

Manchester Diocesan Board of Finance

Minutes of the Meeting held Saturday, 20th November 2010
At Salford City Academy, Northfleet Road, Peel Green, Eccles M30 7PQ

Present:

Canon A Cooper (chairman), Mr P S Blinkhorn, the Bishop, the Bishop of Bolton, the Bishop of Middleton, the Archdeacon of Manchester, the Archdeacon of Rochdale, the Archdeacon of Salford, the Dean of Manchester, Revd D Brownhill, Revd P C S Davies, Revd Canon S Bullock, Revd D Burton, Revd M Rogers, Revd D Houlton, Revd J Hughes, Revd M Slack, Revd J Devadason, Revd J Baxendale, Revd K Carmyllie, Revd Canon E A Crofton, Revd Dr J Sheehy, Revd D Sutton, Revd, M N Haworth, Revd Canon A I Salmon, Revd Dr R W Buckley, Revd A J Edwards, Revd F Adman, Revd A S Cornes, Revd J Davies, Revd J Brading, Revd C McCabe, Revd S Edwards, Revd J Farnworth, Revd R Farnworth, Revd D Hawthorn, Revd J Simmons, Revd S Jones, Revd L E M Woodall, Revd Canon Dr J Magumba, Revd G Hollowood, Revd R Hawkins, Revd Canon S Killwick, the Ven Dr J Applegate, Revd Canon G Myers, Revd Canon Dr C Bracegirdle, Revd L Connolly, Revd N Gray, Revd G Kent, Mr J Gilchrest, Miss M A Hancock, Dr A Lazz-Onyenobi, Mr R D Palmer, Mrs D Carr, Ms R C Chadwick, Mr D Urhoghide, Miss S M Barker, Mr J D Gilbertson, Mrs V A Ferguson, Canon M A Evans, Mrs D M Kloss, Mr A Aspden, Mr M Heppleston, Mrs G Jarvis, Mr R Lewis, Mr F S Jones, Mr D R Benson, Mrs J A Jones, Dr M R Collier, Mr K Jones, Mrs M Perkins, Mr M Walker, Mr S Clark, Dr A P Lockett, Mr P Blinkhorn, Mr L Johnson, Mr A Orr, Mr M Thorpe, Miss Y Ashmore, Mr E Bynon, Mr I A Foster, Mrs S Needham, Mr P V Barr, Mr G Etugo, Mrs R Beattie, Mrs M R Howarth, Mrs J Irving, Dr J Sarginson, Mr S Bottomley, Mr D Ross, Mr R Byrom, Dr P Capon, Mrs C K Sandiford, Mr J Townsend, Mrs B Taylor, Mr J Dunkerley

In attendance:

Mrs J Bury (Head of Finance and IT)
Mrs J M T Monks (Diocesan Registrar)

- 1 **Apologies for absence were received from** the Archdeacon of Bolton, Revd Canon Dr A Dawtry, Revd A B Williams, Revd P Sumsion, Revd L Battye, Revd M Thorp, Mr G Dent, Mr R Hart, Miss A W Bradburn, Ms P Pelham.
- 2 **The Minutes of the meeting** held Wednesday, 30th June 2010 were confirmed as a correct record and signed by the Chairman.
- 3 **Financial Update (Year to Date)**
Mr Phillip Blinkhorn, Deputy Chairman of the Board of Finance, addressed members and explained that he would take the Year to Date and Budget items together in one presentation. He explained that there had been some uncertainty at the last meeting about clergy pensions and the funds that would be available from the Church Commissioners. These figures had now been set and had been included in the 2011 Budget.

He explained that the Finance Committee and Department had needed to focus on risk in order to prepare the budget. He advised members that clergy numbers, lay payroll costs and expected parish share receipts were always matters for concern but currently glebe income had also been added to that list.



He highlighted some of the main points in the proposed Diocesan Budget for 2011:

- It has been possible to restrict the increase in the Deanery Share to 1.5%. This was only possible due to the Finance Committee's decision to accept a deficit budget of no more than £300,000 for one year only, with the expectation that the deficit will be recovered over the next 2 to 3 years.
- It was forecast that our glebe income would reduce by more than £400,000 from 2009 actual receipts. There were many factors for this including the economy, tenants going into receivership or having break clauses to negotiate reduced rents and empty business rates. Also no income had been budgeted for St John's House which was currently vacant.
- The budget provided for 240 stipendiary clergy posts in 2011 including 25 curates. The 7 Episcopal and Cathedral clergy appointments would remain outside this calculation as they were directly funded by the Church Commissioners.
- The stipend increase was 1.5% from April 2011 in line with Central Stipend Authority recommendations.
- General Synod in July 2010 approved a hybrid pension scheme which came into effect from 1st January 2011. The scheme would change the rates that employees paid NI contributions from band D to A. As a result of changes the employer's pension contribution would fall from 45% to 38.2% from 1st January 2010.
- The Church Commissioners had confirmed that the transitional relief for clergy pensions will end in December 2010; resulting in a loss of income of £122,000.

