

THE CHURCH OF SCOTLAND
COUNCIL OF ASSEMBLY
18 December 2017

MINUTES

The Council of Assembly met within the Church Offices, Edinburgh, on Monday 18 December 2017, and was constituted with prayer. A list of those attending is attached to this Minute as Appendix I.

56. APOLOGIES

Apologies were noted.

57. DECLARATIONS OF INTEREST

There were no new declarations of interest.

58. AGREE AGENDA

The Agenda for the meeting was agreed.

59. STRATEGIC PLAN

The Council considered the draft Strategic Plan, noting the changes which had been incorporated since the last meeting. Members welcomed the update, but expressed concern over the implementation of the Plan given the challenges of Church structures. In this regard, it was noted that the Council's Report to the General Assembly would propose clear instructions to Presbyteries and congregations to ensure that the relevant elements of the Plan were implemented regionally and locally. It was hoped, however, that people from across the Church would choose to engage with the Plan.

A number of further amendments to the Plan were noted. In particular, further work would be carried out on the introduction to ensure that it was both accurate and appropriate for this publication and its intended audience.

Members considered the wording for an effective 'vision' line, noting a number of suggestions which had been put forward. The Strategy Group would meet on 15 January to come to a view on the matter and to finalise the draft for approval by the Council in February. Catherine Forsyth would work with the Design Team to improve the appearance of the document in the meantime.

60. PROPERTY REVIEW

Liam Fennell, Head of Estates, joined the meeting for this discussion. The Council considered the paper *'Future of National Office Buildings – Towards a Decision at the General Assembly 2018'* along with a funding options paper and an explanation of the financial modelling assumptions.

The accounting treatment of refurbishment was questioned and it was agreed that this matter should be discussed separately with the finance officials.

With regard to Option 2 – *lease or sell 123 George Street and retain a reconfigured 117-121 George Street as the National Office* – it was suggested that there were factors which had not yet been taken into account, eg the financial implications of a shared foyer area if large areas of the building were leased out. It was noted that the disruption costs and timescales

of either relocating staff during refurbishment or keeping staff within the building were being investigated and would be included in the business plan. It was suggested that consideration also be given to the impact of each approach on staff. It was recommended that a more realistic and critical approach be taken to Option 2. It was suggested that a degree of humility was needed to take account of the challenges in the wider Church and other potential uses of the Church's resources, though the point was also made that some of the challenges in the wider Church might be addressed through a reconfiguration of the national set up and better ways of working. Raymond Young indicated that the General Trustees were focussed on congregations and did not have funds to invest in the National Office, though he could see that the current building was in need of some critical work. He suggested that there were other considerations, such as the possible decentralisation of staff and the question of whether current structures and ways of working were needed going forward.

With regard to Option 3a – *sell 117-123 George Street and purchase a new office* – a question was asked as to why a city centre location was assumed whereas in Option 3b – *sell 117-123 George Street and lease a new office* – an out-of-town location was assumed. Liam Fennell explained that, from the early stages of this project, it had been agreed that the National Office would require to be sustainable and situated close to a public transport hub. In relation to the leasing option, he estimated that the Church could afford to pay city centre rents for a period of eight years only, and so to meet the sustainability requirement for this option, an out of town location had been assumed.

It was noted that the financial modelling would be audited by Deloitte in January and that there would be opportunity for the Council to engage in a more robust review of the options when this work had been completed.

The Convener turned to three pre-decision matters which had been discussed over recent months but which now required to be settled:

- With regard to moving to a joint national office facility, incorporating the staff currently located at the George Street and Charis House sites, and in light of the serious implications set out in the paper, the Council confirmed, with regret, that shared services on one site would not be possible at this time. Management should, however, continue to seek opportunities for closer working and sharing of resources wherever possible.
- With regard to Option 2a – *redesign the use of the General Assembly Hall in order that the National Church could use regular meeting space within those premises* – it was noted that a number of factors had emerged which pointed to its non-viability at this time and for the foreseeable future. The Council confirmed that Option 2a should not be pursued due to access issues and costs.
- With regard to adding an Option 0 – *do nothing* – to the final presentation, the Council agreed that the consequences of doing nothing should be covered in the Report to the General Assembly, though probably not presented as an Option for fear of this being misinterpreted as viable.

The Council was invited to consider and affirm the following four criteria as an essential part of assessing potential options: fit for purpose; sustainable; flexible; and good stewardship of resources. During the course of this discussion the following amendments were suggested:

- additional criteria be added along the lines, '*within the powers of the trustees to action*' and '*in the best interests of the Church as a whole*';
- under the 'fit for purpose' heading, a further bullet point be added: '*designed to enable effective and collaborative working*';
- removal of the first bullet point within section 2.2 of the main paper;

- in the third bullet point within section 2.2, delete *'benefit'* and substitute *'potential'*;
- under the 'flexible' heading, clarify the meaning of *'flexibly spread the cost'* of ongoing upkeep;
- under the 'good stewardship of resources' heading, make reference to the need for provision to be made for ongoing maintenance costs, and add in a bullet point dealing with the mitigation of risk. With regard to the second bullet point in this section, this was clarified as meaning that the best option going forward may have the highest overall cost but come with a strong business plan in terms of sustainability.

