

The Minutes of a meeting of the TRUSTEES of the CARLISLE DIOCESAN BOARD OF FINANCE LTD held at Church House on 18th September 2024.

**Present:** Mr J A E Johnson (Chair)  
The Archdeacon of West Cumberland  
The Archdeacon of Westmorland and Furness  
The Archdeacon of Carlisle  
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 the Venerable Ruth Newton

**2. Apologies for absence:** Apologies were received from the Acting Bishop of Carlisle and Mr A R H Cook & Mr J Edwards

**3. Minutes:** The Trustees approved the minutes of the meeting held on 17th July 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.

The issue of DBF continuity was dealt with as a specific matter arising. Derek Hurton reminded Trustees that at the previous meeting it had been agreed that advice from the DBF's solicitors, Sintons LLP, should be sought on the suggestion that Jim Johnson should continue as Chair for a period of 18 months past the end of his current term. The advice from Sintons was that the DBF's Articles of Association should be changed in order to allow for a trustee to have their term extended extraordinarily, with such an extension to be proposed by the trustees and approved by the members of the company. This two-stage process would provide a sufficiently high hurdle to ensure that extending terms of office did not become the norm.

The Trustees should therefore convene a General Meeting of the Company, which would consider, inter alia, certain changes to the Company's Articles of Association, and, conditional upon those changes being approved, to consider that one of the Directors, James Alfred Earlam Johnson, should remain in office for a period of 18 months

commencing on 1<sup>st</sup> January 2025 ("Extended Appointment"). The General Meeting would take place as planned on 19 October alongside the meeting of Diocesan Synod.

A draft notice ("General Meeting Notice") convening a General Meeting of the Company at 1.30pm on Saturday 19 October at Newbiggin Village Hall proposing, inter alia, the following resolutions, was produced to the meeting:

#### Special Resolution

That the Articles of Association of the Company adopted by Special Resolution passed on the 15th day of June 2021 be and are amended by the insertion of a new Article 35(c) as follows:

Any Director elected or co-opted pursuant to Articles 32 (c) or (d) may serve for a further fixed period or further fixed periods of office (whether consecutive with any previous period of office or not) with approval by both the Finance Committee and by an ordinary resolution of the Board.

#### Ordinary Resolution

Conditional upon the passing of Resolution 1 above, approval for the same having been given by the Finance Committee, James Alfred Earlam Johnson shall remain in office after 31<sup>st</sup> December 2024 (which would otherwise be the end of his period of office) for a period of 18 months expiring on 30<sup>th</sup> June 2026, pursuant to new Article 35(c) approved in accordance with Resolution 1 above.

The Trustees resolved that the Extended Appointment would be in the interests of the Company and it was approved by them (subject to the passing of the resolutions referred to in paragraph 2).

The Trustees further resolved to convene a general meeting of the Company at 1.30pm on Saturday 19 October at Newbiggin Village Hall to consider the resolutions proposed in the General Meeting Notice, amongst other things. The Company Secretary was directed to deliver copies of the General Meeting Notice to those entitled to receive them.

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

**5. Management Accounts:** Ric Jaques introduced the updated Management Accounts to 31st August 2024. The accounts for the first 8 months of 2024 showed a surplus of £652k, which was £495k better than the phased budget.

The accounts and forecast were materially improved on the position reported 2 months ago due mainly to 3 additional areas of income: an unexpected legacy of £188k; increased hydro dividends; and some of the pension surplus from the closed defined benefit scheme. The total pension surplus figure was not known but we had received confirmation that at least £535k would be available from the closure of the scheme. This would be received as a pension contribution holiday for the remaining lay pension scheme. Due to the uncertainty of the final figure, it had been agreed with Dodd and Co that this would be taken on a cash basis every month.

