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Diocese of Leeds – Leeds Board

Minutes of the Leeds Board held on 2 May 2019 at Church House, 17/19 York Place, Leeds LS1 2EX.

Present:

The Rt Revd Nick Baines (Chair), Mr Matthew Ambler, The Ven Paul Ayers, Mrs Marilyn Banister, Ms Kay Brown, The Ven Dr Anne Dawtry, The Very Revd John Dobson, Canon Mrs Jane Evans, The Rt Revd Jonathan Gibbs, The Ven Jonathan Gough, The Rt Revd Toby Howarth, The Ven Andy Jolley, Mr Andrew Maude, Canon Mrs Ann Nicholl, The Rt Revd Paul Slater, Mr Chris Tate, Mrs Jane Wardman, Mr Irving Warnett and The Revd Nigel Wright.

In Attendance:

Mrs Debbie Child, Mrs Judith Calvert, (part of the meeting) Mr Peter Foskett, Miss Anna Mitchell, The Revd Canon Andrew Norman, Mr Geoff Park, Mr Chris Tate, Mr Tom Brain (part of the meeting) and Mr Simon Dennis (part of the meeting).

Item Number	Minute	Action point	Return to Leeds Board?
1	Opening Prayers. The Ven Paul Ayers led the opening prayers.		
2	Welcome and Apologies. The Bishop of Leeds welcomed Mr Tom Brain, Audit Technical Director, haysmacintyre, Miss Anna Mitchell, HR Manager, Mr Simon Dennis, Chair of the Audit committee and The Ven Jonathan Gough,		

	<p>Archdeacon of Richmond and Craven to the meeting.</p> <p>Apologies had been received from The Rt Revd Dr Helen-Ann Hartley, The Rt Revd Tony Robinson, The Revd Canon Sam Corley, The Revd Canon Kathryn Fitzsimons (whose nomination as a Leeds Board member had been ratified at the last Diocesan Synod), Canon Simon Baldwin and Ms Alison Bogle.</p> <p>Apologies for the Diocesan Mission and Pastoral section of the meeting had been given by The Ven Peter Townley.</p>		
3	<p>Declarations of conflicts interest.</p> <p>Members were reminded to declare any conflicts of interest concerning any items on the Agenda.</p> <p>The Rt Revd Dr Toby Howarth and The Ven Andy Jolley declared a conflict of interest in Item 9 Finance Report, in respect of Bradford Resource Church they were both members of the Bradford Resource church (Fountains Church) independent charitable company board. It was also noted, that although not a member of the Leeds Board, Debbie Child, Diocesan Secretary, who was in attendance, was also a member of the Fountains Church board.</p>		
4	<p>Minutes of the Leeds Board held on 5 March 2019 LB19 05 02</p> <p>The draft Minutes of the Leeds Board held on 5 March 2019 had been circulated and were for approval.</p> <p>Approved unanimously.</p>	DC to add signed 05.3.19 minutes to Minutes book	
5	<p>Matters arising from the Minutes of the meeting on 5 March 2019.</p> <p>There were no matters arising from the Minutes of the 5 March 2019 Leeds Board meeting.</p> <p>There were no items in the Minutes from the 5 March 2019 Leeds Board minutes which were to be kept confidential/redacted from publication.</p>		
	<p><i>It was noted that the Area Bishops were not members of the Diocesan Mission and Pastoral Committee that met for items 6 and 7 on the Leeds Board agenda.</i></p>		

