

*These minutes do not include the items the Board agreed would be kept confidential in the online publication.*

## Diocese of Leeds – Leeds Board

Minutes of the Leeds Board held on 9 May 2018 at Church House, 17/19 York Place, Leeds LS1 2EX.

### Present:

The Rt Revd Nick Baines (Chair), The Ven Paul Ayers, Mr Simon Baldwin, Mrs Marilyn Banister, Ms Kay Brown, The Revd Canon Simon Cowling, The Ven Dr Anne Dawtry, The Very Revd John Dobson, The Rt Revd Dr Jonathan Gibbs, The Rt Revd Dr Helen-Ann Hartley, The Rt Revd Toby Howarth, The Ven Andy Jolley, The Ven Bev Mason, Mr Andrew Maude, Canon Ann Nicholl, The Rt Revd Tony Robinson, The Rt Revd Paul Slater, The Ven Peter Townley, Mrs Jane Wardman and The Revd Nigel Wright.

### In Attendance:

Mrs Debbie Child, Mrs Judith Calvert, Mr Peter Foskett, The Revd Canon Andrew Norman, Mr Geoff Park and Mr Chris Tate.

Item Number	Minute
1	<p>Opening Prayers. The Rt Revd Dr Jonathan Gibbs led the opening prayers.</p>
2	<p>Welcome and Apologies.</p> <p>The Bishop of Leeds opened the meeting and welcomed Mr Adam Halsey, Partner and Head of Faith Charities at hayesmacintyre, auditors to the Leeds Diocesan Board of Finance, who would present the Audit Findings Report in Item 9 Leeds Diocesan Board of Finance Annual Reports and Financial Statements 2017 and Ms Casey Chick, Events Organiser at the Archbishops Council, shadowing the Bishop of Leeds as part of her continuing professional development.</p> <p>Apologies had been received from The Revd Canon Tony Macpherson, Major Geoffrey Berry, Mrs Jane Evans and Ms Alison Bogle.</p> <p>It was noted that Item 10 would be brought forward and Items 4 and 5 would move down the agenda.</p>

3	<p>Appointment of Leeds Board Nominee – Irving Warnett and Finance, Assets and Investment Committee.</p> <p>Revised terms of reference for a Finance Sub-Committee has been circulated to members. Geoff Park reported that the Finance Advisory Group ceased to meet in January 2018. There would be a full review of diocesan structures in 2019 and so it was proposed that in the meantime a new advisory group to the Diocesan Secretary be formed. An independent person, Irving Warnett, would chair this. Bishop Jonathan Gibbs, Debbie and Geoff had had exploratory discussions with Irving Warnett prior to inviting him to Chair the committee. Irving’s skills and experience, the terms of reference for the group and proposed membership were set out in the circulated paper.</p> <p>The Board members discussed the proposals and unanimously approved:</p> <ul style="list-style-type: none"> <li>- The change of name to the Finance, Asset and Investment Committee</li> <li>- The revised terms of reference</li> <li>- Irving Warnett as Chairman of the Finance Asset and Investment Committee and his future appointment to the Leeds Board following Synodical approval</li> <li>- The committee membership will be Bishop Jonathan Gibbs, Sharon Arnold, Simon Baldwin, Stephen Hogg, The Revd Jonathan Cain, The Revd Nigel Wright and Raymond Edwards.</li> </ul> <p>Irving Warnett joined the meeting. Irving was welcomed and notified of the Board’s decision and his appointment as Chair of the Finance, Asset and Investment Committee. Subject to Synodical approval, it also noted his future appointment to the Board. Irving thanked the members and assured them he would be rigorous and robust in scrutinising and challenging the Board’s management of the diocese’s finances.</p>
4	<p>Declarations of interest.</p> <p>There were no declarations of conflicts of interest concerning any items on the Agenda.</p>
7	<p>Diocesan Mission and Pastoral report.</p> <p>A copy of a report from the Diocesan Mission and Pastoral Committee had been circulated. Judith Calvert confirmed there were no Episcopal Area Mission and Pastoral Committee minutes to circulate for the meeting. No questions were raised on the report.</p>
8	<p>Benefice of the Upper Holme Valley – Scheme pursuant to Rule 20 Church Representation Rules.</p> <p>A copy of a proposed scheme for the Upper Holme Valley under Rule 20 of the Church Representation Rules 2017 had been circulated to the Board members. A background note on the Scheme was included in Judith’s May 2018 DMPC report. She explained that the Board was being asked to receive the scheme for</p>