Boosted by this additional income, and continued vacancies among clergy posts, the forecast for the year now showed a surplus of £704k, which would be £608k better than budgeted. It was based upon the current view of likely clergy changes and other known factors affecting the remainder of the year including ongoing 'income' from the pension surplus and high hydro dividends. The designation and use of any surplus arising from exceptional items would be discussed as part of the budget item later in the meeting.

**6. Ministry Offer:** Ric Jaques introduced the Ministry Offer paper. Payments were slightly softer than last year and a few PCCs continued to face banking issues and/or financial struggles, but it was expected that the vast majority would again pay in full this year.

The process of requesting Ministry Offer figures for 2025 had gone well on the whole, albeit with a significant investment of time of senior staff. With the exception of a relatively small number of 'stragglers', the gaps in the figures provided were now where an extended deadline had been given or where there was significant uncertainty or fluidity around future ministry resourcing and deployment.

Of those PCCs and Mission Communities who had already pledged their Offers for 2025, there was a like for like increase over the 2024 offers of 2.8%, with a projected total increase of 3.1%. If achieved this would represent a record year-on-year increase in the Offer, with a number of parishes and mission communities showing an above inflationary increase. However, there were still those offering a reduced amount for 2025 or staying level, and there was quite a range of increases across deaneries. The projected amount remained below the offers pledged for 2020 before the Covid-19 pandemic hit.

The Archdeacon of Westmorland and Furness commented that a number of parishes were considering whether to use the Ephesians Fund to make their contributions towards the Ministry Offer. There was a brief discussion of the purposes of the Fund and it was noted that one PCC had now decided to make use of it.

**7. Recast budget 2025 to 2027:** Derek Hurton introduced this item by explaining that Trustees were being asked to approve the draft to go forward to for approval by the DBF/Synod in October.

He reminded Trustees that the background to setting the 2023-2027 budget had included agreeing a set of principles and approaches, especially giving a high collective priority to achieving inflationary increases in Ministry Offer and tackling 'anomalous situations' where the Offer and the costs of local ministry were felt to be unreasonably out of line.

The agreed budget had drawn on the unbudgeted surplus achieved over the previous 5 years, meaning that there was a balanced budget over a 10-year period. The budget profile had showed losses in the first years of the period and a small surplus in year 5, paving the way for a sustainable position heading into the subsequent budget period from 2028 onwards. When we had set the budget we had committed to reviewing it annually and last year had made some adjustments in response to developments. We had now repeated the annual review on the basis of a further year's experience.

Ministry Offer continued to rise by more than previously with Offers for 2025 currently projected to be up by 3.1% on 2024. Over the five-year budget, what was achieved in the way of Offers for 2025 could be worth 600k over the life of the budget once the impact of increases in the baseline for future years was factored in.

There were additional cost pressures in some areas, including safeguarding, which had resulted from a need to increase staffing resource following a benchmarking exercise against other dioceses. Through the parsonage conference process there had been some requests for more generous housing maintenance policies in respect of cleaning gutters and decoration. Network Youth Church staffing was expanding more quickly than expected to a full-time post in each Deanery, and there were additional central IT costs in Church House, in part due to the takeover of our supplier. The outturn in the first two years of the budget period was expected to be better than originally budgeted due principally to underspends on clergy payroll costs as a result of failure to fill vacancies and to underspend in the God for All Team's projects.

The proposed refreshed budget remained on track overall to achieve the originally planned outturn and provided for a small increase in the number of local stipendiary and other local ministry posts. This proposal had been achieved by a combination of recycling the better-than-budgeted performance in 2023 & 2024; drawing on unbudgeted surpluses from the previous budget period as originally planned; and increasing the vacancy assumption to the level actually experienced in 2023-24, ie a 12% vacancy rate. It had also required decisions to reduce, defer or displace expenditure in areas such as the God for All project budget, housing maintenance (requiring policy changes to be funded within the existing budget envelope), Reaching Deeper match-funding, and aspects of Church House decarbonization. Additional income included an increased contribution from the Diocesan Growth Fund.

