



Corff Cynrychiolwyr Yr Eglwys yng Nghymru 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 26 June 2023.

Present:

Ex officio members

Archbishop of Wales

The Most Reverend A T G John

Chair of the Standing Committee

Mr T Llewelyn

Chairs of the Diocesan Boards of Finance

St. Asaph: Mrs S Allin

Bangor: The Venerable J Harvey

St. Davids: Mrs H Evans

Llandaff: Mr M Lawley

Monmouth: Mr P E Lea

Elected members

St. Asaph: The Very Reverend N H Williams,
Mrs H Wiseman

Bangor: Dr H Parry-Smith, the Reverend M Beecroft

St. Davids: Mrs J A P Hayward, the Venerable P R Mackness

Llandaff: Mr G Moses

Monmouth: Miss P R Brown

Swansea & The Venerable A N Jevons

Brecon:

Nominated members

Mr R Davies

Mr C Clarke

Mr P Kennedy

Co-opted members

Professor M Hughes (Chair)

Mrs Jane Heard

Welcomes:

The Chair welcomed Mr Christopher Clarke to his first meeting of the Representative Body, and also the Venerable Hayley Matthews, Archdeacon of Wrexham, who was present at the meeting as an observer.

Apologies:

Apologies were received from the Venerable Mike Komor and Mr Tom Lloyd.

In attendance: The following members of staff were present: the Chief Executive, the Head of Finance, the Deputy Head of Finance, the Finance Manager, the Head of Legal Services, the Human Resources Manager, the Governance Manager and the Governing Body Officer. The Director of IT was present for item 23/23 only.

Guests: Mr Adam Halsey, Director at Haysmacintyre, the Representative Body's external auditor, was present for items 23/18 to 23/22.

The Venerable Hayley Matthews, Archdeacon of Wrexham, was present as an observer.

Prayers: Opening prayers were led by the Venerable John Harvey.

Conflicts of interest: The Venerable Paul Mackness declared a potential conflict of interest in relation to his involvement at St. Davids Cathedral and the proposed allocation of funding to cathedrals. Standing conflicts of interest were acknowledged for all clergy present for matters relating to clergy remuneration and the Clergy Pension Scheme.

Priorities, growth and resilience

23/17

Priorities Working Group

The Representative Body was informed that in mid-May the Standing Committee had met for a twenty-four-hour residential meeting during which the Committee had recognised the need for the Church in Wales to determine priorities around which future work could be orientated and planned. The Standing Committee had therefore asked the Archbishop to form a small group to undertake this work and prepare proposals accordingly. The Priorities Working Group was scheduled to meet for a residential gathering in Shrewsbury on 31 July-1 August to undertake this work for reporting back to the Standing Committee.

Church Growth Fund Allocation Group

The Church Growth Fund Allocation Group had met for the first time on 6 June and considered proposals for the criteria by which use of the Fund would be allocated. The Group had given consideration to the application process for use of the Fund and was impressed by the application process and supporting materials used by the diocese of Oxford for use of its Development Fund. The Bishop of Oxford had given permission for the Church in Wales to make use of these materials.

The Representative Body noted the Allocation Group recognised the importance of projects that received funding from the Church Growth Fund being accountable with objective outcomes set and reviewed. Projects would also be strongly encouraged to undergo a pilot stage so refinements could be made if necessary, particularly for projects that were buildings-orientated.

The Group would next meet in September and the Representative Body would be kept informed of developments.

Distribution of Funds Review Group

The Chair of the Representative Body, who was also Chair of the Distribution of Funds Review Group, explained that the Distribution of Funds Working Group's work had been challenging and unanimous views on some aspects of the Group's work had proven elusive. The Group's discussions continued, particularly around the extent of financial support for the cathedrals and how that related to the provision of funding to the dioceses.

Points of disagreement remained but progress was being made. Constructive work had been undertaken on how Partnership Funding (the funding arrangement which replaced the Block Grant) and funding from the Structural Resilience Fund would work together.