	<p>a Team Council for the team ministry established for the area of the Upper Holme Valley benefice and to determine whether and on what date the scheme should come into operation. All seven UHVT parishes had approved the Scheme at their APCMs.</p> <p>After a point of clarification on the composition of the membership, the Board agreed that:</p> <p>“The Benefice of the Upper Holme Valley – Scheme pursuant to Rule 20 Church Representation Rules to come in to operation on 10 May 2018”.</p> <p>That the Benefice of the Upper Holme Valley – Scheme pursuant to Rule 20 Church Representation Rules to come in to operation on 10 May 2018.</p>
<p>10</p>	<p>Leeds Diocesan Board of Finance Annual Reports and Financial Statements 2017.</p> <p>Members had received a copy of the Draft Leeds DBF Annual Reports and Financial Statements 2017, Leeds DBF letter of representation, Audit Findings Report from the company’s auditors, hayesmacintyre, and a summary financial statement (LB18-05-07-3).</p> <p>Geoff gave an overview of the financial results for 2017. These showed a deficit with the key underlying factors being the shortfall in parish share (the collection rate was 88% rather than 100% budgeted for and the £1.8m pension deficit and consequent increase of provision by £1.65m. Although £1m external funding had been received, other income was flat and expenditure had increased. The expenditure increase was partly because of the pension cost increase but also an increase in salaries and support for ministry.</p> <p>Adam Halsey spoke to the Audit Findings report circulated to the Board members prior to the meeting. He reminded the Board members of their responsibilities when approving the financial statements, their stewardship duties in respect of the assets and other finances of the company and of the public nature of the Financial Statements and Reports.</p> <p>He said there were challenges ahead. Although the Leeds DBF had money in its balance sheet, of concern was that these assets have legal restrictions attached to them. This was because they are comprised of clergy property, the diocesan and other offices and other assets needed to run diocese. General funds in unrestricted fund showed a 10% erosion because of the deficit. He emphasised that showing professional attitude to managing the diocesan assets was important. The Audit committee and Geoff were keen to move matters forward to balance the books. The new Finance, Asset and Investment committee would give the Leeds Board confidence that the company’s finances were being stringently reviewed on a monthly basis.</p> <p>The Leeds DBF had a good foundation of assets and a large reserves policy which had enabled deficits in the past not to affect cash flow. However, continued erosion of these would eventually result in the company finding it difficult to meet future requirements. How the Leeds DBF decided to fund the future was important and he understood that the Board’s vision for the future was to break even. He said the key to achieving this was financial resilience – ie can the diocese survive to deliver its ministry over the foreseeable future? He believed that this was a difficult challenge but that the company did have the financial foundation to resolve this. However, it will take time. He felt that Geoff supported by Debbie and the FAIC would enhance transparency through the review of the management of assets, as well as the usual focus on income and expenditure and share collection. He noted that staffing changes had meant that a lot</p>