6	<p>Minutes of the meeting of the Episcopal Areas Mission and Pastoral Committees for noting.</p> <p>Bradford, Leeds and Ripon AMPCs minutes had been made available on the Leeds Board members' diocesan website page.</p> <p>Judith Calvert spoke to this item. The minutes were for noting only. A query was raised concerning the Leeds AMPC minutes, page 2 - about the proposal for a "minster". It was explained that there was a difference between a "minster model" for a group of churches (the proposal being made for Pudsey) and a church being designated a minster. Judith confirmed that the introductory information to AMPCs was applicable to all the AMPCs.</p>		
7	<p>Diocesan Mission and Pastoral report LB19 03 04</p> <p>Members had been circulated with a report from the Diocesan Mission and Pastoral Secretary, Judith Calvert. Judith spoke to her report. She mentioned two examples of positive approaches to local issues in the Ripon EA:</p> <p>1 A benefice of three parishes and four churches which were struggling to appoint parochial officers had adopted scheme which provided for subject based sub-committees in the EA. The scheme also reduced the number of churchwardens and enhanced the role of sidespersons.</p> <p>2 A benefice of two parishes with similar difficulties appointing parish officers but where one of the parishes was not viable but the church building was sound. The successor parish had agreed to take on the church building but it was changed to a chapel of ease.</p> <p>Judith reported that following the recent casual vacancy elections to the AMPCs there were still some vacancies but that there was currently no proposal to hold further elections. Members would be co-opted if necessary. Judith clarified that the renewal of the BMO for Eldwick was the first renewal.</p>		
	<p><i>The DMPC business ended and the Area Bishops re-joined the meeting and Judith Calvert left the meeting.</i></p>		
8	<p>Leeds Diocesan Board of Finance Annual Reports and Financial Statements 2018 LB19 05 05, LB19 05 05</p>	<p>GP to i) arrange for the</p>	

	<p>01, LB19 05 05 02 and LB19 05 05 03.</p> <p>Members had been circulated with a copy of the Draft Leeds DBF Annual Reports and Financial Statements 2018, Leeds DBF letter of representation, Audit Findings Report and a Finance Key Messages report.</p> <p>Geoff Park (GP) spoke to this item using a PowerPoint presentation “2018 Financial Report & Accounts Key Messages”, which had been circulated to the Board members. He cautioned that the large one-off pension charges in the previous year made it difficult to provide a like for like comparison. The deficit before investment gains, was £720k, this was an improvement of £1.7m when compared with 2017. The Quinquennial revaluation of the property portfolio had resulted in an increase in value of £12.8m ie a 9% increase.</p> <p>An accounting classification of property had been carried out. £9.9m properties recorded as parsonages were now correctly allocated as Leeds Diocesan Board of Finance properties (unrestricted funds).</p> <p>The £1.4m deficit shown in the management accounts was reduced to a statutory deficit of £720k through previously accrued pension deficit payments, a write-off of historic Balance Sheet items, depreciation, accruals and other year-end accounting adjustments. The revaluation of property and transfer between funds had had a significant impact on the unrestricted funds.</p> <p>Parish Share receipts had increased but the collection rate was 2% lower as the request had increased. The biggest income change was a reduction by £89k of national church core funding. Statutory fees had increased by 4% and school service level agreements income had increased following the introduction of the enhanced SLA.</p> <p>Although the control of non-staff costs were included in the expenditure figures, the effect of the voluntary redundancies were not all reflected in the expenditure figures. The core challenge in the immediate future would be to continue to address the deficit and the steps needed to achieve sustainability.</p>	<p>Annual Accounts 2018 to be amended with additions to Notes 12 and 13.</p> <p>ii) Arrange for the amended Accounts to be signed.</p> <p>iii) Arrange for the signed Annual Accounts 2018 to be registered with the Companies Registry and the Charity Commission</p> <p>iv) Action the audit report recommendations.</p> <p>Archdeacons – to monitor applications for relief grants.</p>	
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Each of the three former dioceses had clergy and dependents hardship funds (“North Riding/West Riding”) and had accounted for them in different ways. These had now been amalgamated in to the Leeds Diocesan Charitable Society Trust and were now shown on the Balance Sheet. The Bishop of Leeds asked that the Archdeacons ensure that there was no duplication of payments of charitable monies to individual applicants.

Mr Tom Brain, Audit Technical Director of hayesmacintyre (Leeds Diocesan Board of Finance auditors) spoke to the 2018 Audit Findings Report. He confirmed that the auditors were able to give an unqualified opinion and that the audit had gone smoothly. He said as the report had been circulated he would just highlight some items:

Section 3.1 i – The auditors had recommended a detailed review of property allocations in 2019 to ensure property assets are allocated to the correct fund for fund accounting classification purposes. This doesn’t affect the total asset or fund values and doesn’t impact reserves.

Section 3.2 i - The overstatement of £994k bank and creditor amounts relating to LCVAP monies had been corrected and was a simple oversight.

