

The Minutes of a meeting of the TRUSTEES of the CARLISLE DIOCESAN BOARD OF FINANCE LTD held BY VIDEO LINK on 17th July 2024.

**Present:** Mr J A E Johnson (Chair)  
The Acting Bishop of Carlisle  
The Archdeacon of West Of Cumberland  
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 Nigel Robson.

**2. Apologies for absence:** Apologies were received from The Archdeacon of Westmorland and Furness.

**3. Minutes:** The Trustees approved the minutes of the meeting held on 15th May 2024.

**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 progressed or were on the meeting agenda. It was agreed that the action point relating to Ric Jaques approaching the Charity Commission with regard to use of Education Trust funds should be carried forward to the next meeting.

**5. Succession Planning:** Nigel Robson introduced this item by reminding Trustees that at the end of December 2024 Jim Johnson, the current Chair, would have completed three consecutive terms as a Trustee and would therefore be unable to serve a further term. Prospective candidates to succeed Jim had not yet come forward and Bishop Rob was anxious to ensure continuity in DBF Governance, at least until the situation with a new Diocesan Bishop has been resolved. He had therefore asked Jim if he would consider serving for part of an additional term, subject to finding a way of enabling that to happen.

One possible way to achieve this would be to extend the present limits on Trustees' terms of service. This would involve a change to the DBF's Articles of Association, which, if agreed by DBF and Bishop's Council, would require approval at the October Diocesan Synod.

During the discussion Trustees expressed full support for Jim continuing as Chair, thereby providing additional continuity and stability in the diocese during the transition to a new Bishop. Some doubt was however expressed over changing the Articles of Association to provide for a further term of office. It was felt that 12 years in office would generally be excessive, especially if it was to become the norm.

Trustees agreed that advice should be sought to investigate means of extending Jim's term, ideally without changing the Articles of Association, but if it became apparent that the only way to achieve the desired result was to make such changes, Trustees supported this option.

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

**6. Management Accounts:** Ric Jaques introduced the Management Accounts to 30th June 2024. The accounts for the first 6 months of 2024 showed a surplus of £267k, which was £109k better than the phased budget.

Total expenditure after 5 months was around £229k under budget. Over half of this was due to stipendiary clergy vacancies. This underspend on local ministry again remained an unwelcome operational issue and was seen despite the 2024 budget having an increased 'vacancy rate' built in. Other areas of spending below budget included the God for All Team, School Support and legal costs in HR.

Total income and funding was £120k under budget. Ministry offer receipts were a little soft but this was probably a matter of timing. Some areas of investment income were below budget due to delayed property sales or the need to retain funds in cash to purchase replacement vicarages. Contributions from other funds also reflected delayed property sales.

The forecast for the year showed a surplus of £101k which would be just £4k better than budgeted. This forecast 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 it subject to material change as we moved into the second half of the year. The current view was that result was more likely to improve than deteriorate.

One material item not reflected in the forecast was the impact of the closure of the Church Workers Defined Benefit Pension Scheme. The exact amount of crystallised surplus might not be determined for at least a year, but was almost certain to provide £500k to offset lay pension contributions in the remainder of 2024 and through 2025 as well as funding the position of the remaining active member of the scheme. The extent to which, and the timing of when this surplus could be treated as income in this and subsequent years' accounts was yet to be agreed with the Auditors.

Given that the pension surplus represented windfall income, there was a strong case for using it to enable a strategic approach to deploying ministry in the future, or for one-off initiatives or projects. This would probably mean designating a sum at year end. However,

we did not expect to account for, or commit it, until agreement with the Auditors was reached.

#### **7. 2023 Annual Report & Accounts :** Ric Jaques introduced the Annual Report and Accounts.

The Report & Accounts had been presented to the DBF's Annual General Meeting on June 12th with the insurance claim in respect of the Netherton vicarage remaining as an unlikely but potential change. That AGM had not been quorate, but an indicative vote of those members present had been taken in favour of receiving the Report and Accounts. On 10th July a reconvened DBF AGM had taken place and had been quorate. The updated situation had been explained, and the accounts duly 'received and adopted'.

The insurance claim had now been agreed at £517k, around £75k higher than that reflected in the Dec 2023 position, mainly because of agreement to fund surveyors' costs for the rebuild and also to cover additional spend in early 2024.