The Chair confirmed the Distribution of Funds Working Group was working on the basis of three principles:

1. Of the provision of core funding to a provincial structure consisting of six dioceses: there was no appetite for reviewing the number of dioceses.
2. The distribution rate would return to 3.5% in 2033. (At its meeting in March 2022 (minute 22/04) the Representative Body had agreed the distribution rate would increase from 3.5% to 4.5% for the period 2023-2033.)
3. The distinctive role of cathedrals would be recognised and a framework of support for the six cathedrals would be retained as part of finalised proposals.

The Chair explained that the Distribution of Funds Working Group intended its proposals to produce a guaranteed core funding on which diocesan infrastructure could be run sustainably and resiliently. Details of the distribution arrangements for the administration of the Structural Resilience Fund were yet to be finalised. Funding from the Structural Resilience Fund would cease after ten years and the Group was mindful of the danger of a financial 'cliff edge' being created in ten years' time if this funding was allowed to become intrinsic to core diocesan funding.

Following discussion, the Representative Body endorsed the three principles set out above upon which the Distribution of Funds Working Group was conducting its work, reaffirming its decision in March 2022 that the distribution rate would return to 3.5% (from 4.5%) in 2033.

The Chair noted that the Distribution of Funds Working Group hoped to complete the formation of its proposals by the early autumn: it was possible an extraordinary meeting of the Representative Body would be necessary in order to discuss the proposals so diocesan and provincial budgets for 2024 were able to be formed.

Audit Findings report

23/18

The Chair welcomed Mr Adam Halsey, Partner at Haysmacintyre, to the meeting, who delivered the Audit Findings report. Mr Halsey confirmed Haysmacintyre was able to give an unqualified audit opinion.

During his remarks, Mr Halsey commented that clear communication of the Representative Body's financial position was important, something which could be confusing for people not familiar with the detail of its financial arrangements.

Mrs Jane Heard, Chair of the Audit and Risk Committee, noted that the Committee had reviewed the auditor's report and had no additional comments to make.

As directed by the meeting's agenda, all provincial staff in attendance left the meeting to allow Mr Halsey to meet with the trustees alone.

After staff had returned to the meeting, the following resolutions were proposed and passed unanimously:

That the Audit Findings Report be received.

That the Chair of the Representative Body and Chair of the Finance Committee be authorised to sign the letter of representation on behalf of the Representative Body.

Mr Halsey remained present for items 23/19, 23/20, 23/21 and 23/22.

Report from Audit and Risk Committee

23/19

Mrs Jane Heard, Chair of the Audit and Risk Committee, presented its report.

The Audit and Risk Committee was very keen to ensure that an effective structure of communication with dioceses on matters relating to their financial situations was in place. Such communication was not always forthcoming with the level of detail required.

There was concern that if a diocese were to become insolvent, it was likely the Representative Body would be expected to put in place immediate financial support, something which represented a significant risk to the Representative Body. It was also noted that the Representative Body provided funding to dioceses for specific purposes and specific projects and a proper way of assessing the impact of such provision of funding was important.

The development of a mechanism for sharing of financial information between the dioceses and the Representative Body was supported and felt to be mutually beneficial to both the Representative Body and DBFs, in the interests of transparency and good governance. It was felt that such an arrangement should be akin to a covenant. The form of such a covenant would be discussed and shaped over the coming months via in person meetings and in consultation with the Representative Body's auditor.

Discussion followed during which members expressed support for the mutual sharing of financial information between the diocesan boards of finance and the Representative, on the basis of a covenant arrangement. Accountability and transparency were noted as being vital, but it was also noted that any such arrangement where financial information was expected to be shared between DBFs and the Representative Body must be characterised by mutual respect and in a spirit of partnership. Clarity of the purposes of sharing such information, the information necessary, and the timetable for its provision, were felt to be important foundations for the establishment of the covenant.

Following discussion, it was agreed the Chairs of the diocesan boards of finance would communicate the discussion to their respective Boards and further discussion with the Representative Body Chair, the Chief Executive and the Representative Body's auditor would be facilitated as necessary to establish:

- i. The information to be shared, and clarity of why this was necessary; and
- ii. A timeline for the sharing of this information.