The General Treasurer confirmed that the final business plan would address many of these points. Noting the comments which had been made, the Council agreed that these criteria were reasonable and should form an essential part of the assessment of potential options.

The Council turned to consideration of the funding options paper which was presented by the General Treasurer following discussion by the Finance Group at a meeting on 29 November. The paper, which was intended to gauge the views of the trustees, indicated that there were two main options for funding: external borrowing, probably involving a term loan from a bank, and funding from within the existing resources of the Church. A third potential source of funding was from the sale of properties held by the Unincorporated Councils and Committees of the Church. The paper also set out the financial risks facing the Church including wider economic factors.

It was noted that the Finance Group's view had been that external borrowing should be an option of last resort, or at least just one element of a funding package which made use of existing Church resources (eg gains on investments, sale of properties). In the course of discussion, the following points were noted:

- One member suggested that bank borrowing might be considered to be the tidier option as it did not impinge on other activities, though the overall cost might be higher. Another was of the view that if funding could be found from within the existing resources of the Church, thereby avoiding high bank charges, subject to assurances being given in relation to the risks involved, this would be preferable. The General Treasurer indicated that the net cost of borrowing may, in fact, be less than the yield lost on investments, so detailed analysis would be needed to compare the options.
- Thought could be given to seeking interest-free loans from wealthier Church members, though it was suspected that this project may not be one which was attractive to such donors. Alternatively, smaller retail bonds should be investigated.
- If opting for external borrowing, a ten-year fixed-term loan would have to be negotiated.
- The General Treasurer highlighted that, at present, Councils and Committees and other agencies of the Church did not pay towards many of the central costs including office space. It suggested that thought should be given to developing a culture of paying for services rendered.

The Council was content for all of the specified funding options to be investigated further. A final report on the National Offices project would come to the Council for approval in February.

61. BUDGET 2018

The Council considered the proposed detailed budget for 2018 and accompanying summary. The deficit to be met from reserves totalled £4,082k, compared to the earlier indicative budget deficit of £2,322k. Shifts in the timing of expenditure accounted for £1.1m of this £1.76m increase, with the Social Care Council's restructure of its Residential Care and Education service now expected to complete in 2018.

With regard to the 2019 indicative budget, members noted that it was anticipated that congregational contributions would reduce. In addition to this, the Mission and Renewal Fund was almost exhausted largely due to the level of support it was providing to Councils in relation to pension scheme deficits. These pressures would, therefore, require difficult decisions to be taken in terms of prioritisation.

A question was asked as to how much longer the Church could sustain a £4m deficit. David Watt indicated that reserves would allow for this in the immediate short term. It was suggested that a five-year outline budget would assist with longer term planning, though it was acknowledged that, without accurate minister numbers, such a report was limited in its helpfulness. One member suggested that those Councils with reserves could be required to live off of those until they had been fully used or for a set period of time. David Watt envisaged that there would be a comprehensive prioritisation exercise following the finalisation of the Strategic Plan.

The Council noted the following five measures which might help move the organisation onto a sounder financial base, as recommended by the General Treasurer to the Finance Group:

- discontinuing the practice of cross-subsidising between departments;
- budget discipline, including clear exit strategies for projects;
- corporate budgeting, eg zero-based each year;
- more challenge in terms of affordability of proposals, particularly at the General Assembly;
- education and engagement.

The Council invited the General Treasurer to prepare a paper expanding on these measures, with a view to adopting them for 2019 if required.

The Council approved the detailed 2018 budget.

62. FINANCE

62.1 Minutes of Finance Group

The Council received the Minutes of the Finance Group meetings of 29 November and 4 December (FGExtra1 and FG5 (2017-2018)).

62.2 Finance Group Report

The Council noted the management accounts to 31 October 2017.

62.3 Restricted Funds Reorganisation Application

The Trustees agreed to the restricted funds reorganisation in relation to the Miss Mabel D Wilkie's Bequest, noting that OSCR had approved the proposed scheme to apply the funds held to support Adult Care Services provided by the Church of Scotland Social Care Council.

62.4 Property Sales and Purchases

The Council agreed to the purchase of two properties by the Social Care Council, namely 38 Dalry Road, Beith (£250k), and 31-33 West Kilbride Road, Dalry (£305k) noting that these were currently leased by that Council and that a restricted legacy would be used to fund the purchases.

