

## THE REPRESENTATIVE BODY OF THE CHURCH IN WALES

A meeting of the Representative Body of the Church in Wales was held via video conference on 15 September 2020.

**Present:** Ex officio members

*Chair of the Standing Committee*  
Mrs E M Perkins

*Chairs of the Diocesan Boards of Finance*

St. Asaph: Mrs H Jones (item 20/69 onwards)  
Bangor: The Venerable M K Stallard  
St. Davids: Mr N C P Griffin  
Llandaff: Mr M A Lawley  
Swansea & Brecon: Sir E P Silk

Elected members

St. Asaph: Mrs H Wiseman, the Very Reverend N H Williams  
Bangor: Dr H Parry-Smith, the Very Reverend K L Jones  
St. Davids: Mrs J A P Hayward, the Venerable P R Mackness  
Llandaff: Mr G I Moses, the Venerable C B W Smith  
Monmouth: Miss P R Brown, the Venerable J S Williams  
Swansea & Brecon: The Venerable A N Jevons

Nominated members

Mr J J Turner (Chair)

**Apologies:** Apologies were received from the Archbishop, Mr Tim Davenport, Mr Rod Davies, Mr Peter Kennedy, and Mr Tom Lloyd.

**In attendance:** The following members of staff were present:  
The Chief Executive, the Head of Finance, the Head of Legal Services and the Governance Officer.

**Prayers:** Opening prayers were led by the Very Reverend Kathy Jones.

**Conflicts of interest:** Due to his obvious interest in the discussion about the Representative Body's Chair (item 20/69), the Chair indicated he would leave the meeting for that item: the Deputy-chair, Sir Paul Silk would chair the meeting for that item.

All members of the clergy present noted a conflict of interest in the discussion on the Clergy Remuneration Review (item 20/74).

The Chair reminded the Representative Body that the external auditor, Haysmacintyre, had arranged a training day for charity trustees which would take place online on 14 October 2020, and encouraged as many members as possible to attend.

## **Minutes of the meeting of 15 June 2020**

20/67

The minutes of the previous meeting were agreed as a true record. The minutes would be signed by the Chair as soon as possible after COVID-19 movement restrictions were eased. Various matters arising from the minutes were noted.

## **Representative Body powers and duties**

20/68

The Governance Officer informed the Representative Body that work had been undertaken to compile powers and duties documents for the Church in Wales's main governance bodies, the Bench of Bishops, the Standing Committee and the Representative Body, in order to provide clear summaries of these bodies' powers and duties.

The draft document for the Representative Body had been circulated to members, which was reviewed. It was explained that the document would be refined over the coming months with the Representative Body being asked to consider approving a finalised version at a future meeting. To inform this area of ongoing work members were invited to submit to the Governance Officer any comments or observations they may have on the draft.

In response to a question from one member it was noted that the preparation of a document expressing the powers and duties of the Representative Body was in order to establish what those powers and duties currently were before the commencement of more detailed consideration as to their effectiveness and, where necessary, to plan their amendment. Any expression of the powers and duties should be a living document that was in a constant state of review.

The Representative Body noted the draft document.

## **Representative Body Chair**

20/69

The Chair left the meeting for this item which was chaired by the Deputy-chair of the Representative Body, Sir Paul Silk.

### The current situation

The Chief Executive informed the Representative Body that the current Chair of the Representative Body, Mr James Turner, would reach the age of 75 in December 2020 at which point the Constitution of the Church in Wales required him to retire. No successor had so far been identified.

The Chief Executive also explained that the Archbishop and the Chair of the Standing Committee had submitted a Private Members' Motion to the Governing Body seeking the Governing Body's permission for Mr Turner to be allowed to remain eligible to be a member of the Representative Body until his 76<sup>th</sup> birthday, thus allowing him to be re-appointed as Chair should the Representative Body wish to do so. The Governing Body would consider this motion at its adjourned meeting on 3-4 November 2020. It was stressed that Mr Turner had not sought the submission of this motion, but had indicated he was willing to continue.

The appointment of its Chair was a decision for the Representative Body alone.

