

Dear Treasurer,

If this letter has arrived by conventional post then you should find the enclosures as listed below.

**If this has arrived by email, then I have included, in the following table, the links to where these documents can be downloaded from the internet.**

- (i) Statement of your Parish Share account as at 15th October 2008  
(If you normally receive this letter by email then your statement will arrive under separate cover shortly)
- (ii) Guidance Note: PCC members and private benefit  
(<http://www.parishresources.org.uk/charity/remunerationguidance.pdf> )
- (iii) Leaflet outlining the duties of PCC Members as Charity Trustees.  
(<http://www.parishresources.org.uk/charity/Trusteeship%20leaflet%208pp.pdf> )
- (iv) Template letter to Charity Commission asking for exemption from registration if income has exceptionally exceeded the £100,000 threshold  
(<http://www.parishresources.org.uk/charity/Determination%20not%20to%20register%20letter.doc> )
- (v) Copy of the last two published Newsletters from ACAT  
( <http://www.acat.uk.com/acat/page3.html> )

### **Deposits with CBF Deposit Fund and with Icelandic banks, in the light of the present uncertainties in the financial markets**

**Following the collapse of Icelandic banks** last week, a number of parishes are asking questions about the security of bank deposits, we have received this statement from Jackie Bliss - Director of Financial Policy and Planning, National Church Institutions:

“We understand that the majority of parish and diocesan deposits are held in the Church of England Deposit Account run by CCLA (formerly known as the CBF Deposit Account). This has over £1 billion of deposits, which is spread amongst about 40 carefully chosen institutions. The Fund is currently AAA rated (triple A) by Fitch, an independent rating agency which reviews the rating weekly. Whilst the funds deposited are not covered by the FSCS compensation scheme, as it is a collective investment fund, both the spread of deposits and the selection process mean that risk is spread. We have been informed that no part of the fund is deposited with any of the Icelandic banks.

We are aware that some parishes, however, have money on deposit at Icelandic banks. The sums are not large in the context of total national Church funds, but obviously the amounts involved are significant to them. The Archbishops' Council is supporting voluntary sector moves led by NCVO and ACEVO to encourage the Government to offer protection to charities who have lost money in this way. In support of this, we would be very keen to hear if you know of any of your parishes who are affected. The Charity Commission is also requesting details of any charities affected by the failure of the Icelandic banks, which can be emailed to them at: [enquiries@charitycommission.gsi.gov.uk](mailto:enquiries@charitycommission.gsi.gov.uk).

The information provided by the FSCS about its compensation scheme does not specifically mention charities. However, the Charity Commission has issued guidance that charities should be covered by the Scheme to the same extent (ie up to £50,000) as other organisations and individuals. Virtually all parishes would be covered by this, as the most relevant exceptions for any organisation seeking to claim under the guarantee scheme are that it exceeds two or more of the following limits: (i) it employs more than 50 people, and/or (ii) it has income of more than £6.5 million per year, and/or (iii) it has net assets of more than £3.26 million. The Charity Commission guidance can be found on: <http://www.charity-commission.gov.uk/news/fincomp.asp>. (Whilst the Charity Commission website also states a lower £1.4 million balance sheet limit that applies to the FSCS guarantee scheme for *unincorporated* associations, I am

assured that the Parochial Church Councils (Powers) Measure 1956 s3 stipulates that "every council to be a body corporate", which means that the higher limits relevant to companies should apply to PCCs.)"

## **Registration of PCCs whose annual income exceeds £100,000**

### **Who does this affect:**

The 2006 Charities Act removed "excepted status" from charities with incomes over £100,000. This means that PCCs with income over £100,000 will need to register with the Charity Commission now that the relevant part of the 2006 Act is about to be implemented.

If your PCC's normal income level is £80,000 or less, but exceptionally it exceeded the £100,000 threshold in 2007 due to a grant, legacy or particular building campaign, you can apply for a written consent that you do not need to register at this stage. There is a proforma letter which you can adapt for this purpose by downloading it from the following webpage:

(<http://www.parishresources.org.uk/pilots.htm>) See section entitled "What if my income is exceptionally over £100,000?"