The Finance Committee and Audit and Risk Committee would attend to the drafting of the covenant ahead of further discussion by the Representative Body at a future meeting.

The Representative Body noted the report from the Audit and Risk Committee.

Going concern assumptions

23/20

The Head of Finance noted Haysmacintyre had requested a formal assessment of the Representative Body's going concern assumptions and set out a series of those which had been reviewed by and discussed with the Audit and Risk Committee. The assumptions articulated were also supported by Haysmacintyre.

The proposed going concern assumptions were:

- Unlike dioceses, the Representative Body's income arose from Stock Exchange income. Indications from the investment managers showed dividend yields increasing and the Representative Body's income was not expected to fall in the near future.
- Stock Exchange investments, which formed the majority of the Representative Body's assets, were reviewed by officers on a monthly basis, including weekly conversations with the stock exchange managers, and quarterly in person meetings between the investment managers and the Investment Committee. As of 25 May 2023 the stock exchange investments had increased by £10.2 million (1.6%) since the year end, with £10 million drawn down from the two portfolios.
- Bank and money market deposits showed healthy balances, with £11 million currently held on money market deposit.
- Officers undertook a monthly review of the cashflow, reviewing the previous month's cashflows, and then projecting these into the future. In addition, a 10-year cashflow forecast was maintained to underpin the 10-year forecast.
- The recent clergy pension scheme actuarial valuation as of 31 December 2022 saw the value of the past service liability reduce by almost a third. Whilst the liability was expected to increase at the next actuarial valuation, this significantly reduced the liability as shown on the balance sheet.
- There were no known plans or anticipated future events which would affect the continuance of the charity. Specifically, there were no plans to close the charity, merge it with another charity, or cease any significant activity. There was no litigation ongoing or anticipated which would materially harm the charity. Safeguarding policies and procedures were in place and the Director of Safeguarding reported in person to the Audit and Risk Committee at its meeting in June.
- The charity made reports when required to the Charity Commission and there were no actions outstanding. Similarly, the charity reported as required to the Information Commissioner and there were no outstanding actions.

In accordance with the advice of the Audit and Risk Committee, the Representative Body endorsed the going concerns assumptions.

Representative Body Annual Report and Accounts for the year ended 31 December 2022

23/21

The draft Annual Report and Accounts for 2022 was introduced by the Head of Finance, who talked through the main aspects of the report. It was confirmed that during 2022 there had been a negative net movement in total funds of £77 million, largely due to revaluation of fixed assets. Funds decreased from £907 million to £830 million. Investment income during 2022 increased by around £1.5 million with expenditure increasing by £4.57 million. While the deficit of £12.7 million was offset by capital gains, it was emphasised that such deficits could not be sustained in the long term.

It was noted while stock exchange income had reduced, recent changes to UK interest rates had caused the actuarial value of the Clergy Pension Scheme funds to strengthen significantly for the time being, though this could not be relied on in the future.

The following resolutions were proposed and passed unanimously:

That the Annual Report and Financial Statements of the Representative Body for the year ended 31 December 2022 be approved and adopted.

The Annual Report would be finalised, translated and made available via the Church in Wales website. As usual, the report would be introduced to the Governing Body at its meeting in September 2023: the report would be circulated to Governing Body members in digital form only.

Common Investment Fund Annual Report and Accounts for the year ended 31 December 2022

23/22

The Head of Finance presented the draft accounts for the Common Investment Fund for 2022, confirming the Fund was separate to the Representative Body's main investment fund and explaining that it was a fund in which parishes were able to invest any legacies or special trusts they held and use the income generated.

The total value of the Common Investment Fund at 31 December 2022 was £71 million, a reduction of some £6.4 million.

The Head of Finance noted the Investment Committee was reviewing the investment strategy of the Common Investment Fund. As many of the parish trusts were only able to spend income and not capital, a different investment strategy may result in more funds available to parishes in the future.