	<p>of the things the company had wanted to do had not been achieved but that Debbie and Geoff were addressing this. He noted that the controls over bacs processing and other matters outside core central challenges in report (ie housekeeping), were to be addressed and resolved.</p> <p>He confirmed that the audit was unqualified and unchanged. The Leeds DBF had passed the audit and he recommended the Financial Statements and audit to the Leeds Board.</p> <p>The Board members asked questions on the presentation, particularly about the change from the optimistic report from the previous year. Adam explained that all dioceses face a liquidity and cash flow issue: money needs to be spent before it is received which leads to borrowing from other funds. Dioceses needed to develop a strategy for these funds. Last year there was optimism because the three former dioceses had merged and had moved in to one office. The subsequent twelve months had seen staff changes, the deficit and increased scrutiny from outside bodies eg the Charity Commission and Church Commissioners. All of these contributed to the change of mood. He also clarified that the church workers pension scheme had been reviewed in 2013 (when there was no deficit) and it was the current review cycle which had identified the deficit. The clergy pension scheme was on a different review cycle and its next review would be in 2019. It was noted that the bishops' salary range was not as stated but more like the scale of the archdeacons.</p> <p>The Chair to propose that:</p> <p>“This Board acknowledges receipt of the Audit Findings report (LB-18-05-07-2) and approves the draft letter of representation from the Board to the auditors (LB-18-05-07-1) and the Leeds Diocesan Board of Finance Draft Annual Reports and Financial Statements for the year ended 31 December 2017 (LB-18-05-07).”</p> <p>Approved unanimously.</p>
<p>5</p>	<p>Minutes of the Leeds Board held on 22 March 2018.</p> <p>It was agreed that:</p> <p>“The Revised Draft Minutes of the Leeds Board held on the 22 March 2018 be approved.”</p>
<p>6</p>	<p>Matters arising from the Minutes of the meeting on 22 March 2018.</p> <p>Bishop Toby Howarth had tabled a copy of the current CUF Joint Venture (Wellsprings Together) charitable objects and a revised version of the charitable objects “CUF Joint Venture (Wellsprings Together) Charitable Objects: Version 2”. It was proposed that the charitable objects of the Joint Venture with CUF be amended to the those set out in the CUF Joint Venture (Wellsprings Together) charitable objects document.</p> <p>The Board unanimously agreed that:</p>

	<p>“The revised version of the charitable objects of the Joint Venture with CUF set out in “CUF Joint Venture (Wellsprings Together) Charitable Objects: Version 2” be approved”.</p> <p>There were no other matters arising.</p>
9	<p>Annual Reports (for noting).</p> <p>Reports from the DAC, HR department, Diocesan Board of Patronage and Environment officer had been circulated to the Board for noting and would later be circulated to the Diocesan Synod at its next meeting.</p> <p>A question was asked about level of absence due to stress and what support was provide to employees for this. Debbie confirmed that Occupational Health counselling was provided and employees returned to work on a phased basis. It was also emphasised that the organization had been through a period of considerable change and uncertainty.</p>
11	<p>Finance Update.</p> <p>Members had been circulated with a Finance Report April 2018, Parish Share spreadsheets report to 31 March 2018 and Finance Key Messages document.</p> <p>Irving Warnett gave an overview of the issues facing the Leeds DBF referring to the paper Finance Key Messages. He said the key issue was sustainability – particularly addressing cash flow and balancing the books. He recommended a strategy of cost control, cost base review and a review of the parish share. Without this he warned that the Leeds DBF would run out of cash solvency in September 2018. Geoff and Debbie were working on a sustainability plan.</p> <p>Geoff spoke to his April 2018 Finance Report and gave an update on the year-to-date outturn. There had been a positive start to the year compared to budget but there was a continuing deficit of almost £1m. The cash flow forecast included the sale of three properties sold subject to contract but an additional £500k cash injection was required to avoid selling equity investments. Properties already on the market would achieve this if sold. As outlined in the Finance Key Messages paper the intention was to bring a 2019 budget and a 2020 – 2022 Sustainability Plan to the Board in September 2018.</p> <p>The Board noted the contents of this report.</p>
12	<p>2019 Parish Share Request.</p> <p>Members had been circulated with a 2019 Parish Share request document.</p>