Section 3.2 iii - With regard to the Leeds DBF’s going concern status, there had been an issue in the previous year and so the auditors had reviewed this again this year and believed the liquidity was more robust this year.

Section 5 – Detailed control points

Issue to be dealt with or completed were outlined with the proposed action to be taken during the coming year.

There were no questions to the auditors.

Geoff Park reported that since the circulation of Finance Annual Reports and Financial Statements 2018 (LB19 05 05) to the Board members, some small amendments had been made to Note 12 on page 36 to correct the year and some other small adjustments which had no real impact on the Annual Accounts as disclosed.

Mr Simon Dennis was invited to report to the Board on the work of the audit committee. He explained that the work of the audit committee was to consider the work of the auditors and scrutinise it on behalf of the Leeds DBF. This had been done. The issues which had emerged during the audit had already been mentioned in the auditors' report and the audit committee were content that work was being done to put these issues in order for 2019 and beyond.

The Board members asked questions on the presentations:

- It was noted that there continued to be a lot of work for the finance team to do and the FAIC were thanked for the work it carried out.
- Was the level of free reserves still a concern?
 - GP said this was not a concern as there were good cash reserves following the sale of properties. However this still fell short of the target figure.
- There appeared to be three members of staff with significantly high earnings disclosed in those staff earning over £60k in the year .
 - GP explained that these figures included redundancy payments paid, which in some cases had amounted to double their annual salary.

It was agreed that a narrative explanation would be added to Note 13 to explain the figures for these earnings.

- What was the position of the Leeds DBF in the longer term?
 - GP said the LDBF was still some way from a break even position. The 2020 Budget was currently being prepared along with a sustainability plan.
 - Irving Warnett commented that the LDBF was half way through the action needed to get to sustainability. The second half would need more work on work streams, Parish Share and organisational structure. However, it was important to take stock first with a view to

	<p>presenting plans to the July FAIC and then the September 2019 Leeds Board.</p> <p>The Chair to propose that:</p> <p>“Subject to the addition of the amendments to Note 12 and Note 13 of LB19 05 05, this Board acknowledges receipt of the Audit Findings report (LB19 05 05 02) and approves the draft letter of representation from the Board to the auditors (LB19 05 05 01) and approves the Leeds Diocesan Board of Finance Draft Annual Reports and Financial Statements for the year ended 31 December 2018 (LB19 05 05).”</p> <p>The Board members agreed unanimously to the proposal.</p> <p>It was noted that the Accounts would be signed after the agreed amendments had been added.</p>		
9	<p>Finance Report LB19 05 06, LB19 05 06 01, LB19 05 06 02.</p> <p>The Board members had received a copy of Management accounts to the end of March 2019, parish share returns to 31.3.19 and two documents concerning the Bradford Resource Church (Fountains Church) project: LB19 05 06 02 and LB19 05 06 03.</p> <p>Management Accounts to the end of March 2019.</p> <p>GP gave a brief presentation on the management accounts. He explained that excluding pension payments, there was an operating surplus of £196k. However, including the payment this became a deficit of £157k. The forecast for the rest of the year, based on current trends was an expected operating deficit of £50k and a shortfall on Parish Share payments of around £400k. Stipend and staff costs may be higher than budget but this may be offset by savings on property costs and vacancies in the first quarter of the year.</p> <p>There were no questions on the management accounts.</p>	<p>Bishop Toby Howarth to arrange for the appointment of the Leeds DBF CFO as a trustee of the Fountains Church ICO.</p>	

Bradford Resource Church Project

Irving Warnett (IW) introduced this item. He referred the Board members to the two documents concerning the Bradford Resource Church (Fountains Church) project: LB19 05 06 02 and LB19 05 06 03. Following the departure of the individual who had previously agreed to buy the building, the DBF was being asked to loan the capital to the BRCP (Fountains Church) of up to £590k to make the purchase.

IW and GP believed that as the proposal for the loan was similar to a mortgage, there was no issue with recoverability, even if money has to be repaid to the National Church. However, there was concern if the project only went partially well and Share and loan repayment became difficult or impossible. FAIC had considered the full business case and had voiced strong concerns. The key element for the project to remain viable was the congregational giving and there was a potential vulnerability in this area.