#### Support for the Private Members' Motion

During the following discussion support for the submission of the Private Members' Motion to the Governing Body was expressed as was support for Mr Turner continuing as Chair beyond the end of the current triennium. The key role Mr Turner had played in devising the Representative Body's response to the COVID-19 pandemic during 2020 was recognised: continuity of leadership during the ongoing uncertainty of the pandemic and the further economic turbulence expected during the coming months was felt to be important.

The Representative Body indicated that if the Governing Body were to pass the Private Members' Motion to allow Mr Turner to continue as a member of the Representative Body until his 76<sup>th</sup> birthday in December 2021, it would wish to co-opt him as a member and re-appoint him as Chair.

#### Towards a new Chair

The Governing Body would be asked to extend Mr Turner's eligibility for twelve months so work to identify a new Chair needed to be expedited, something which was discussed. The formulation of a role description for the Chair of the Representative Body was felt to be a helpful tool in presenting the expectations of the role to interested parties. Following the preparation of this, it was proposed a search committee consisting of members of the Representative Body be formed to work to advertise the role as widely as possible and identify suitable candidates. All trustees were encouraged to engage in this work by considering whether anyone within their own local church communities had the skills and experience that would make them suitable for consideration for the role.

The vocational aspect of the role was highlighted, as was reference to the membership criteria of both the Representative Body and Governing Body (the Chair of the Representative Body was a member of the Governing Body *ex officio*), particularly in terms of the requirements of affiliation to the Church in Wales.

Detailed proposals for onward work would be considered by the Representative Body early in the new triennium.

#### Summary

Following discussion, the Representative Body:

- i. Supported the submission of a Private Members' Motion to the Governing Body in November 2020 which, if passed, would allow the current Chair of the Representative Body, Mr James Turner, to be eligible to continue as a member of the Representative Body until his 76<sup>th</sup> birthday in December 2021;
- ii. Agreed in principle to co-opt Mr James Turner as a member of the Representative Body and re-appoint him as Chair, in the event that the Governing Body passed the Private Members' Motion at its meeting in November 2020;
- iii. Supported the preparation of a role description for the Chair of the Representative Body; and
- iv. Noted it would consider firm proposals for the identification of a new Chair early in the next triennium, which would include the involvement of trustees in the search to identify a new Chair.

After the conclusion of this item Mr Turner returned to the meeting and resumed the Chair.

### **Charity Commission serious incident reports**

20/70

The Head of Legal Services informed the Representative Body that two serious incident reports had been made to the Charity Commission in recent months. Outline details of the cases concerned were provided:

- Additional Voluntary Contributions (AVC) scheme

A disclosure had been made to HMRC in respect of potential inadvertent overpayments of tax-free lump sums to a number of clergy on retirement. The Charity Commission had confirmed receipt of the report and indicated it was content with how the matter was being handled. (See also minute 20/76.)

- Safeguarding

The case in question involved a member of the clergy and was subject to a police investigation. The Charity Commission had acknowledged receipt of the report and had been provided with further information as requested.

The Chair of the Representative Body had been provided with the details of the case.

The Head of Legal Services indicated that the case was not currently felt to be of sufficient risk to alert Ecclesiastical Insurance to the possibility of a claim, a position that would be reviewed as matters developed.

The Representative Body noted the submission of the serious incident reports to the Charity Commission.

### **Financial update**

20/71

The Head of Finance updated the Representative Body on the current financial position.

#### Financial position

The deficit for 2020 was expected to rise from an initial forecast of £2.3million to a revised forecast of £10.4million, an increase that was due to a combination of lower projected income and the provision of financial assistance to dioceses. Continuing reductions in forecast income meant a budget deficit of £4million (from £2.3million) was expected for 2021.

It was noted that the Representative Body's total return approach to planning its expenditure, where capital gains would cover any budgetary shortfall, was a key budget assumption. Expenditure was currently in excess of the distribution rate of 3.5% agreed by the Representative Body in November 2019 as part of the adoption of its Statement of Investment Policy (minute 19/44), something which would, over time, erode the underlying asset base.

Stock exchange securities had significantly increased in recent months to £609.5million at 31 August, compared to £601.2million at 31 December 2019: it was stressed however that the stock market remained volatile. The Investment Committee continued to monitor the investment performance on a quarterly basis and maintained close contact with the investment managers. Collection rates of investment property rental income, particularly properties within the retail sector, were also being closely monitored.

