

ST. NICOLAS KINGS NORTON PCC

Standing Committee Report to PCC 17th February 2020

Budget, building condition and associated actions – first update report

This report is for discussion and decisions at the PCC after which the report and decisions will be made public. PCC is being asked to agree work on the Steeple set out in para 5.3 and part of recommendation 7 in advance of the meeting (as the work on the Steeple is clearly in progress)

1.Purpose

1.1 PCC on 23/09/2019 took a series of decisions to address the adverse financial position of the PCC and the fragility of the St Nicolas church building.

1.2 This report updates the PCC on the actions taken to date to implement the PCC's recovery framework. Standing Committee recommend to PCC further decisions about our approach to the budget and to work on St Nicolas and Hawksley churches.

2. Financial Recovery

2.1 As planned, we met with the Archdeacon, who has taken an active interest in our position since her appointment, including visiting the Church. The financial position facing the Diocese of Birmingham is challenging and it has welcomed that the PCC has set out how it could meet its future share of Common Fund in a sustainable way.

2.2 The Diocese has accepted that we have unique liabilities and costs linked to our historic buildings. It sees that we now have a clear plan which we are committed to implementing that takes us towards being a financially sustainable Parish. The Diocese has therefore proposed that our Common Fund is reduced by the costs of our subsidy to SNP for 2020/21, meaning that this will be £97,000. This is also offered as a one off reduction to assist the Parish achieve financial sustainability thereby improving its position when seeking funding for the work needed on St Nicolas.

2.3 We therefore began discussion with the Diocese around the outline of a medium term financial plan. This would include elements such as the Parish taking on the costs of children's work, which is the position of all other such posts in Parishes across the Diocese, and a review by the Diocese of the Team Ministry structure.

2.4 Standing Committee recommend to PCC:

R1: to accept the offer of our Common Fund contribution for 2020/21 and that the PCC makes every endeavour to pay this full rate in the coming year.

R2: that we need to develop a medium term financial plan over a three year period. We need to plan for meeting the costs of our work in St Nicolas in a much more sustainable way.

3 Hawkesley Hub

3.1 The Hub was placed on the open market for sale, and an offer above the asking price has been accepted. We will hopefully complete the sale in the next weeks, which will present PCC with a one off capital receipt.

3.2 Standing Committee recommend to PCC:

R3: that plans are now put in place to use this capital sum against three immediate priorities:

- the upgrade of toilets and kitchen at Hawkesley Church
- Phase Two of the urgent works at St Nicolas (see section below)
- If there is any residual sum we hold that for contingency/contribution to further work at St Nicolas

R4: that Standing Committee bring detailed plans back to PCC for approval in line with financial delegations

4. St Nicolas Place

Revenue:

4.1 The urgent action agreed by the PCC was implemented to reduce the financial losses coming from SNP. Our estimate is that the impact upon SNP in 2019/20 will be a loss of around £60k, although the true picture given shared services, insurance etc is probably greater. This will feature in our financial reporting to the AGM.

4.2 We have put in place the actions related to staffing to reduce the revenue strain on the PCC budget. This has now created the reductions in evening opening and we continue to work towards having no staff from April.

4.3 It's fair and right to record for PCC the support and commitment shown by all the staff during what has been an understandably very tough period.

Sale/lease and Capital:

4.4 SNP is now on the market both for sale and long lease: we have selected in Bruton Knowles an agent with considerable experience in working with buildings for community use/social purpose.

4.5 The actions of the PCC were not related to a desire for a capital receipt. The value for the PCC from any sale remains impossible to quantify given the interests of the Heritage Lottery Fund in any sale during the 25 years of the contract terms with SNP.

4.6 Standing Committee has given thought to the framework around the lease option should that be taken up and recommends

R5: that PCC endorses two guiding principles:

- for the foreseeable future the focus of the PCC has to be on St Nicolas Church. We would have to be satisfied that any lease holder has the financial reserves and the governance systems that create minimal (close to zero?) risk of SNP reverting to the PCC
- given that we are aware that SNP has neither addressed depreciation, wear and tear nor has any reserves, we would need to be satisfied that any leaseholder has the capacity for additional capital investment, particularly if that needed to be called upon early in the lease.

Community interest

4.7 The PCC will be aware that a community group has formed to protect SNP as a community facility, ideally through being able to run the building. They are currently holding a range of engagement events, and last week the church hosted over 250 people at their second public event.

4.8 The group initially asked that Standing Committee/PCC delay the implementation of its decisions on SNP. We declined on the grounds that it would contradict the duties upon charities that are at severe financial risk which the PCC had adhered to. To have agreed to defer would expose PCC members to unacceptable risks as individuals arising from a breach of charity law and governance.

4.9 The group have applied to list St. Nicolas Place on a register of Assets of Community Value that local councils are obliged to maintain. If registration does take place this would have the effect of freezing any sale/lease for six months to allow a consideration of community use.

4.10 Standing Committee have taken legal advice. Our position is to allow the registration to take its course. The PCC has been the steward of SNP for many years and clearly values the community benefits from it that PCC would like to secure for the future.

4.11 We are not however trying to 'oppose' this group, indeed it is helpful to have an emerging potential community group that is not based around the Church. We have sought to build a relationship with the group and to ensure there is a dialogue. This was clearly modelled to people by the Rector's offer of the church for the public meeting. We will continue discussions to support any emergent new offer in the community and with Bruton Knowles are meeting this group shortly.

4.12 Clearly any final agreement to sell or lease will be a decision for the PCC. For the moment, Standing Committee recommend to the PCC

R6: to continue to build dialogue about the future of SNP within the shape of the plan agreed by PCC in September

5. St Nicolas

5.1 A helpful way of thinking about the future needs of St Nicolas is as three phases:

5.2 Phase one: essential works for the safety of the people using the church. We are nearing the end of this phase having made safe the electrics; secured the baptistry roof from further damage and commenced the steeple safety works. The steeple is nearing completion of this stage subject to weather conditions.

5.3 Phase two : urgent works which relate to safety and cost. There is one fully costed project in this category:

- Further work to the steeple – this has been scoped as part of the current work at £40k for replacing or removing some stone work, the lightening conductor, removing loose material on the interior and exterior and repointing. As the scaffolding is currently in place and the use of the bells has been suspended, the PCC is being asked to approve this work by agreement ahead of the meeting.

5.4 There are two further projects in this category which are at different points in decision making:

- Making good the Baptistry roof - the opportunity to use capital from the sale of Hawkesley Hub and roof fund money would allow a repair which would also improve our revenue budget by releasing the £1k per month on scaffolding hire. An application is being made for faculty this month and the work has been put out to tender. PCC are asked to support his course of action.
- Pews: we are reaching the point where these are becoming unsafe. PCC will know that some are now out of use. We are aware that the pews of historical interest have already been removed (and are in the North aisle) and we will retain these in the Church. Standing Committee is however recommending to PCC that we apply for faculty to remove the remainder of the pews and to harmonise the building by the purchase of chairs which match the current set. It's vital that the church is able to continue to host large events and services (the VE commemorations in May are the next such occasion) - replacing the pews supports the use of the church in its works and resolves their current condition before they become the next big safety issue. (We can again seek sponsors of chairs)

5.5 Phase three is to restore the building. We are currently working to complete a statement of significance which will be the key to a restoration project. We will also need to commission specialist reports into windows, art, monuments etc.

We are preparing a schedule of funding sources and Trusts and generally getting everything ready for this phase. The next significant move would be to appoint architects - which we hope to be in a position to do around May 2020. We would also want to be at a point where we could ask the architects for options about quickly addressing the locations for new kitchen and toilet facilities. We will report back to PCC as we near this point.

5.6 The next Quinquennial inspection of the Church is 2021.

5.7 This is supported by our new approach to maintenance and planned work. We continue to also receive substantial help from the Diocese and its skilled specialist staff.

5.8 Standing Committee recommend to the PCC:

R7: on the completion of the essential safety work, the priority should become the completion of urgent work set out as phase two to make good the baptistry roof, further secure the safety of the steeple and to provide safe seating, subject to the necessary faculty approvals and approval of costs by PCC.

R8: that it authorises an application for faculty to remove the current pews and to replace with the current chairs

6. 'Friends of St Nicolas'

PCC agreed to a Friends of the Church to assist fundraising. With the Friends of SNP having the current profile, this does not seem the right time to set up what might be seen as a competing and/or confusing friends group. We are proposing to defer this until phase three (summer this year?) and that we try to avoid using the term "Friends" . We have had useful specialist advice from the Diocese which we will incorporate into our approach which we will bring back to PCC.

7. Table of the recommendations from Standing Committee for decisions by the PCC

Issue	Number	Recommendation to the PCC...
Financial Recovery	R1	to accept the offer of our Common Fund contribution for 2020/21 and that the PCC makes every endeavour to pay this full rate in the coming year
	R2	that we need to develop a medium term financial plan over a three year period. We need to plan income and costs accordingly

Hawkesley Hub	R3	<p>that plans are now put in place to use this capital sum against three immediate priorities:</p> <ul style="list-style-type: none"> • the upgrade of toilets and kitchen at Hawkesley Church • Phase Two of the urgent works at St Nicolas (see section below) • If there is any residual sum we hold that for contingency/contribution to further work at St Nicolas
	R4	that Standing Committee bring detailed plans back to PCC for approval.
St Nicolas Place Lease:	R5	<p>that PCC endorses these two guiding principles:</p> <ul style="list-style-type: none"> • For the foreseeable future the focus of the PCC has to be on St Nicolas Church. We would have to be satisfied that any lease holder has the financial reserves and the governance systems that create minimal (close to zero?) risk of SNP reverting to the PCC • Given that we are aware that SNP has neither addressed depreciation, wear and tear nor has any reserves, we would need to be satisfied that any leaseholder has the capacity for additional capital investment, particularly if that needed to be called upon early in the lease.
Community Interest	R6	to continue to build dialogue about the future of SNP within the shape of the plan agreed by PCC in September 2019
St Nicolas	R7	on the completion of the essential safety work, the priority should become the completion of urgent work to make good the baptistry roof, further secure the safety of the steeple and to provide safe seating, subject to the necessary faculty approvals

	R8	that PCC authorises an application for faculty to remove the current pews and to replace with the current chairs
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