In addition, FAIC was concerned about the commercial income generation, as set out in the risk addendum, and had questions about the commercial environment in the centre of Bradford. Although the Fountains Church, as a Charitable Incorporated Organisation (“CIO”) is a stand-alone charity, there remains reputational risk to the DBF. The Board was asked to consider the proposal in the light of the potential risks over a number of years. If the Board did decide to go ahead with the proposal, FAIC advised that the project team be asked to remodel both costs and income generation which might lower some of initial cost and financial risk. FAIC also proposed that the DBF Chief Finance Officer be a board member of the Fountains Church CIO, which would benefit both the CIO and the DBF.

Bishop Toby Howarth (TH) and Archdeacon Andy Jolley (AJ) spoke about the vision for the Fountains Church. The project had evolved from initial discussions in 2017 with the Strategic Development Unit (SDU) about the city of Bradford. The SDU had encouraged Bradford EA to be ambitious, particularly around changing the narrative for big cities. The original proposal had been to use one floor of the proposed building but, following the withdrawal of a potential funding partner, the focus had changed to the whole building. In particular, looking at generating income from the building and for the project to

have diocesan engagement and support. The current proposal had SDF support. There was now some urgency to progress the project. DBF agreement to the loan would facilitate the engagement of an architect and having the building would mean that assessment of income generation could start.

Questions of clarification

- Were other buildings considered?
- The reference to Gas Street, Birmingham is not an appropriate reference model for Bradford as the context and model of church is different. Was there any other model of resource church used, and what difference was there?

AJ confirmed other buildings had been considered but these had been renovated and so were more expensive. The cost per square foot for the building was believed to be a good compared with others around the city centre. AJ had been involved in the discussions when Birmingham Bishop's Council had decided to invest in the Gas Street project. The assumed giving for that project was 33% more than in the Fountains Church model. Gas Street is the only new resource church north of London (ie rather than an existing church being re-labelled). It was a flawed comparison but it was the only and best comparison. Gas Street grew much faster than expected. In formulating the projections for Fountains Church the team have been pessimistic in using the comparison figures. The team was grateful for the input from FAIC and the proposal for GP to be on the Board. This would ensure that a close monitoring of performance over the life of the loan.

- Are the demographics different from Birmingham?

TH said that the project wasn't looking to take people from other churches but Life Church was evidence that people will attend church in the city centre, will give more and that it is easier to start a church than rejuvenate an existing church.

- There was some reassurance that, if the project flounders, the Leeds DBF will recover its investment but if it limps along there would be an issue.
- It felt uncomfortable dealing with one claim for support not knowing what potential costs and

consequences would be for investment in mission elsewhere in the diocese. A strategic approach would be to look across the diocese as a whole before investing.

- The DBF capacity for risk was small but this project asked the DBF to invest a lot of that capacity.
- In considering the proposal, the DBF should consider encouraging imaginative mission but the Leeds Board members also needed to fulfil their responsibilities as charity trustees.

Debbie Child said that based on its exploration of mission growth, the SIB was investing in resource church and city centre church projects. A proposal would not have been brought to the DBF without the SDF commitment in place. It was important to understand that the proposal was to invest in an asset. This money would not be available to invest in other resource churches. Bradford is the only big city in the Leeds Diocese where this type of project in invest in a resource church of this type was proposed. The other EAs were considering other types of project more appropriate for their context. For example, Ripon EA was considering local hubs, Leeds EA had the minster and resource churches, Wakefield EA had one potential church in the centre of Barnsley which might attract this type of project and Huddersfield EA would also consider a hub model as there was no big city. Money is being set aside in a separate fund for future SDF and mission priorities. It is unlikely with the Fountains Church project that the DBF will not recover its investment. Of bigger concern was what parishes would think about putting a lot of our assets in to this when we continue to ask for Share and the reputational risk if the church has to be abandoned through lack of support/giving.

Board members discussed the proposal. Comments included:

- The city centre church in Portsmouth had similar challenges and might be useful to consider.
- SIB were backing this proposal.
- The team in the church was of key importance to make it work – HTB and Abundant Life support new churches with an experienced team.
- The Board should be bold for Jesus in backing the proposal which would facilitate the creation of a strong Christian presence in Bradford.
- The vision was superb and the project was exciting. Resource churches are named in the diocesan Strategy as key to the reimagining ministry goal.