The following resolutions were proposed and passed unanimously:

That the accounts of the Common Investment Fund for the year ended 31 December 2022 be approved and adopted.

The Common Investment Fund Annual Report and Accounts would also be provided to the Governing Body at its meeting in September 2023 and would be provided to the Governing Body in digital form only.

Mr Adam Halsey left the meeting.

Church in Wales email accounts for clergy

23/23

The Director of IT, Mr Mike Wakeman, was welcomed to the meeting, his first meeting with the Representative Body since taking up his new role in February.

The Representative Body was informed that, at its meeting in September, the Audit and Risk Committee had been advised of a network security breach that had originated from a clergy email account that had been accessed from a device not protected by the Representative Body's network security.

The Director of IT explained it was possible to reduce the risk of similar events by use of two-factor authentication, which would provide an additional level of security, and by clergy being required to use only Church in Wales email addresses for all professional communications. Church in Wales email addresses were solely hosted by the Microsoft Outlook programme, which had significant security provisions.

Such a facility had been available to clergy for some time but there had not been a requirement for this to be used: currently approximately 41% of clergy email accounts were active.

The Representative Body noted that provincial IT staff were developing a two-factor authentication facility and details of the implementation of this would be communicated in due course. Guidance notes for all Church in Wales email users would be prepared to accompany the implementation of this.

The Director of IT also noted that the provision of a Church in Wales email address would also allow the user access to a condensed version of the Microsoft Office suite.

Discussion followed, during which the mandating of clergy to use a Church in Wales email address for all professional communication was supported. It was noted that levels of IT literacy among clergy varied and training and support to manage this change was imperative, particularly in terms of the practical implications. Training on the General Data Protection Regulation (GDPR) and data management more generally was also needed.

It was proposed that trustees were also provided with a Church in Wales email address, something which would aid the secure distribution of papers and other information – information which could sometimes be very sensitive.

Following discussion, the Representative Body:

- i. Endorsed the recommendation that all Church in Wales clergy were required to use only a Church in Wales email address for the conduct of all email communications in relation to their role within the Church. As part of this requirement, the automatic forwarding of emails to another email address would be prevented;

- ii. Noted that provincial IT staff would provide support to implement this policy and provide ongoing advice and support for clergy on the use of Church in Wales email accounts and the associated Office 365 applications; and
- iii. Agreed that Church in Wales email addresses for trustees should be investigated.

The Bench of Bishops would also be asked to support this proposal and mandate their respective clergy to make use of their Church in Wales email addresses for all email communication related to their role.

The Director of IT left the meeting.

Stipend and salary levels 2024

23/24

The Head of Finance advised the Representative Body that the Human Resources Committee had undertaken its annual review of the stipend and salary levels and made a recommendation for increases from 1 January 2024. The Representative Body was reminded that at its meeting in June 2022 (minute 22/24) it had agreed that the annual increase in stipends and salaries effective from 1 January 2024 would be a minimum of 4%.

Amendment of Stipends and Salaries Policy

The Head of Finance noted that, at its meeting in October 2022, the People Committee (as it then was) had considered the Stipends and Salaries Policy and proposed a change. This proposal was in the context of the Representative Body's decision in June 2022 (minute 22/24) to increase stipends and salaries by a figure which was not in keeping with its stated policy. It had been agreed that the policy should be reviewed.

The Committee recommended an amendment to the first section of the policy, to include the text highlighted in italics, below:

- i. Be based on the CPI published for the April preceding the pay award *or on such alternative percentage figure that is set following consultation with the diocesan boards of finance and the Representative Body itself (in its role as an employer);*
- ii. Include an option to add a discretionary 0.5% to the pay award each year, depending on the financial context of the time and discussions with dioceses;
- iii. Assume that pay awards will be effective from 1 January each year.

Stipend and salary award 2024

The Head of Finance explained the Human Resources Committee had agreed to recommend that stipends and salaries increase by 5% from 1 January 2024. In making this recommendation, the Committee had:

- Noted the published CPI figure of 8.7% for April 2023; and had
- Considered several other factors, including:
 - Responses from dioceses and
 - A comparison of Church in Wales stipend levels with CPI, Average Weekly Earnings and the Church of England border dioceses.