He explained that the forecast year end position was an overall deficit before unrealised gains or losses of £867k, against a budgeted £60k deficit. This was based on information as at the end of September but may reduce significantly over the coming months if some outstanding issues were resolved.

He explained that this deficit could be broken down into three key elements:-

- £400k Glebe income
- £150k former schools sale proceeds
- Balance Parish Share receipts

The Board had been very fortunate in previous years to maximise investment opportunities especially with higher glebe receipts which had helped cover some of the shortfall in Parish Share receipts.

It was highlighted to members last year, when the non collection contingency was reduced that non-payment of Parish Share would have a greater influence on our year end outturn. This was due to not only the economic difficulties being faced by all but also a real lack of new income opportunities that the Board can tap into.

He explained that the deficits highlighted in this year and next year's budgets would be recouped over the years 2012 – 2014. He concluded by highlighting the fact that some parishes were able to pay large amounts of parish share but chose not to do so and this would have an impact on the diocese's ability to overcome these deficits. He commended the 2011 budget to members.

Revd Martin Rogers [North Manchester Deanery]

Spoke of the 10% increase in people attending his church which had resulted in a 20% increase in the amount of parish share requested. He queried if this could be addressed and suggested the possibility of setting time aside to encourage new people to give before the parish share

request was increased. He commented that for his parish to continue paying 100% parish share he was asking each member to give £2 extra a week. He also commented that as an OLM he was also in secular employment and had recently experienced a pay freeze, with the possibility that he may not have a job next year and so queried whether in this difficult economic climate whether a 1.5% pay increase was appropriate.

Canon Alan Cooper, Chairman of the Board of Finance

Commented that the current parish share system was not set in stone and the Bishop's Council had established a working group to explore this matter.

Dr Peter Capon [General Synod]

Queried the sustainability of the budget deficit. He felt that it was important to take into account the non-payment of parish share and asked how long we could keep coping with this. Queried the situation with regards to parish share and the situation with the diocese's financial reserves.

The Venerable Dr John Applegate [General Synod]

Queried how many years the budget had been in deficit. Also, with regards to the glebe issues in Bury, queried whether we could rely on Scottish Widows to oversee this or could we sort out the issues ourselves.

Mr Phillip Blinkhorn [in response]

Spoke of the need for evaluation and estimation with regards to the combined deficits of approximately £1M over 2010/11 but was confident that if needs be the diocesan reserves would sustain this without any action at least until 2012 and this allowed time for planning. In January the Finance Committee would address parish share levels for 2010 and these would be incorporated into the next few budgets. He stressed that it was not time for panic but instead for sensible planning. He commented that in the past the Board had always had a break even budget and maintained the current level of reserves. He explained that the Finance Committee were confident that we could plan our way out of the deficit in 2012/13.

Meetings to discuss glebe were currently ongoing but the Millgate shopping centre in Bury seemed to be fairly busy at peak shopping times so the situation was not yet drastic. He explained that if the situation did worsen significantly it may be appropriate to treat the centre as a capital asset and sell it but there was no need for this at present.

Canon Alan Cooper, Chairman of the Board of Finance

Stressed that the Diocese continued to work closely with Bury Council in relation to the Millgate Centre. He explained that it was important to keep our nerve and carefully plan ahead for both difficulties and opportunities. He commented that we were all in this together, supporting one another in the work to which God calls us.

4 Budget 2011

Canon Alan Cooper, Chairman of the Board of Finance moved that:

"The Diocesan Budget for 2011 as set out in [DS119/02] in the sum of £13,795,000 which requires £8,181,000 to be raised through Parish Share, be adopted with authority given to the Board of Finance to vary the final allocation as circumstances may require."

The motion was carried with 89 votes in favour, 1 against and no abstentions.

5 Apportionment of Parish Share 2011

Canon Alan Cooper, Chairman of the Board of Finance moved that:

"The Parish Share requirements for 2011 be apportioned among the deaneries on the basis of the table in hands of members."

The motion was carried unanimously.

6 **Committee Minutes**

a) **Finance Committee**

No comments or questions had been received so the minutes were taken as read.

b) **Property Committee**

No comments or questions had been received so the minutes were taken as read.

7 **Any Other Business**

There being no other business the meeting was concluded.

8 **Date of the Next Meeting:** Saturday, 19th March 2011 [AGM]