

Winchester Diocesan Board of Finance

Review of Memorandum & Articles of Association

Introduction

1. In November 2022 the Bishop's Council agreed that we should update Diocesan Synod on some proposed changes to the Mem & Arts of the WDBF. The first change was the need to remove the Bishop of Winchester as the automatic Chair of the WDBF, allowing a suitably qualified candidate to be appointed by the Directors of the Board.
2. The second area was to explore whether the current 'Membership' of the WDBF should be changed. In 2011, the WDBF adopted what is known as an 'oligarchy structure', whereby the Directors and the Members of the Company are the same people. The other model (used by the majority of other dioceses) is for the Diocesan Synod to be the members of the WDBF.
3. Our Solicitor provided the following useful summary of the distinction between Directors (trustees) and Members:

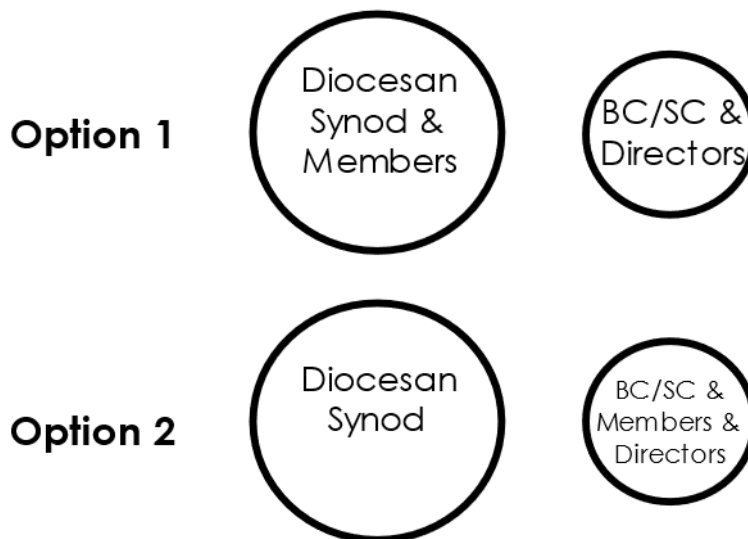
The role of the Trustees (who are the company directors and charity law trustees, and can be called directors/trustees/Board members etc.) is for the day to day management of the company – they are responsible for all decision making and whilst they can delegate certain things, they will retain ultimate responsibility. The role of company law members is a much more limited role, they only have certain key duties under company law, which includes passing resolutions to adopt changes to the Articles, change of name and receiving the accounts; they do not have any day to day responsibilities. The Articles should contain references to who the members are, how they make decisions, what decisions are reserved to them etc. and these should be distinct to the provisions relating to the trustees/directors.

4. Whilst no formal vote was taken, Diocesan Synod appeared supportive of these changes in November 2022. The Diocesan Secretary committed to return with more comprehensive proposals in due course.
5. There has clearly been a significant delay in moving this work forward. The solicitor advising us on this work left her role for another company; conversations with the Diocesan Registrar highlighted some complexities with other ecclesiastical legislation, and the Diocesan Secretary's workload over the last 12 months have all contributed to this delay.
6. During the initial discussions with our Solicitor it also became apparent that there were areas within our Mem & Arts that could do with a more detailed review and refresh. Whilst there is nothing currently in the Mem & Arts that is 'wrong' they do not represent current best practice in all areas. Unfortunately, the sections that would benefit from an update, would require consultation with the Charity Commission who are currently dealing with huge backlogs, with 12 month delays not uncommon.

7. This means we need to adopt a slightly different approach to implementing these changes, seeking in principle support from both the Directors and Diocesan Synod now, whilst the final wording of the revisions is worked on.

Membership Options

8. When the Registrar presented to Diocesan Synod in 2022, he summarised the two main options with the following helpful diagram:



9. In Option 1, the Diocesan Synod become the Members of the WDBF, with the BCSC remaining as Company Directors (and Charity Trustees). Option 2, is the current model we have operated since 2011, with the BCSC fulfilling the roles of Directors and members at the same time.
10. In strict legal terms it could be argued that making Synod the Members would add little real benefit or change for Synod. The main change would be that the WDBF's AGM each year (and approval the accounts) would need to be done by Diocesan Synod not just the Bishop's Council.
11. The Directors believe however that the structural change would signal an important shift in culture, helping to create a greater sense of ownership and engagement between Synod and the WDBF. The reconfirmed this position at their meeting in November 2023.
12. One potential challenge identified by our Registrar is that the Diocesan Board of Finance Measure 1925 requires a majority of members of the DBF to be lay. At present (in line with the Synodical Governance Measure 1969) the majority of our Synod are ordained (due to the combination of House of Bishops and House of Clergy). In practice there is flexibility in the Synodical Governance Measure to allow us to slightly increase the House of Laity to create a small majority. This requires a change to the Diocesan Synod Standing Orders.

Proposal

13. Following the in-principle approval from the Bishop's Council to these changes, the Diocesan Synod is now requested to approve the following:
- a. To support the Directors of the WDBF in their intention to amend the Mem & Arts of the WDBF to:
 - i. Remove the automatic requirement for the Bishop of Winchester to be the Chair of the WDBF
 - ii. Allow for a wider membership of the WDBF, having all the members of Winchester Diocesan Synod as company law members of the Charity (provided they consent to do so).
 - b. These changes to be subject to
 - i. Consultation and approval from Diocesan Synod to accept this additional responsibility.
 - ii. Consultation and confirmation from the Charity Commission of the proposed changes to the Mem & Arts
 - iii. The Directors of the WDBF reviewing and approving the final revised wording once the Charity Commission and solicitors have finalised the amendment.
 - c. To approve a change to the Standing Orders of the Winchester Diocesan Synod to increase the elected membership of the House of Laity by 4, to ensure there is a small majority of lay members on the Synod¹. This change to come into effect at the next Diocesan Synod elections in 2024.

CH
November 2023

¹ Ordained members include the House of Clergy plus the 3 members of the House of Bishops