

DIOCESE OF EXETER

BISHOP'S DIOCESAN COUNCIL

comprising

**The Bishop's Council and Standing Committee
The Executive of the Exeter Diocesan Board of Finance Ltd.
The Diocesan Mission and Pastoral Committee**

**Draft minutes of the meeting held at the Old Deanery, Exeter
on Tuesday 16th July 2024 at 18.00**

Introductory worship

The Acting Bishop of Exeter in the Chair

1. Apologies and Notices

Apologies were received from Mrs. Annie Jefferies, Mr. Mike Jefferies, Mr Nigel Price, the Revd. Preb Mike Partridge and Mr. Bob Mills.

- Mr. Steve White (independent chair of the Diocesan Safeguarding Advisory Panel) was welcomed to the meeting for item 8. Also welcomed was Mr. Kevin Grainger on behalf of the Board's auditors, Bishop Fleming.

2. Declaration of any actual or potential conflict of interest arising from the agenda or accompanying papers

No declarations of actual or potential conflict of interest were made.

3. To approve the minutes of the meeting held on 21st May 2024 **Paper BDC/23/24**

The minutes of the meeting held on 21st May 2024 were approved without amendment.

The Chair of the Board of Finance in the chair

4. To approve the Annual Report and Consolidated Financial Statements of the Exeter Diocesan Board of Finance for the year ended 31st December 2023 for presentation to the Annual General Meeting **Paper BDC/24/24**

Mr. Giles Frampton, Chair of the Diocesan Board of Finance, briefly introduced the Board's Annual Report and Consolidated Financial Statements for 2023. He particularly directed members' attention to the Statement of Financial Activities and noted the growth in the gap between the Board's principal source of income (Common Fund contributions) and its principal area of expenditure (parish ministry). A difference of £0.6m in 2019 (at which point the budget was close to coming into balance) had increased to £3.2m in 2023, for the most part to do with

the impact of the pandemic and the associated decrease in the diocesan participants number and period of high inflation. The Board had realised assets (principally property) to support cashflow and reserves but this could not be a long term strategy; action would be needed to address the £2m pa structural deficit that had developed since 2019 and return the Board to a sustainable financial position.

Mr. Frampton also highlighted the Key Issues Document that formed part of the audit report. The audit itself had been carried out successfully with no major reservations being expressed.

In discussion, members noted with concern the underlying financial position of the diocese. It was also noted that the same pattern had been observed in a large majority of dioceses across the country and that a great deal of work was being done nationally to evaluate a range of potential remedial actions. It was now expected that proposals would be brought forward through the first half of 2025 but these were expected not to take effect until the start of the next national funding triennium in 2026. The quantum of support that might be received, and the constraints placed upon it, were currently unknown. Members also noted the reassurances provided in the Key Issues Document about the Board continuing to be a 'going concern'; even so the need for all concerned to continue to monitor and engage with this closely was emphasised. Finally, the relatively high level of vacancies for elected members and directors of the Board was noted; this could result in a lack of understanding, engagement, ownership and communication, all of which could make a process of recovery more difficult to deliver.

Mr. Giles Frampton then moved the following motion:

'This meeting of the Board of Directors of the Exeter Diocesan Board of Finance approves the Annual Report and Consolidated Financial Statements for the year ended 31st December 2023'

The trustees' and directors' annual report and consolidated financial statements for the year ended 31 December 2023 was accordingly approved; it would be presented to Diocesan Synod in October. The contents of the auditor's key issues' discussion document were formally noted and the letter of representation was approved.

The Acting Bishop of Exeter in the chair

5. To record formally the receipt by the Bishop's Council of the Annual Report and Consolidated Financial Statements for 2023 and to recommend their presentation to Diocesan Synod.

The Annual Report and Consolidated Financial Statements for 2023 were received and it was agreed to recommend their presentation to Diocesan Synod.

6. To recommend the appointment of Bishop Fleming LLP to Diocesan Synod as auditors for the ensuing year.

It was agreed to recommend the appointment of Bishop Fleming LLP to the Diocesan Synod as auditors for the coming year.

7. To receive an update on the Budget Strategy

Mr. Neil Williams, the Diocesan Director of Finance, reminded members of the formative discussions that had taken place at their previous meeting and also at the meeting of Diocesan Synod in June. The discussion at Diocesan Synod had focussed in on a relatively small number of key determinants on which the budget strategy was based (eg the number of stipendiary clergy thought to be affordable, the level of the increase in the Common Fund request, the potential to reduce expenditure in central services and the quantum of income that could prudently be realised by means of the adoption of 'total return') and although a greater variety and breadth of views had been expressed at the Synod, the weight of opinion had, in general, been aligned with that of the Council. There also remained a number of significant factors whose impact on the budget (in 2025 and beyond) could not yet be determined: these included the outcome of the national review of diocesan finances, an application for national grant funding to the Strategic Mission and Ministry Investment Board and the receipt of grant funding for work towards achieving the Net Zero Carbon target by 2030. These unquantifiable 'unknowns' could between them have a significant beneficial impact but they would come with constraints (including a requirement that necessary remedial actions had been undertaken; there was little prospect of receiving substantial funding to 'subsidise the status quo') and in the majority of cases were unlikely to be released before 2026.