	<ul style="list-style-type: none"> • Management and assessment of the risk was important particularly if expenses and income diverge after 2022. • If the DBF invested in the project, communication with the parishes would be important [ie these are capital funds like buying a parsonage]. • Has a check been done on future needs for commercial rents in the centre of Bradford. There are currently a lot of empty office buildings in Leeds and Bradford? Is the building able to meet likely future needs? <p>As some research had been done though ideally more market research would have been done on this. Once an operational director and architect had been appointed they would need to do these assessments. The building was previously a night club. St George, Leeds generates £200k from use of small meeting rooms. The footfall in Bradford city centre has increased recently.</p> <ul style="list-style-type: none"> • SIB is offering a large amount of investment if the Leeds DBF invests a relatively small amount. However, the Leeds DBF has a responsibility if it invests, to ensure it manages the risk by ensuring there is management support for the project (ie the CFO on the ICO board). <p>Bishop of Leeds Asked the Board members to consider that, if the risk was monitored, managed and security given, should the Leeds DBF invest?</p> <p>The Leeds Board members voted on the proposal to invest in the Fountains Church project as outlined in LB19 05 06 02 and LB19 05 06 03 with the financial oversight and scrutiny of the Leeds DBF Chief Finance Officer being a member of the Fountains Church ICO.</p> <p>Approved unanimously.</p>		
10	Approval annual review under CCR 2017 Rule 46 (5) for Millie Cork to continue as a member of the House of Laity of the General Synod for the Diocese (Item for consideration by Leeds Board Laity members) LB19 05 07.	DC to: i) confirm the approval to Millie Cork.	Before 02.5.20 – approval of Millie Cork

	<p>Members had been circulated with a letter from Millie Cork seeking approval for her to continue as a member of the House of Laity of the General Synod for the Diocese. This item was for consideration by the Board laity members. The Bishop of Leeds reported that the Board laity members approved Millie's request to continue as a General Synod member for the diocese in May 2018 and to review the approval each year. (Millie would be disqualified, by loss of residence in the Diocese, unless she gained the approval of the Lay members of the Bishop's Council (Leeds Board) that they were satisfied that she was able and willing to continue to discharge to their satisfaction the duties of a member of the House of Laity elected for the diocese). He outlined Millie's valuable contribution to the General Synod on behalf of the diocese.</p> <p>There were no questions.</p> <p>The Chair proposed that the Leeds Board laity members give approval to Millie Cork continuing as a member of the House of Laity of the General Synod for the diocese.</p> <p>Agreed unanimously.</p>	ii) Add the approval review to the March 2020 Leeds Board Agenda.	GS membership of GS by Lay Members of the Bishop's Council.
11	<p>Safeguarding update LB19 05 08.</p> <p>Members had been circulated with a Safeguarding report. Debbie highlighted section 3 of the report which referred to the SCIE report; this was in two parts, an overview of diocesan audits and supporting and engaging with survivors of abuse. Debbie said this was a very serious and ongoing issue which, because of the lack of attention in the past, will need time and resources to deliver.</p> <p>There were no questions.</p>		
12	<p>Annual Reports - for noting LB19 05 09, LB19 05 09 01, LB19 05 09 02; LB19 05 09 03, LB19 05 09 04, LB19 05 09 05</p> <p>The following Annual reports had been circulated to the members and were for noting prior to circulation to the Diocesan Synod: Property report, Environment Officer's report, DAC report, Diocesan Synod report, DBE report and HR Manager's report.</p>		