Dodd & Co, the auditors, had confirmed that this did not change their view on the accounts as previously presented, as any differences remained within their levels of materiality. There was therefore no need to adjust the 2023 accounts and the additional income from the claim would be included in the 2024 accounts.

Trustees passed the following resolution:

'Following the Netherton vicarage insurance claim settlement, it is resolved that the 2023 Annual Report and Accounts be signed by the Chair Jim Johnson, and that two trustees sign the 'Letter of Representation' on behalf of the Board.'

**8. Ministry Offer:** Ric Jaques introduced the Ministry Offer paper. A small number of parishes who had not started making payments by June would be contacted directly to identify any issues and prompt payments. Work would also be undertaken to review and contact those parishes with outstanding amounts due from previous years.

#### **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 Diocesan Secretaries Conference held in mid-June. A main item at the conference had involved engagement with the national team on the current Diocesan Finances Review. The review would impact upon the Church Commissioners' next triennial settlement which ran from 2026-2028. The primary focus of the review was now unclear. The work and associated conversations had variously been about simplifying financial flows and the balance between different funding streams; the causes of, and partial solutions to the substantial aggregate deficits of DBFs; and reviewing formulae used to allocate funding.

The review was likely to have consequences for our Diocese in the short, medium and long term. The 2026-2028 triennial settlement would impact our current Diocesan budget, but any negative changes such as reduced allocations due to perceptions of us as an historically wealthy diocese were likely to be phased in over time. Some areas of cost, possibly Ordination training or aspects of managing closed churches, might, in theory, be removed from DBFs and funded centrally.

There was growing pressure for more of the historic wealth of the church to be used to sustain the CofE's USP as a presence in every community, as opposed to supporting time-limited projects in centres of population but was not clear whether this was gaining traction with those making decisions about the allocation of funds. The case for this was linked to the transfer some 27 or so years ago of future pension liabilities from the Church Commissioners to the Dioceses/local church. A number of Dioceses were considering passing Diocesan Synod motions in relation to this and there might be scope to lobby of key individuals.

The July meeting of General Synod had included items on the Diocesan Finances Review and the 2025 Archbishops' Council Budget with the bulk of the increased funding coming from the Church Commissioners as opposed to the Diocesan apportionment.

**10. Stewardship Activities Report & Strategy:** The Trustees noted the Stewardship Activities Report. Ric Jaques highlighted that there had been an increase of requests for Stewardship support this year which was an encouraging sign as we continued to implement the Ministry Offer and moved towards the pilot of the Parish Giving Scheme in the autumn.

**11. Rydal Hall:** The Trustees noted the management accounts to 31st May 2024 and draft minutes of the meetings of the Rydal Board held on 19th March & 21st May 2024.

Peter Yates, the interim Chair of Rydal Hall Board, provided an update on business at the Hall. In the year to date the bottom line was ahead of budget by about £9k. Income was down because of market conditions in the Lake District, but costs were also down. The 12 month rolling accounts had shown a steady improvement month on month, but June was the first time that trend was interrupted. This was due to there having been a number of cancellations in June just before the 6 week window that would lead to the forfeiture of deposits. Consequentially, discounts were being offered to try and secure bookings to replace these.

**12. MAT and Academy Schools:** The Trustees noted the draft minutes of the meetings held on 22<sup>nd</sup> February, 21<sup>st</sup> March, 7<sup>th</sup> May and 16<sup>th</sup> May 2024.

**13. Restore:** The Trustees noted the Restore report and passed the following resolution:

'That Jim Johnson, as Trustee Director of the Carlisle Diocesan Board of Finance, is authorised to sign the 'Statement of Guarantee' in relation to Restore, on behalf of the DBF.'

## **PART C PROPERTY MATTERS**

**14. Property Issues requiring Finance Committee attention:** The Trustees received the draft minutes and action point list from the property sub-committee meeting on the 14th June 2024 and noted that the next meeting would be on 16th August 2024.

**Joint Parsonages Conference:** The Trustees noted that the draft minutes of the Joint Parsonages Conference at Rydal Hall on 8th February 2024.

Trustees were asked to approve or reject the recommendations for housing policy changes resulting from the parsonages conference. Neal Andrews highlighted that the recommendations would have a financial impact.