All of the above had been taken into account in producing the list of key assumptions for the drafting of the diocesan budget for 2025, as set out in Section 7.2 of the accompanying paper. It was also noted at Section 9 that consideration could, at an appropriate point, be given to reviewing the continuing appropriateness of the Common Fund scheme of assessment.

In discussion members noted that if the assumptions were implemented and proved well-founded, the budgetary deficit for 2025 was expected to reduce significantly, potentially to less than £1m. A view would need to be taken on how sustainable in the longer term some of the assumptions might be (for example in relation to contributions proceeding from the closure of the DBF staff pension scheme, or Total Return, both of which would in effect buy time without changing the underlying position). This would also need to be factored into the on-going assessment of the Board as a 'going concern'. A concern was expressed at the potential for reputational damage if the Board were perceived to be 'rowing back' (albeit hopefully temporarily) on wider policy commitments, for example around the net zero carbon target. A further concern was expressed around the planned reduction in the number of stipendiary clergy; although this was reluctantly acknowledged as a necessity, work was urgently needed on the underlying model of ministry if the lived reality for parochial clergy were not to be unsustainable. Members also noted issues around the budgeted Common Fund shortfall (including the potential psychological effects of different targets), the impact of continuing debates arising from 'Living in Love and Faith', the clergy vacancy rate, administrative support to parochial clergy and the attribution of Lowest Income Communities Funding to parishes in greatest need.

The key assumptions for the drafting of the Diocesan Budget for 2025, as set out in Section 7, were then agreed.

8. To receive the annual report of the Diocesan Safeguarding Advisory Panel Paper BDC/26/24

Mr. Steve White, the Independent Chair of the Diocesan Safeguarding Advisory Panel, introduced the Panel's annual report, noting in particular his thanks to the Diocesan Safeguarding Team for their work during a demanding period. He also acknowledged with gratitude the Team's pragmatic response and positive attitude towards the primary recommendations of the national Jay report on the future delivery of safeguarding services in

the Church of England. There remained some points of concern about some of the recommendations, as well as the potential for organizational upheaval, but even so the members of the team were continuing to focus effectively on delivery across their full range of responsibilities. In particular, substantial work was underway to prepare for a rigorous external audit, scheduled to take place in September 2024.

Mr. White then highlighted a number of issues arising from the Panel's annual report: quality assurance processes (in relation to which dioceses in the SW region were learning from each other and developing a coordinated approach); the demands on parish safeguarding representatives and the safeguarding culture of the wider diocese.

In discussion members noted the importance of story telling and other qualitative measures in helping to re-shape the safeguarding culture of a community or organization. Sharing difficult experiences appropriately and identifying examples of good practice could connect people and help them to see the importance of the task that they were engaged in. Decreasing isolation (for example, of parish safeguarding representatives) and increasing motivation (by hearing of the benefits of good safeguarding for real people, rather than an abstract compliance process) could facilitate the development of an increasingly positive culture. This process could then be reinforced by a constructive approach to quality assurance, again telling the stories of how things have been done well, in addition to highlighting anything that still requires further significant improvement. It was noted that the forthcoming external diocesan audit was expected to produce detailed quantitative and qualitative analysis, with which substantial engagement would be necessary. It was noted that in due course, and in the light of the audit's findings and recommendations, the Panel was anticipating needing to review its own Terms of Reference, including in respect of securing the most effective and appropriate membership possible for discharging its own on-going responsibilities.

It was noted that having been received by the Council, the Panel's annual report would be taken to the next meeting of the Diocesan Synod.

9. To receive the annual report of the Diocesan Mission and Pastoral Committee

Paper BDC/27/24

Mrs. Sophie West, Secretary of the Diocesan Mission and Pastoral Committee (DMPC), introduced the Committee's annual report, reminded members of their functions under the Mission and Pastoral Measure 2011 and noted that in this Diocese the DMPC secretary was also responsible for supporting the formation of Joint Councils (under the Synodical Government Measure). She noted that apart from reserved functions, the majority of the DMPC's work was transacted on a delegated basis by the Archidiaconal MPCs and the Church Buildings Strategy Committee (CBSC). It was noted that the work involved could be proactive or reactive; the Committee's task was to identify the best way forward in a local context given all of the relevant circumstances. The annual report set out in detail how those functions had been discharged during the previous year.

Mrs. West then invited members to consider some of the mechanisms available to it in order that parishes were supported to operate sustainably. These would include the formation of full and partial transfer Joint Councils that could help with improving local governance in multi-parish benefices so that they functioned more efficiently and flexibly. The Archdeacon of Exeter then reflected on the practical experience of a relatively new full transfer joint council in the Netherexe benefice and mission community, noting some of the practicalities remained to be addressed.