Resolutions

Following discussion, the Representative Body agreed to:

- i. Approve the proposed revision to the Stipends and Salaries Policy, as set out above; and
- ii. Confirm the Human Resources Committee's recommended increase to stipends and salaries of 5% from 1 January 2024.

Vacancy fees 2024

23/25

The Head of Finance introduced a paper which set out the fees for taking services in a vacant incumbency or during the incapacitation of an incumbent.

The Representative Body agreed to approve an increase in vacancy fees for 2024.

Following discussion, it was resolved that the vacancy fees be increased by £3 to £30 from 1 January 2024.

In response to a question from one member, dioceses would be asked which of them had Readers' Associations.

Parochial fees 2024

23/26

The Head of Finance introduced a paper which set out the proposed parochial fees for 2024, which represented increases in line with CPI (at 10.08%), as in previous years.

The proposed increases were significant and higher than the increases to stipends and salaries (agreed within minute 23/24). Average burial fees charged by local authorities had been considered before making the recommendation.

Following discussion, the Representative Body agreed to increase the parochial fees from 1 January 2024 in line with the advice of the Human Resources Committee as set out in following two tables:

Burial fees

| | 2023 fee | 2024 fee |
|--|----------|----------|
| Ministry fee (<i>payable to the officiating minister</i>) | £94 | £104 |
| Committal* (<i>payable to the officiating minister</i>) | £24 | £26 |
| Church fee (<i>payable to the PCC</i>) | £118 | £130 |
| Burial fee in Church in Wales burial ground - Body | £528 | £581 |

| | | |
|---|-----------------------------------|-----------------------------------|
| - Cremated remains (payable to the PCC for the Churchyard Maintenance Fund) | £176 | £194 |
| Memorial fee - Plain wooden cross - Grave headstone - Cremated remains tablet - Additional inscription (payable to the PCC for the Churchyard Maintenance Fund) | £26 £200 £106 £47 | £29 £220 £117 £52 |
| Search of burial registers (payable to the PCC) | £24 per hour (or part thereof) | £26 per hour (or part thereof) |

* For a committal following a separate funeral service elsewhere, at which a different minister has officiated.

Marriage fees

| | 2023 fee | 2024 fee |
|--|-----------------------------|-----------------------------|
| Marriage service (including fee for publication of banns) Ministry fee (payable to the officiating minister) Church fee (payable to the PCC) Total fee | £215 £290 £505 | £235 £320 £555 |
| Publication of banns (to include certificate of banns) | £45 | £50 |
| Marriage blessing (following a civil marriage) Ministry fee (payable to the officiating minister) Church fee (payable to the PCC) Total fee | £190 £260 £450 | £210 £290 £500 |

Parsonage Board contributions 2024

23/27

The Representative Body noted that the Property Committee had undertaken its annual review of the Parsonage Board contributions and recommended an increase in the contribution of 7.4% to £6,479 per house for 2024. This represented the minimum amount to be allocated by each diocese to each parsonage for repair work.

Building costs indices indicated that costs of building work were increasing by around 8% but the Committee's recommendation for a 7.4% increase took general affordability into account.

In line with the recommendation of the Property Committee, the Representative Body approved an increase by 7.4% in the Parsonage Board contribution rate to £6,479 per parsonage house from 1 January 2024.

Minutes of the meetings of 28 March 2023 and matters arising

23/28

The minutes of the Representative Body's meeting held on 28 March 2023 were agreed as a true record. The minutes would be signed by the Chair as soon as possible. Various matters arising from the minutes were noted.

Representative Body and committee membership

23/29

The Representative Body was briefed on a number of matters relating to its membership and that of its committees.

Representative Body membership

a) Vacancies

The Representative Body noted the Swansea & Brecon Diocesan Board of Finance had not yet appointed a new Chair so this position within the Representative Body's *ex officio* membership remained vacant. When this appointment was confirmed, the new Chair would become a member of the Representative Body *ex-officio*.