63. MINUTES

The Minutes of the Council meeting held on 20 November 2017 were approved, subject to the following amendment:

In Min 46.5, amend the third sentence of the second paragraph as follows: *After* “desist from”, *insert the words* “engaging external bodies from conducting”.

64. MATTERS ARISING**64.1 Action of Churches Together in Scotland (ACTS) Review (Min 40)**

The Ecumenical Officer indicated that he intended to circulate the anticipated report on the review of ACTS to Council Secretaries for comment by 31 January 2018 to assist the Ecumenical Relations Committee in its consideration of this matter.

64.2 Organisational Review (Min 46.5)

The Council noted that John Corrigan and Martin Scott would be meeting later that day to discuss the options in relation to a possible organisational review, taking into account the discussion in November.

64.3 Property Sales and Purchases – Ministries Council (Min 54)

It was noted that the reference at the last meeting to a ‘blanket authority’ being granted in relation to a property list compiled by the Ministries Council in 2015 had been explored and that there was no record of such a decision being taken by the Council of Assembly. Mr Glover was invited to submit a proposal in this regard to a future meeting, if required.

65. CENTRAL SERVICES COMMITTEE (CSC)**65.1 CSC Meeting**

The draft Minutes of the Committee’s meeting of 14 December 2017 were not yet available, but the Committee’s Convener, David Brackenridge, reported on the following matter:

Criteria for Dealing with Staffing Proposals: The Council agreed the criteria for the CSC to use in relation to dealing with staffing proposals. This was on the basis that a new post could only be agreed if it caused no increase in either the establishment WTE or the budget requirement (exceptions to this may include a fixed term post funded totally from external resources and maternity cover for an established post).

65.2 CSC Executive (Staffing)

It was noted that the CSC Executive (Staffing) meeting scheduled for 11 December had been cancelled, but that the business for that meeting had been dealt with by the full CSC on 14 December. The following matters were considered by the Council:

- a) Gender Justice Officer (Fixed Term – 5 Yr), Church and Society Council: The Council approved the job description and specification for this post, following its decision in November to proceed to such an appointment. Notwithstanding the concerns which had been raised in relation to the practice of issuing job specifications, the Council accepted the advice of the Head of HR that this document was helpful in clearly stating the areas on which applicants would be assessed.
- b) Council Secretary (Fixed Term Secondment – 18 months), Mission and Discipleship Council: The Council agreed to an 18-month secondment for a Secretary to the Mission and Discipleship Council.

65.3 IT Review

The Council noted that the CSC had set up a short-life working group to take forward the work coming out of the audit of the IT Department in November 2016 and the subsequent in-depth examination of the security and functions of the Department in March 2017. The group would consider how best to address this work to ensure that all the areas of risk currently sitting under the IT portfolio were being adequately discharged. The original consultants, Exception, would be invited to make a presentation to the first meeting of the group to inform its work and remit.

66. COUNCILS' BUSINESS

In light of the demanding Agenda for this meeting, there were no reports received from Councils.

67. GOVERNANCE**67.1 Minutes of Governance Group**

The Council received the draft Minutes of the Governance Group meeting of 11 December (GG4 (2017-2018)).

67.2 Gaelic Group Remit

The Council agreed a remit for the Gaelic Group.

67.3 General Data Protection Regulation

The Council noted a report with regard to preparations at all levels of the Church for the forthcoming General Data Protection Regulation. It was noted that staff within the Offices were required to undertake training to ensure that they were familiar with the new Regulation and its implications for their work. It was suggested that thought be given to widening out appropriate training to the regional and local church.

68. SENIOR MANAGEMENT TEAM

It was noted that the SMT would be meeting twice in January to give members an opportunity to consider the draft Strategic Plan and the National Offices proposals.

69. COMMUNICATION

The Council noted an update on recent appointments within the Communications team.

70. DATE OF NEXT MEETING

10.30am, Monday 19 February 2018.

The Meeting was closed with Prayer.

APPENDIX I

COUNCIL OF ASSEMBLY

18 December 2017

Sederunt:

Ian Alexander
Russell Barr (pm)
Sally Bonnar
David Brackenridge
John Corrigan
Catherine Coull
Viv Dickenson
Graham Duffin
Richard Frazer
Alistair Gibb
Neil Glover
Isobel Hunter
Martin Johnstone
Anne Lamont
Elaine McCloghry
Andrew McGowan
Anne Macintosh
Mary Macleod
Ruth MacLeod
John McPake
Norma Rolls
Martin Scott
Alan Sorensen
Bill Steele
David Watt
George Whyte
Ronald Wright
Raymond Young

Apologies:

Iain Cunningham
Jayne Scott
Norman Smith

In Attendance:

Liam Fennell (*items 56-60*)
Craig Renton
Pauline Wilson