The last two years of the budget period now showed a structural deficit. This consisted largely of the shortfall caused by the ongoing failure of Ministry Offer fully to keep pace with local ministry cost inflation and the expected continued gap between Offer and costs in anomalous situations. In addition, some externally funded roles were unlikely to generate the income required to fully cover their costs and this would require us to review our appetite and ability to fund them from our mainstream budget. Work on the mitigation of the structural deficit would need to begin in the next year or two, well in advance of the next budget period.

At same time as the recurrent budget was under pressure, we were benefitting from a number of substantial windfalls including a legacy in 2024, exceptional hydro scheme profits due to a high fixed tariff in 2024 & 2025, and the crystallised surplus of the now-closed Church Workers defined benefit pension scheme. Taken together, these could add up to £800k of uncommitted, expendable funds. Decisions about the use of these funds would need careful consideration but did not need to be made immediately. The funds could for example be used to invest in new initiatives and projects or held back to cover part or all of the structural gap expected in 2028+.

The draft budget included a number of savings. If the financial position was more favourable than budget during 2025 there should be flexibility to reinstate these savings in-year, albeit that they would then be re-considered in the budget review for 2026-27.

There was a chance that the next national triennial funding settlement for 2026-28 might make more resources available to dioceses but we would not know this until sometime into 2025. If this transpired, we would incorporate the outcomes into the budget refresh in 12 months' time.

During the discussion the following points / questions were raised.

- It would be useful to see a high-level resourcing strategy document showing what the budget was intended to achieve in relation to the Diocesan vision and strategy including "business as usual". The work to develop and propose the Diocesan Vision and Strategy within the county vision of God for All was undertaken by Bishop's Council but it would make sense to provide an articulation of the Diocesan resourcing strategy in relation to the overall Vision and Strategy.
- Recruitment was a significant issue and was influenced by levels of remuneration. National work was underway to analyse how clergy stipends had changed in relation to inflation and pay in other sectors. The draft budget proposed increases of 3% next year and 2% the year after but that might prove to be a bit light when compared to parts of the public sector. Our stipend was however slightly above the average for the northwest dioceses.

Trustees approved the draft to go forward to DBF/Synod in October.

## **PART B FINANCE – MINOR MATTERS**

**8. Stewardship Activities Report:** The Trustees noted the Stewardship Activities Report. Ric Jaques informed Trustees that Sophie Hodge was due back from maternity leave in December. It was encouraging that there had continued to be an increase in the number of requests from PCCs for Stewardship support .

**9. Rydal Hall:** The Trustees noted the management accounts to 31st July 2024 and draft minutes of the meeting of the Rydal Board held on 16th July.

Peter Yates, the interim Chair of Rydal Hall Board, provided an update on business at the Hall. Income was down on budget because of market conditions in the Lake District, but was still up on last year. Costs were down due to focused management attention and profit, despite the lower income, was therefore up compared to budget by £44k. The 12 month rolling accounts showed that at the end of August Rydal was in the black. Ruth Newton, the Archdeacon of Carlisle, was the new Chair of Rydal Hall Board, and a new Chaplin had been appointed.

**10. MAT and Academy Schools:** No minutes were provided.

**11. Restore:** The Trustees noted the Management Accounts. The Restore Annual General Meeting would take place on the same day as the next Finance Committee meeting and all Trustees would be invited to attend.

## **PART C PROPERTY MATTERS**

**12. Property Issues requiring Finance Committee attention:** Trustees noted that the next meeting of the Property Sub Committee would be on 18th October 2024.

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

Holme Eden Rectory:-

- I) Replacement House – 12 Rosegate, Aglionby: An offer had been accepted subject to the Trustees' approval. The Trustees gave their approval.
- II) Church Parking/Access: Initial architect's considerations had shown that a satisfactory car park on the front rectory lawn alone was not possible. The field car park behind the rectory would therefore need to be retained. A sketch plan had been produced for revised access paths and parking, and to show the division of land between the rectory sale and transfer to the PCC. It was felt that this achieved a satisfactory separation of the rectory from the church.