	<p>Geoff spoke to this paper. He outlined that the proposal was to take the full 2019 Budget to October 2018 Diocesan Synod, so at this stage he was only presenting a Parish Share proposal. This would then go to the June 2018 Diocesan Synod. He explained that due to the caps in place and current payment rate, the Leeds DBF could expect to receive £0.30p for every £1 increase in the Total Share Request. Therefore, it was proposed to freeze the total Parish Share request for 2019 focus on increasing the payment percentage and create a process whereby parishes can voluntarily choose to contribute over their share allocation. The focus was to capture those who can pay more but who received a freeze or a reduction in their share.</p> <p>After discussion, the Board approved the proposals set out in LB18-05-09:</p> <p>That the Board make the following recommendations to Synod:</p> <ol style="list-style-type: none"> <li>1 To freeze the uncapped Parish Share request at £16.065m; and</li> <li>2 A formal process is established to enable parishes to voluntarily contribute in excess of their calculated share.</li> </ol> <p>The Board members asked that the presentation and communication of the approved proposal focus on encouraging those parishes who could pay to do so.</p>
13	<p>Diocesan Strategy update.</p> <p>A document from Bishop Paul Slater had been tabled.</p> <p>Bishop Paul reported that the development of the strategy proposal would soon be completed. The tabled document was a draft of a proposed introduction to the proposal to be brought to the Board for approval at its September 2018 meeting. Board members were asked to let the Strategy group have any comments on the draft introduction. The Strategy group would also give a presentation at the June 2018 Diocesan Synod.</p> <p>Strategic Development Fund bid - update</p> <p>Debbie reported that the Strategic Development Fund bid, (for funding for the Holy Trinity Board Lane, Leeds and Bradford city centre resource church) was submitted to the Church Commissioners at the end of April 2018 with a response due after June 2018. The bid was for £4.5m of a project cost of £6.5m and a diocesan contribution of £900k. The churches involved would contribute c. £1m. The diocesan contribution would be from the sale of assets. Further bids were in the pipeline: Huddersfield EA was considering a bid for developing work with children and young people and Wakefield EA were also considering a bid to fund their strategy.</p>
14	Safeguarding update.

	<p>Members had been circulated with a Safeguarding report. Debbie highlighted that the Diocese awaited the Past Case review for the former Wakefield diocese. She also asked for recommendations for more potential authorised listeners.</p>
15	<p>Approval 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).</p> <p>The Bishop of Leeds reported that Millie Cork a lay member of General Synod for the Diocese, who would start her ordinand studies outside the Diocese in the autumn, had applied to the Bishop's Council Laity members (Leeds Board) to continue as a GS member for the Diocese until the end of the current GS term (ie July 2020).</p> <p>Peter Foskett explained to the Board members, that Millie would be disqualified, by loss of residence in the Diocese, unless before this occurred she gained the approval of the Lay members of the Bishop's Council (Leeds Board) annually, that they were satisfied that she is able and willing to continue to discharge to their satisfaction the duties of a member of the House of Laity elected for that diocese.</p> <p>After discussion the Lay members of the Bishop's Council agreed that (with 4 voting for and 1 against the motion):</p> <p>1 In accordance with Church Representation Rule 2017 46 (5) they determine that Millie Cork is able and willing to continue to discharge to their satisfaction the duties of a member of the House of Laity of the General Synod elected for the diocese, and that neither her seat as a member of that House nor her seat as a lay member of the Diocesan Synod shall be vacated under Rule 46 of the Church Representation Rules 2017; and</p> <p>2 in accordance with Church Representation Rule 2017 46 (5A) the lay members of the Bishop's Council and Standing Committee of the diocese shall not later than one year after the 9 May 2018 and annually thereafter in so far as CRR 2017 Rule 46 (5A) applies to Millie Cork, review the membership of Millie Cork to determine whether she is able and willing as mentioned in paragraph 1 of this approved determination.</p> <p>The Lay members of the Bishop's Council also asked that Millie provide contact information that would enable members of the diocese to contact her.</p>
16	<p>Any other business.</p> <p>There was no other business.</p>
17	<p>Close.</p> <p>The Bishop of Leeds closed the meeting with prayers and the Grace.</p>