Also, two vacancies remained within the diocesan elected membership: an elected cleric representing the diocese of Monmouth and an elected lay person representing the diocese of Swansea & Brecon.

b) Nominated membership

The Representative Body was reminded that at its meeting in March 2023 (minute 23/06) it had agreed to appoint Mr Christopher Clarke as the next Chair of the Property Committee, an appointment which would come into effect on 26 June when Mr Rod Davies retired as Chair of that committee, and as a member of the Representative Body.

Subsequently, Mr Clarke's appointment to the Representative Body within its nominated membership category had been completed on 12 May by the Bench of Bishops in consultation with the Standing Committee.

At the beginning of the triennium, the Representative Body indicated it wished to retain a vacancy within the nominated membership category to enable the appointment of an additional member in the future if needed. Following Mr Clarke's appointment, this vacancy had temporarily been filled – but the vacancy would be reinstated on 26 June upon Mr Davies's retirement.

Committee membership

Human Resources Committee

The Representative Body was reminded that the lay elected member for Swansea & Brecon, John Watson, had resigned. Mr Watson had also resigned from the Human Resources Committee, creating a vacancy. The membership criteria of the Human Resources Committee require:

- The majority of members to also be members of the Representative Body; and
- The overall majority of members to be lay people.

It was noted that following Mr Watson's resignation these two criteria were no longer satisfied. (The other membership criterion requiring the membership to include a bishop remained satisfied.)

Mrs Judith Hayward, elected lay member from the diocese of St. Davids, had indicated she would be willing to be appointed to the committee. This appointment was discussed.

Summary

The Representative Body:

- Noted the current vacancies within its own membership; and
- Appointed Mrs Judith Hayward to the Human Resources Committee, initially for the remainder of the current triennium.

Sales of consecrated property

23/30

In accordance with Chapter III, section 23(2) of the Constitution, the Representative Body authorised the sale of the following consecrated property:

A.233 - the former St. Michael's Church, Trelawnyd
 B.216 - the former St. Cwyfan's Church, Tudweiliog
 B.241 - the former St. John's Church, Porthmadog
 D.424 - the former St. Alban's Mission Church, Cwmdud
 L.203 - the former Ss. Peter & Paul Church, Cimla
 L.226 - the former St. Peter's Church, Deri
 M.407 - the former St. Philip's Church, Liswerry
 S.593 - the former St. Cattwg's Church, Llanspyddid

Updates from Chairs on the work of committees

23/31

The Representative Body was provided with brief oral updates on the work of its committees, which were noted.

Next meeting

24/32

The Chair confirmed the Representative Body's next ordinary meeting was scheduled to take place on Thursday 23 November and proposed the meeting be held in person in Cardiff, to draw the triennium to a close. The meeting would also be an opportunity to mention plans for improving the induction arrangements for trustees, to commence at the beginning of the new triennium in January 2024.

Deemed business

23/33

The Representative Body noted reports on the following areas of work:

- The action plan to respond to the recommendations within the St. Padarn's Periodic External Review (PER) report.
- The Monmouth Review Implementation Group.
- The Evangelism Fund Committee.
- Progress towards net zero.

The Representative Body also noted the minutes of committee meetings that had taken place since its last ordinary meeting in March 2023. It was noted that the Cathedrals and Churches Commission and the St. Padarn's Quality and Standards Panel had not met since the last meeting of the Representative Body so no reports were provided.

Use of the Representative Body Seal

23/34

It was reported that the Representative Body Seal had been used from numbers 36940 to 36972 inclusive.

As the meeting was taking place by video conference, it was not possible for members to inspect the Seal Register. Photographs of the relevant pages of the Seal Register were available on request.

Other business

Upon his retirement, the Chair warmly thanked Mr Rod Davies for his service and contribution to the Church in Wales as a member of the Representative Body, of its Property Committee and as Chair of the Property Committee.

Closing prayers

The Archbishop closed the meeting with prayer.