The Head of Finance set out the current cash position, explaining that as of 31 August 2020 £23.5million was held in cash: it was projected that that would reduce to £13million by 31 December 2020 and would be expended completely by early 2022, at which point investments would need to be sold to fund the Representative Body's day-to-day operations.

### Budget 2021

The budget was currently being compiled using a zero-based approach. All expenditure included within the budget was being scrutinised via a series of budget challenge meetings, which would include a meeting with the Chairs of the Representative Body committees prior to detailed discussion with the Audit and Risk Committee. The draft budget would be discussed by the Representative Body at its meeting in November 2020.

### Investment strategy

The Chief Executive explained that the Investment Committee had begun giving focussed thought to the investment strategy to ensure it was properly geared to the current economic climate, which was dominated by the effects of the COVID-19 pandemic. The forthcoming presidential election in the United States and the conclusion of the United Kingdom's departure from the European Union on 31 December 2020 would further affect the economic landscape.

The Chief Executive introduced four key components of investment strategy that were being explored:

- The total return investment strategy and the link to income in an uncertain market.
- Expenditure within the context of the total return strategy and the presence of clear and clearly understood policies that were appropriate to uncertain market conditions.
- The current distribution rate and its appropriateness to the current market conditions.
- The development of an intergenerational equity policy which drove asset allocation and informed the distribution rate policy.

The Chief Executive went on to note that it may be necessary to reconsider the planning of expenditure on a total return basis as the present strategy of investing on the basis of maximising growth (capital or income) may not be the most suitable in the current investment climate. Ensuring clear communication of this approach to the wider Church in Wales was also important so this strategy was properly understood.

The Investment Committee was beginning to undertake focussed work on the development of an intergenerational equity policy, which would codify and aid understanding of the intentional balance between expenditure levels which would allow the work of the Church

in Wales to flourish in the present, whilst preserving the asset base to safeguard future investment income.

One member suggested a document comparing past assumptions of income versus expenditure and how these assumptions had transpired in reality was prepared: an assessment of the Representative Body's relative pessimism or optimism would be a helpful guide to the making of decisions that required a pragmatic balance between present expenditure and future income.

The Representative Body noted the financial update and supported the Investment Committee's work on the investment strategy.

## **Remuneration of the Chair of the Provincial Safeguarding Panel**

20/72

### The current situation

The Chief Executive reminded the Representative Body that the Provincial Safeguarding Panel was the independent panel that monitored and reviewed all safeguarding-related concerns within the Church in Wales as well as any complaints or allegations made. The Panel reported to the Standing Committee, the body which also appointed the Panel's membership and Chair.

The Panel was a specialised body and its membership consisted of people who had suitable and relevant experience in safeguarding or associated professions. In 2019 the Chair of the Panel, Mr Simon Prince had sadly died: since then the Panel had been chaired on an interim basis by the Panel's Deputy-chair, who did not wish to take on the role on a longer-term basis. Identifying someone who was both suitably qualified and willing to undertake the role had proven very difficult. Assistance from the National Independent Safeguarding Board had been sought, which suggested Mr Tony Young, former Director of Social Services for Cardiff City Council.

### Remuneration of Chairs

Mr Young had been appointed as the Panel's interim Chair by the Standing Committee in July 2020: he had since proven to be a suitable candidate and was willing to undertake the role on a longer-term basis. However, Mr Young had no connection to the Church in Wales and had therefore requested remuneration for undertaking the role.

The Chief Executive explained that many corporate and charitable organisations were also experiencing a similar challenge of identifying suitable people to fulfil roles and many were making such roles more appealing to potential candidates by offering remuneration for the time they would spend attending meetings and working on business.

At its extraordinary meeting on 10 September 2020 the Standing Committee had approved the appointment of Mr Young as the new Chair of the Provincial Safeguarding Panel for an initial period of three years, subject to the Representative Body's approval of the principle of providing remuneration.

The Chief Executive also noted that Mr Young's lack of connection to the Church in Wales was a positive attribute as it ensured a clear divide between him and the organisation and therefore more likely to critically question policies and procedures.

