the sale for storage and ancillary office use. This sale and the associated disposal scheme, should shortly progress.

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

Dufton Glebe – Transfer of the land for the churchyard extension had been completed.

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

Millom Holy Trinity Former School - The school house had been marketed for sale, It had attracted immediate good interest, with over 20 viewings. Three offers had been received including two chain-free cash offers for the full guide price of £90k. Best and final offers had been invited for Tuesday 14th May and a substantially higher offer had been received with the condition of a survey being carried out.

Trustees agreed to accept the offer subject to an agreed timescale for the survey being completed.

Warcop School House - The property had been marketed for sale for some time. There had been little interest and no offers. The consensus was now that the guide price of £250k was too high. The school had been contemplating reducing the guide price and moving to a new estate agent. However, an offer had now been received from a cash buyer. The school governing body wished to accept the offer and it could be supported by agents with a Charities Act designated advisor's report. Solicitors were being instructed.

Trustees approved proceeding with the sale.

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

**16. Treasury and Investments:** Trustees noted the Treasure and Investment report and Ric Jaques introduced the fund statements.

3 vicarages had been sold so far this year with net income totalling just over £1m. In line with our investment approach at the time, 50% of the proceeds from 2 of these had been invested in the CBF Property Fund, and 50% put on deposit. Proceeds from the 3rd were held on deposit to help fund the purchase of a replacement vicarage.

The Investments Sub-Group had met in April when the decision had been taken to temporarily pause further investments into CBF Property and Investment funds. In part this was due to a sense that our investments in the Property fund had increased to a point where we might choose not to invest further in that fund, and in part because with the programme of buying more replacement vicarages, the need for cash to 'bridge' those purchases suggests that cash should be retained on deposit. With interest rates likely to remain high for some time, there would be no loss of income from this change for now, but the position would be kept under review.

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

**DBF Defined Benefit Pension Scheme Closure:** The proposed closure of the employee Defined Benefit Pension Scheme was discussed. An agreement has been reached with the one remaining active member of the scheme, under which they will transfer to the 'Pension Builder Classic' scheme going forwards. On that basis it was agreed to close the Defined Benefit Scheme.

**17. Date of Next Meeting: Wednesday, 17th July 2024**