The Trustees approved instructing the architect to develop the revised proposals and proceed with planning/faculty and costings for approval (DBF to undertake the works) and to the proposed land division.

Derwent Network Youth Church Leader – Interim Housing: Following repeated failure to appoint for two posts in the Grassmoor Mission Community, the Cockermouth Rectory and Great Clifton Vicarage might become available to rent. It had been suggested that one might be held back temporarily and offered to rent as temporary housing for a NYC appointee to enable them to move to the area and find their own housing, in the same way as had previously been agreed for Furness NYC with Coniston Vicarage. Recruitment for the posts was underway.

The Trustees approved making one house (probably Clifton rather than Cockermouth) available as temporary rental house for a NYC role. The temporary nature of this offer was stressed.

Lindale Former Parsonage Land – Transfer to PCC: Areas of land adjacent to the closed church were retained historically, it would appear for churchyard extension, when the old vicarage was sold in the 1980s. They remained vested in the incumbent. Trustees approved transfer of the land to the PCC with nil consideration subject to the PCC meeting costs.

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

High Hesket: Sale for £370,000 had completed on 19th July.

Sales in progress:

Natland, 50 Stainburn Road and Kirkby Ireleth: these were with solicitors and continued to progress but there were proving to be some difficulties in achieving completion, with prospective purchasers beginning to attempt renegotiation of prices following surveys at Natland and 50 Stainburn Road.

Wigton Old vicarage and Thornthwaite: Tenants at both of the properties had recently given notice so marketing for sale was expected to begin in October with guide prices to be agreed with agents.

Renters Rights Bill: As expected, the new government had introduced the bill, with an expectation that it would be enacted by next summer. This would immediately ban "Section 21 no fault evictions". The Property Department was actively addressing all clergy housing tenancies to ensure that they included the clauses required to allow tenancies to be ended if possession was required for occupation by a minister of religion for the better performance of their duties.

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

Rydal Hall - Electricity North West Limited Sub-station: ENWL needed to replace a sub-station currently located on other land and had asked for a 3mx3m site on Rydal Hall land, on a 60 year lease. The supply served the Rydal top field and Herdy Huts as well as other consumers. Rydal Hall were agreeable to the proposal. The Trustees approved proceeding with the lease for the sub-station on the lease terms advised and with ENWL paying costs.

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

Rampside St Michael: No offer had been forthcoming from the arts organisation who had expressed interest previously. An existing offer was for a potential community use but no further details had been provided and the party had become unresponsive. The only current offer was now for residential conversion from a party who might need to sell an existing property and with no known development experience. This could lead to issues in relation to the highways and drainage complications which were expected to be encountered by anyone developing the site.

The Trustees agreed that NA should seek more information about the capability of the prospective purchaser and in the meantime to keep marketing for sale.

Barrow in Furness St Francis: Draft proposals for closure would go to the September Archdeaconry Mission and Pastoral Committee, with a suggestion that the site should be sold for demolition and redevelopment as affordable housing. It was an unremarkable 1950s church surrounded by grassed areas with no burials. Mitre Housing had been approached to explore their possible interest. It was hoped that a single stage pastoral

scheme for closure, demolition and disposal would be possible. Further consideration would need to be given over the future of the vicarage which was located behind, and accessed only via, the church site.

The Trustees approved pursuing sale of the site for affordable housing development.

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

Broughton Moor St Columba: The civic parish council had been reconstituted and had confirmed that they wished to proceed with transfer of the church. Completion of the sale was expected to be imminent. The parish had confirmed that they would like to progress the offer that had been made for the redundant churchyard land.

Middleton Holy Ghost: The draft closure scheme had finally been published and, with no objections received, the closure could proceed. A meeting to discuss handover had been arranged with the PCC and closure and transfer to the DBF was expected to come into effect on 1st November.