The Representative Body discussed the principle of remunerating chairs of bodies within the Church in Wales. It was noted that Mr Young's engagement would be on a similar basis to the engagement of an external consultant: he would be paid for the work he did and the time he committed and would not be paid on the basis of a salary or honorarium.

### Summary

Following discussion the Representative Body:

- i. Agreed to the principle of remunerating chairs of key Church in Wales panels or committees where specialised knowledge and experience were required, where necessary to do so, and where recruitment was otherwise proving problematic; and
- ii. Authorised the Chief Executive, in consultation with the Chair of the Representative Body, to agree the details and level of remuneration to complete the Standing Committee's appointment of Mr Tony Young as Chair of the Provincial Safeguarding Panel.

In response to a question by one member it was noted that a more open and transparent process of recruitment for the chair of a body such as the Provincial Safeguarding Panel would be preferable.

### **Notes of Finance Strategy Forum meeting - 2 September 2020**

20/73

A note of the Finance Strategy Forum meeting of the Representative Body, Bench of Bishops and diocesan secretaries that had taken place on 2 September had been circulated prior to the meeting, which was noted.

It was noted that the diocesan secretaries were part of the Finance Strategy Forum (as they had been part of the previous Joint Finance meeting) and would therefore continue to contribute as part of this forum.

The second part of the Finance Strategy Forum meeting was planned to take place on 2 November 2020.

### **Clergy Remuneration Review**

20/74

[Redacted from public minutes – confidential business]

### **COVID-19 income replacement funding – Quarter 4 2020 and Quarter I 2021**

20/75

The Chief Executive introduced a paper which set out the current situation and included proposals for the consideration of future income replacement funding to dioceses. During Quarter 2 and Quarter 3 of 2020 the Representative Body had provided a package of support to dioceses to assist with the costs of ministry to alleviate the financial impact of the COVID-19 pandemic and continuing restrictions on parochial activities.

The Chief Executive noted that it was not feasible for the income replacement funding as provided during Quarter 2 and Quarter 3 to become a long-term arrangement. If any

further support were to be provided to dioceses the Representative Body must consider this against the effect it would have on its cash holdings and investment portfolio.

However, it was acknowledged that uncertainty continued as to how the pandemic, and the response to it, may develop during the autumn and winter months, with the imposition of further restrictions a possibility.

It was proposed therefore that no further income replacement funding was provided to dioceses during 2020, but that the Representative Body met in early 2021 to consider the dioceses' actual financial situations at the end of 2020 and assess whether additional support were needed at that point.

This proposal had also been discussed at the Finance Strategy Forum meeting on 2 September.

Following discussion the Representative Body agreed to:

- i. Provide no financial assistance to dioceses for Quarter 4 of 2020; and
- ii. Meet in early 2021 when meaningful financial data for the end of 2020 was available in order to assess whether additional financial support to dioceses was needed at that point.

### **OneFamily Additional Voluntary Contribution (AVC) scheme** 20/76

At its meeting in April 2020 (minute 20/34) the Representative Body had received details of a situation where the administrator of the scheme in which the clergy were able to make additional voluntary contributions (AVCs) to their pension provision had indicated that there was a potential tax liability problem.

The Head of Legal Services provided the Representative Body with an update of the situation. Specialist legal advice on the matter had been sought.

[Redacted from public minutes – confidential business]

A full written disclosure had been submitted to HMRC, receipt of which had been confirmed but no timeline for a response had been indicated. [Redacted from public minutes – confidential business]

The Head of Legal Services confirmed this matter had also been reported to the Charity Commission by way of a serious incident report (see also minute 20/70).

The Representative Body noted the situation and would be kept abreast of developments. One member suggested a review be undertaken to explore how this situation had arisen and whether any lessons may be learned for the future.

### **Next meeting**

The Chair confirmed the Representative Body would next meet on Thursday 12 November 2020 and it was envisaged that that meeting would also be via video conference. Prior to



that the second part of the Finance Strategy Forum meeting would take place on 2 November.

**Closing prayers**

The Very Reverend Nigel Williams closed the meeting with prayer.