Mrs. West then noted that reorganisation of a more structural kind would often need to be achieved through pastoral reorganisation. One of the tools available to the Committee was to undertake an area review, that would look strategically at several benefices (such as a deanery) and consider a co-ordinated approach. The Right Revd. James Grier, Bishop of Plymouth, then noted the intention to carry out a review of the Plymouth City deanery, which was the largest in the Diocese, covering the biggest urban area in the County. It was anticipated that national support would be available to resource a research and analysis project that would then elaborate a potential programme for change, to be delivered by means of pastoral reorganisation. It was considered of the utmost importance that such a review should be done with and alongside the people of the area concerned, so that potential solutions would have the opportunity to emerge from within the communities in question.

Finally, Mrs. West noted that the Mission and Pastoral Measure 2011 is being reviewed nationally. There had been some delays in the early stages but it was now expected that proposals would be brought for consideration by General Synod in early 2025 (with the aim of coming into effect in 2027). The intention was to simplify the legal framework for pastoral reorganisation and it was expected that there would be a transition programme rolled out in due course. It was likely that the Committee would be in a position to give the new Measure further consideration later in 2025.

10. To make appointments under the Clergy Discipline Measure **Paper BDC/28/24**

The Right Revd. Jackie Searle, Acting Bishop of Exeter, noted the need for the Bishop to nominate four people to the Provincial Panel established under the Clergy Discipline Measure, having consulted first with the Bishop's Council. Accordingly, she proposed that the Revd Preb Henry Pryse, the Revd Marisa Cockfield, Mr Mack Robinson and Mrs Jenny Ellis be nominated to the Panel for a six-year term.

It was agreed that the four people named above be so nominated.

11. To agree the number of representatives to be elected to the Diocesan Vacancy in See Committee for 2025 – 2027 **Paper BDC/29/24**

Dr Ed Moffatt, the Assistant Diocesan Secretary, set out the provisions of the Vacancy in See Regulations 2024 in respect of the number of clergy and lay representatives to be elected to the Diocesan Vacancy in See Committee for the forthcoming triennium.

In discussion it was noted that the proposed arrangements were the same as for the previous triennium. Clarification was sought on the purpose and timing of the Bishop's Council's nominations to the Committee and it was noted that there remained work to be done to ensure sufficiently diverse representation on the Committee that, if it could not be achieved through the electoral process, would be able to be delivered through the subsequent nominations process.

It was agreed to elect 2 members of the clergy and 8 members of the laity to the Vacancy in See Committee for the period 2025 – 2027 unless the Chairs of the Houses together agree in October 2024 to vary these numbers for the purposes outlined in the Regulations.

12. To agree items for the agenda of the October meeting of Diocesan Synod

Mr. Stephen Hancock, the Diocesan Secretary, proposed the following items for inclusion on the agenda of Diocesan Synod at its next meeting on 12th October 2024 (along with the AGM of the Diocesan Board of Finance):

- Presidential Address
- To receive the Report and Accounts for 2023
- To approve the diocesan budget for 2025 and to consider indicative financial planning for 2026 - 2027
- To receive the Diocesan Mission and Pastoral Committee's annual report
- To receive the annual report of the Diocesan Safeguarding Advisory Panel
- To receive a report from General Synod
- To receive a briefing on elections to take place in Autumn 2024
- To receive an update on the 'Living and Love and Faith' implementation process
- To receive an update on the implementation of the 'Next Steps' Diocesan Vision and Strategy

In discussion a concern was raised that the Synod would be in 'receive' mode for a significant proportion of the meeting and this would be exacerbated by being in a formal venue (the Council Chamber at County Hall); the relative lack of interactivity at what would be the first meeting of the new triennium was felt to be a disadvantage. It was noted that preparations were in hand to experiment with other venues that would be relatively inexpensive and flexible (for example, St Matt's church, Exeter, once the refurbishment programme had been completed). It was hoped that this would be the Synod's meeting venue in March 2025.

The proposed agenda items were agreed.

Deemed Items

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| 13. | To receive a report from the Assets Group | Paper BDC/30/24 |
| 14. | To receive an update for Common Fund for the year-to-date | Paper BDC/31/24 |
| 15. | To receive a report from the DBF Standing Committee | Paper BDC/32/24 |
| 16. | To receive information concerning elections to take place during the autumn of 2024 | Paper BDC/33/24 |
| 17. | To receive the role description for BDC members in advance of the triennial elections | Paper BDC/34/24 |
| 18. | To receive a forecast of BDC and Synod business for next 12 months | Paper BDC/35/24 |
| 19. | To note documents sealed by the Diocesan Board of Finance | Paper BDC/36/24 |
| 20. | To note Trusts and funds for investment accepted by, or wound up by, the Diocesan Board of Finance | Paper BDC/37/24 |