During the discussion it was suggested that items 2.3 to 2.6 (major energy efficiency and net zero packages to 4 or 5 houses a year; upgrades insulating boarded loft areas; replacing timber and single glazed external doors; installing cavity insulation where appropriate) under the Energy Efficiency & 2030 Net Carbon Zero Commitment section should be funded out of the £250k Net Zero budget as they fell under that remit of work which had previously been approved by Trustees and was part of the Diocesan budget.

2.7 (replacing older/first generation timber double glazed windows and introducing PV solar panels and battery storage) needed further consideration and should not be rolled out across the board, but should be considered when dealing with particular properties that it would benefit.

Section 3 (Housing Standards in terms of additional internal decorations and gutter cleaning) would mean an increase in the approved budget. Trustees agreed to presenting the Parsonages Board recommendations to Bishop's Council for consideration as part of their discussion of budget priorities.

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

**64 Valley Drive Kendal:** It was not now expected to be necessary to rehouse the tenants from Endmoor School House who might otherwise have been offered this property for rent. It was therefore proposed to proceed with the sale but to defer marketing for a month or two until there was more certainty on the situation with Endmoor.

Trustees agreed that when matters were confirmed on Endmoor we should proceed to market for sale at a price to be agreed with agents.

**Coniston Vicarage:** There had been no further interest in this property. The agents could not support sale for the offer currently on the table. The suggestion was therefore to withdraw the property from sale and rent for a year. The offering party, and one other unproceedable interested party had already expressed interest in renting, but there were risks of difficulties if they had expectations of eventual purchase. An open market rental might be preferable. There had been some difficulty in recruiting Network Youth Church posts due to housing

issues, so it had been requested that consideration be given to offering a transitional house available for rent short term for a Network Youth Church post.

Trustees agreed to offering rental for use by a Network Youth Church Leader on the understanding that it would only be available for a specified maximum rental period.

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

High Hesket Vicarage - Sale was expected to complete on 22nd July.

Kirkby Ireleth Vicarage – Following marketing with strong interest and an invitation for best and final offers an offer had been accepted and solicitors instructed.

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

Rampside St Michael: Notice had been received of a potential offer to be made by a Barrow community arts group. Determining a suitable new use was a matter for the Mission & Pastoral Committee but the Finance Committee might have a view on whether a reasonable offer for an arts community use might be preferred to higher offers for residential conversion. Advice was needed but it might be possible to implement an arts use without requiring planning permission, which might simplify any sale.

Trustees agreed to support the Mission and Pastoral Committee if the decision was made to the alternative use of the building for the community arts group.

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

Broughton Moor St Columba: The Broughton Moor parish council had resigned. Three Cumberland councillors would be nominated to form a temporary parish council but were not expected to be prepared to proceed with the transfer. It was unclear how long it would take to elect a replacement council or whether they would then still be prepared to go ahead with the transfer. Nothing further was currently being done pending the council situation being resolved.

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

Endmoor School House: The tenant was expected to give notice in 2 to 3 months' time. As previously noted, Endmoor could be sold when vacated. Trustees agreed to marketing for sale when vacated at a guide to be advised by an agent.

Millom Holy Trinity Former School: The CIC had previously been given a further 4 months, until this meeting, to confirm whether they could proceed with a lease. They had reverted suggesting they wanted to buy the property and had requested more time to pursue grant funding.

Trustees agreed, subject to Charities Act compliance, to selling the school and allowing further time for grant funding to be secured.

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

Eskdale Centre: The further virtual meeting with potential lessees had occurred. It had been agreed that any lease arrangement would need to be justifiable as a Charities Act disposal, supported by a designated adviser's report. An initial rent-free period might be justified by the capital investment the lessee would make in upgrading the property. A suggestion of a possible turnover rent would need further consideration. Further details about proposed works to the building would be provided to Neal Andrews who would consult an agent.

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

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

It had been agreed at the Investment Sub-Group meeting that both CCLA and Rathbones would be asked to present to the sub-committee as we explored options for future investments. We had begun to consider appointing a second Investment Manager to complement CCLA and Rathbones had a strong charity team. Meetings of the Investment Sub-Group were scheduled for 1st August with CCLA and the 18th September with Rathbones, both of which would be in Church House. Trustees were welcome to attend if they wished.

The change in government had been widely expected by the markets and the sense of increased stability had seen some improvement in UK stock values. However, global economic and geopolitical issues remained and a slow recovery from recession indicated an ongoing challenge to global markets.

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

**16. Date of Next Meeting: Wednesday, 18th September 2024**