Dendron St Matthew: The Commissioners had published the draft closure order. The deadline for representations was 16<sup>th</sup> September and two objections had been reported. It was unclear what those objections would relate to, but it was understood that closure would be controversial in some local quarters.

Lowther St Michael: There had been a representation against closure by someone connected to the church. Unless withdrawn the matter will need to be considered by the Mission, Pastoral & Church Property Committee at the Commissioners which would almost certainly delay the closure and lease.

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

Kirkby Thore Former Glebe Low Abbey Farm Mineral Rights: The farm had been sold by the incumbent in 1934 but with mines and mineral rights retained. An approach had been made by British Gypsum over a potential option to lease the rights with a view to their extracting gypsum by means of underground working. We had confirmed that the diocese had no objection to British Gypsum advancing the site for possible extraction in the council's local plan consultations.

The Trustees approved instructing an agent to negotiate on an option to lease the mineral rights.

Church Hall Cottage, Chapel Stile – Assignment: The assignment from the Community Land Trust to Mitre Housing was expected to be completed in the next few weeks. With concerns over delays the CLT had been considering issuing a break notice which would have prevented the assignment. In order to forestall this, assurances had been given by the DBF that no further rent payment was expected from the CLT and that a voluntary surrender would be accepted if the assignment was not completed by the end of October.



The Trustees ratified the assurances given to the CLT.

Torpenhow Glebe – Sale: Inclusion of a reduced approximate 0.5 acre area with the sale of the vicarage had been agreed and agreement reached with the tenant for sale of the remaining 2.17 acres to them.

The Trustees approved sale of 2.17 acres to the existing tenant.

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

#### **Glebe Sales:**

- i) Three new completions were noted in respect of glebe land at Soulby, Great Orton and Kirkby Thore
- ii) Sale of glebe land at Croglin was being chased through solicitors, with an expectation of imminent exchange and completion.

23 Devonshire Street, Penrith – Oxfam Lease Renewal: Terms had been agreed with Oxfam for the lease renewal and solicitors instructed. As previously anticipated the rent would fall, reflecting the changed retail property market. The tenant was expected to agree only a 5 year term with a 3 year tenant break as opposed to the previous 10 year lease with a 5 year break.

Unit 3 Etal Way, Newcastle: A request had been received for consent to an assignment of the lease. As the current lease ran on until 31/3/26 the agents had been instructed to explore an alternative surrender and new lease.

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

Skelwith Brathay: The Community Hall Committee had confirmed they wished to proceed with arrangements to surrender the property and would end the residential tenancy on the school house. Previously it had been agreed that dilapidations would be waived, the DBF would bear its costs for a surrender and further rent payments would be waived once notice to end the residential tenancy had been given. However, the Committee had now advised that they wished to give their longstanding tenants a 12 month notice period.

The Trustees confirmed the previous offer of rent cessation once notice on the tenancy is given, notwithstanding the 12 month notice period.

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

Warcop School House: Sale completed on 19/07/24. The school's governing body were the beneficiaries.

Millom Holy Trinity School and School House: Sale of the school house had completed on 02/09/24.

Regarding the related school building the Community Interest Company had advised that they had submitted an expression of interest to the National Lottery Heritage Fund and expected to hear in September if they had been successful and therefore invited to submit a development phase application. They would also submit an Expression of Interest to the Geological Disposal Facility Community Investment Fund. Timing for any progress with the school therefore remained unclear.

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

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

The Sub-Committee had met on 2nd August for one of two special meetings, looking at alternative options for managing our investments going forward. This meeting had given our existing investment managers, CCLA, a chance to look at existing and alternative ways in which we could invest through them in the future.

The second special meeting would be held on 18th September after the Finance Committee meeting. Rathbones would present their approach to managing charity investments at that meeting.

The next full Sub-Committee would be held on 18th October at which consideration would be given to how we proceed with future investments.

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, 20th November 2024**