	<p>There were no questions from the Board members on the following reports: Property, Environment Officer's, DAC, Diocesan Synod and Diocesan Board of Education.</p> <p>Miss Anna Mitchell, HR Manager (AM) was asked how much HR support was provided by the diocesan HR team to the parishes, particularly as Bradford Cathedral had recently bought in HR advice. AM acknowledged that separate HR advice had been sourced by Bradford Cathedral in 2018 when she was the only diocesan HR adviser and she was working at full stretch on the diocesan redundancies. She now had an HR apprentice working with her. Apprenticeships were a good way of developing staff and was inexpensive. AM tries to advise and support clergy where possible.</p> <p>By way of further clarification, AM was asked if this meant that as more resource was coming through, local expenditure on HR would become less necessary?</p> <p>DC said she and the Diocesan Registrar had supported Bradford Cathedral and that DC had brought in additional support. However, external support was engaged due to the complexity and longevity of the case and the number of people involved.</p> <p>AM encouraged parishes to seek advice earlier ie for the appointment process. (A Board member confirmed their parish had found it useful to seek advice during the appointment process.) She said the HR team were working on putting HR resources for parishes on the diocesan website in the coming months.</p>		
13	<p>Motion from Halifax Deanery – for discussion LB19 05 10.</p> <p>A copy of a proposal for a motion for the General Synod had been received from the Halifax Deanery and had been circulated to the members.</p> <p>DC outlined that the proposed motion fell short of the technical requirements for a General Synod motion: for example it asked the GS to do something itself. However, DC asked if in principle the Leeds Board was minded to support the spirit of the motion? This would be subject to the Synod Secretariat</p>	DC to contact the Halifax Deanery Area Dean to discuss the motion and pilot.	

	<p>working with the deanery to form a motion which was technically correct.</p> <p>The Board members discussed the proposal and commented:</p> <ul style="list-style-type: none"> • It was encouraging that a deanery had proposed the motion and this should be embraced with care. • The motion seemed to be asking others to take action • It would be important that there was integrity behind the motion. Propose that the deanery be advised to pilot their proposal in the deanery and collect the evidence to back their motion. <p>It was proposed that the Synod Secretariat discuss the motion with the Area Dean outlining technical issues and encouraging action in the deanery rather than at parish level, to support the motion so that it could be proposed at the Diocesan Synod with the necessary evidence and integrity.</p> <p>All agreed.</p>		
14	<p>Appointment of Marrick Priory Trustees</p> <p>DC outlined that the Board appoints two trustees to the Marrick Priory board. (Marrick Priory is an outdoor education centre near Richmond. The Leeds DBF contributes towards the salary of the warden). It was proposed that in principal these trustees be a member of the Education Team and the Buildings for Mission officer from time to time. Current Marrick Priory plans would benefit from the skills and expertise both of these roles could bring.</p> <p>After a short discussion the Board members agreed to the proposal unanimously.</p>	DC to confirm appointment to Education Team and Church Buildings Officer and Marrick Priory.	
15	<p>Bishop of Leeds - Sabbatical report.</p> <p>The Bishop of Leeds thanked Bishop Paul Slater for taking on the delegated role during his sabbatical. Bishop Nick had visited, Sudan, Friedrich Schiller University, Jena University, Basle and the University of the South, Tennessee, USA. Part of the time had involved formal appointments and engagements,</p>		

	<p>invitations to preach and annual leave but the rest had been spent reading, resting and reflecting. He had returned to work in Holy Week.</p>		
16	<p>Discussion - "What is the unique gift of the Church of England as the Brexit process progresses?"</p> <p>The Bishop of Leeds led a discussion on the question "What is the unique gift of the Church of England as the Brexit process progresses?" in preparation for the question being discussed at the next Diocesan Synod.</p> <p>The members discussed the question. Comments included:</p> <ul style="list-style-type: none"> • Christians have the gift of being able to take a long view with an understanding of forgiveness. • An example of the CofE's work in bringing people together is the CUF Near Neighbours "Real people, Honest talk" piloted in Huddersfield and Bradford bringing people from diverse backgrounds together to have meaningful discussions about difficult topics. • The CofE is seen as a trusted voice and this could be useful place from which to convene and enable discussions. • Ripon Cathedral has started a Rural Forum to further joint reflection and common venture amongst some key regional organisations. This has proved to be a unique space and opportunity for local leaders to meet and discuss in a new way. <ul style="list-style-type: none"> • The CofE's parish system recognises a duty of care for all, giving it a unique position to convene discussions. • The Church of England has the experience and ability to speak up on interfaith issues. • As the established church the CofE is locally able to exercise hospitality and enable other communities to flourish. 		
17	<p>Any other business.</p> <p>None had been received.</p>		
18	<p>Close.</p>		

	The Bishop of Leeds closed the meeting with prayers and the grace.		
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Signed:.....

Date: