DIOCESAN CONFERENCE 2025

Responses to Questions for Oral Answer

And let us consider how we may spur one another on toward love and good deeds, not giving up meeting together, as some are in the habit of doing, but encouraging one another—and all the more as you see the Day approaching." - Hebrews 10:24-25

Llandaff Diocesan Conference

25th September 2025

Questions for Oral Answer

We have received two questions, one of which has multiple parts, as follows:

1) Dr Heather Payne (Roath & Cathays MA Lay Chair) recommends to Diocesan Conference that all Trustees familiarise themselves with Nolan principles and that training is made available for all who would like it.

> Church in Wales charities and committees operate in a space of **public trust**, receiving donations, grants, and volunteer support. Recent scrutiny of safeguarding and governance practices within religious institutions has highlighted the need for transparent, ethical leadership. The Nolan Principles offer a robust framework to guide decision-making and conduct. This can be a strategic opportunity to reaffirm moral authority, strengthen public confidence and foster a culture of Christ-like service and accountability. Further details are attached in the appendix below.

Response:

We agree: The Nolan Principles are a robust yet flexible framework, recommended for a wide variety of public sector, third sector and other settings where good governance is at a premium. The Diocese of Llandaff should be espousing, supporting and recommending them at all levels. At Diocesan Conference we are also considering the Dignity Charter, and how to live it out; and the Standing Doctrinal Commission's work on authority, its use and misuse, is also helpful, all resting on the foundation of sound biblical teaching for the Diocese as the Body of Christ, living and working as Ambassadors for Jesus and holding ourselves to high standards. These principles will be incorporated in trustee and leadership training, and it is recommended that every committee, of diocese and MAs, make time to consider what these principles mean for members both individually and corporately. We will help enable this.

The Registrar also recommended the Charity Governance Code which covers similar ground and helps MACs with their governance.

2) Julian Jordan (South Cardiff Ministry Area Treasurer) requests the Diocesan Board of Finance and Diocesan senior team to address some questions about Common Fund pledges and contributions, DBF budget and reserves, and diocesan actions and implications.

When the Common Fund was introduced, we were promised transparency, with each Ministry Area making its pledge in public. Can the Diocesan Board of Finance (DBF) now publish figures on the pledges and budget?

a. Can the forecasted gap between pledges and actual payments for 2025 be shared by the Diocesan Board of Finance?

Response:

We cannot give an accurate or realistic forecast figure because we do not know what MAs will contribute during the last quarter, and it is not uncommon that MAs give a lump sum at the end of the year when other financial commitments are clear. However the gap between pledges and actual payments in 2025 to date (known sometimes as "arrears") is £242,594, added to arrears from 2024 of £341,444, from 2023 of £102,381, and pre-2023 of £21,162, totalling £707,584 as reported by Mike Lawley.

b. What impact will this gap have on diocesan reserves, and at what point will this become critical for the diocese?

Response:

There is an immediate cashflow issue which is that the DBF has covered costs of ministry to the tune of £708k over the last few years. However up to now the DBF has assumed that these arrears will eventually be paid by MAs, as they have in the past. Due to the size of arrears, the accountants recommended a provision be made in the 2024 accounts of £250k. This is not a write-off, as it is still hoped that the arrears will be paid (and the provision reversed), even if that is by a long-term payment plan or other creative solution. For the moment, the impact is a reduction in DBF reserves of £250k, on top of core operational and Vision costs totalling a reduction in reserves of £497k as reported. This leaves available reserves of £10m (unrestricted reserves of £7.9m, and designated reserves of £2.1m).

c. What was the gap between the pledges and budget for 2025 ?

Response:

Total Fairer Share requested in 2024 was £4,741,997, and total 2025 "baseline" (ie recalculated based on actual costs of ministry and numbers of clergy) was £4,744,000. Pledges received for 2025 totalled £4,150,337, which was £593,643 short of the baseline.

d. For Ministry Areas that are unable to meet their pledges, will their actual 2025 payment become their new baseline pledge (plus RPI)?

Response:

As noted above, there is a significant gap of arrears where MAs are not fulfilling their pledges, and even the pledges fell short of what the DBF needed to pay in 2025 to cover the costs of ministry. If 2026 pledges were reduced to the level of 2025 actual payments, the shortfall compared to costs of ministry would be unsustainable. For the initial request, we have assumed that all MAs will be treated the same, and will abide by their 2025 pledge, plus inflation, since that is the cost that the DBF must pay to cover ministry. If MAs are unable to meet their pledges, we are discussing options with each of them on a case by case basis, within a diocese-wide context.

Julian noted that due to the financial pressures and unaffordability of the pledge, which was 60% higher than their Fairer Share payment, South Cardiff has been obliged to take the painful step of reducing the number of clergy.

e. What support is the Diocese offering to help struggling Ministry Areas reach a sustainable financial position? If they were health boards in Wales, such areas might be placed under "special measures."

Response:

We have increased financial and property support as reported in the DBF report, and we are developing training and support for leaders (MALs, Lay Chairs and Trustees). We also welcome requests or recommendations as to what form that might take to provide more support to MAs.

We do not find that the term "special measures" is particularly helpful in terms of how it is often perceived or what measures, constraints or plans are imposed. In the spirit of "pulling together" we would like to share burdens, problems and solutions honestly and openly, build "enhanced support" - learning from the approach taken for schools, and develop sustainable approaches working together to the shared goal of building the kingdom.

On a practical level, as requested by MAs, the DBF has in the last year increased its provision of support in accountancy, bookkeeping, financial administration, and property. The financial side of this is headed up by Peter Watson and provided on an as-requested basis. We have increased this team in recent months and plan to do so further if the need is there. Property support has been increased in the Church Buildings Team in caring for churches and other buildings, and also both the RB and DBF have made more support available for dealing with churches, halls or parsonages that are no longer required.

Capacity in the wider diocesan team, such as Archdeacons and Area Deans, has also been increased (with an additional Archdeacon licensed this month, and Area Deans given more training and support) in order to provide broader support to MAs and in particular their clerical leadership.

Julian responded that we should not necessarily plug the resource gap with paid staff, but look to expect and enable more volunteers.

f. Given the ongoing financial gap, it is time to have a serious conversation about aligning diocesan expenditure (primarily salaries) with diocesan income (primarily Common Fund payments, alongside a grant from the Church in Wales for diocesan staff). With the current budget shortfall, can we realistically continue drawing from both the Church in Wales reserves and diocesan reserves?

Response:

Income and budgetary shortfall has been a top priority for the DBF for the last 2 years. This is consistent with the RB and all other Welsh dioceses who are facing similar challenges, largely due to a decline in attendance. The DBF is looking at many ways to add to the income, including external grants and increased RB funding. We are also carefully considering DBF costs and reducing headcount and salaries where possible - while still building up the support as requested above. There are several vacancies in clergy posts across the diocese which help reduce costs a little (although fees are paid to provide cover) but we do not wish to reduce clergy headcount if at all possible, because this leads to a spiral of decline. However if the main source of income, which is given by the faithful church members to fund clergy, continues at its current reduced level, then more radical conversations may be needed about how to organise the diocese more effectively.

Appendix: Embedding the Nolan Principles in the Church in Wales

Prepared for: Trustees, clergy, laity and officers responsible for governance of Church in Wales charities - July 2025

Purpose: This briefing outlines how Church in Wales charity Trustees and governance bodies can strengthen ethical governance, public accountability, and trust by embedding the **Seven Nolan Principles**—a cornerstone of public service ethics in the UK. (Integrity in governance is vital to any mission CT 30/05/2025)

Why It Matters: Church in Wales charities and committees operate in a space of **public trust**, receiving donations, grants, and volunteer support. Recent scrutiny of safeguarding and governance practices within religious institutions has highlighted the need for transparent, ethical leadership. The Nolan Principles offer a robust framework to guide decision-making and conduct. This can be a strategic opportunity to reaffirm moral authority, strengthen public confidence and foster a culture of Christ-like service and accountability.

The Seven Nolan Principles in Practice for the Church in Wales:

1. **Selflessness**- Prioritise mission, service of others and beneficiaries over personal or institutional gain

2. **Integrity**- Acknowledge and mitigate conflicts of interest; uphold ethical financial and safeguarding practices

3. **Objectivity**- Make fair, values-based decisions in recruitment, funding, and planning; consider impacts of decisions on the vulnerable

4. **Accountability** - Report transparently to donors, regulators, and congregations, discourage inappropriate deference or aggression

5. **Openness** - Share planning, decisions, challenges, and outcomes without defensiveness; promote trust and confidence in process

6. **Honesty**- Communicate truthfully; acknowledge and correct mistakes

7. **Leadership**- Model ethical and compassionate behaviour and inspire trust and inclusiveness across all parts of the Church to draw on the talents of all

Suggestions for Implementation

1. **Adopt these principles formally as a Governance Code**
    - Include Nolan Principles in trustee induction and training
    - Actively discuss practical application and meaning of the code in church life especially governance structures
2. **Safeguarding and Ethics Oversight**
    - Establish independent safeguarding arrangements for the Church
    - Ensure whistleblower protections and ethical reporting mechanisms
3. **Transparency Measures**
    - Publish annual impact reports and financial statements
    - Encourage congregational feedback - promote dialogue and questions
4. **Cultural Change Initiatives**
    - Promote inclusive leadership across protected characteristics
    - Encourage theological and lay joint reflection on ethical leadership, accountability and authority