### **When:**

The window for registration is October 2008 to September 2009. Each diocese has been asked to choose a timeslot for their qualifying PCCs to complete their registration. **Our allotted time frame will be between May and June next year.**

### **How:**

Registration can be done on paper, or online. It is recommended that registration be done online, as some of the online forms will have been customised to apply to all Anglican PCCs to reduce the amount of information which you have to provide about your parish specifically.

An explanatory guide, mainly written in the context of the online application method, has been prepared to help you with the process. This contains suggested proforma replies to some of the questions asked, and some practical advice on how to prepare for the process. A copy of this is available from the parish resources website (<http://www.parishresources.org.uk/pccs.htm>).

Additionally it is anticipated to hold three briefing meetings early Spring next year (provisionally one in each archdeaconry) for those from the affected parishes who will be responsible for submitting the registration application. The content of these meetings will be designed to step through the processes involved and answer any questions on this and related matters concerning future relationship between the PCC and the Charity Commission. Further copies of the updated Registration Guide and the Trustee Leaflet will be available at these meetings.

### **If your PCC's income is over £100,000 what should you do next?**

1. See if your income is exceptionally over the threshold with a view to applying to the Charity Commission for a written permission not to register at this time.

If Point 1 does not apply....

2. Bring this matter to your PCC's attention, with a view to deciding who will be responsible for the initial registration process, and also who will be responsible for submitting subsequent annual returns to the Charity Commission. This need not be the same person in both instances; neither should this be the role of the PCC Treasurer by default. The important thing is that the person(s) concerned is(are) nominated by the PCC to be the official registrant/correspondent with the Charity Commission, and that the PCC members give them their full assistance in providing the relevant information for processing.
3. Bring the contents of the enclosed Guidance Note on PCC members and private benefit to the

attention of your next PCC meeting, with a view to discussing if any action is required. Please also refer to the section below. If the PCC has further questions on this with regard to any of their members please contact me as soon as possible.

4. If you have not already done so, please send a copy of your parish's 2007 accounts to the Diocesan Office, so that we can identify all of our parishes to whom we will need to offer assistance with registration.

### **Guidance Note: PCC members and private benefit**

I have enclosed this note, prepared by the Archbishops' Council in collaboration with the Charity Commission, about a matter which has been discussed recently in this and other dioceses. I have also enclosed a leaflet jointly published by the Archbishops' Council and the Charity Commission on the nature of trusteeship.

PCCs have been recognised as charities for many years. The basic responsibilities of their members, as charity trustees, have not changed significantly for some time. The recent changes in registration requirements brought about by Charities Act 2006 have brought this longstanding principle into focus for those parishes now having to formally register with the Charity Commission. However, whether your parish will shortly be required to register or not, this is an area which will require some attention in cases where parish employees find themselves on the PCC.

The enclosed note hopefully puts the matter into its proper context. It suggests two approved ways, (explained in sections B and C) in which PCC members *may* under certain conditions receive payment for goods or services provided to the parish.

I did also notice in the guidance note, in Section C, the comment that an existing parish employee may **subsequently** become a trustee (member of the PCC), and this may have been the course of events applicable in a number of parishes. If you have any further questions on this then please let me know.

### **Parish Share 2008**

I enclose the statement of account for Parish Share which includes an entry showing your PCC's contribution for the fourth quarter of the year, and cheques and BACS payments received from you up to 15th October. I would like to thank those of you who pay a regular amount each month, either by Standing Order or Direct Debit.

A statement drawn up to the 31st December 2008 will be issued in early January. As in previous years, there will be a period of time after the 31st December for parishes to make payments in respect of 2008 before any shortfall is determined. The cut-off date is the last working day in January 2009, however it would be appreciated if you could do what you can to ensure that any outstanding payment that you plan to make in January does arrive in the Diocesan Office as early on in the month as possible.

### **Parish Share 2009 and Pastoral Aid Support**

At the end of July you will have received provisional figures for the 2008 Parish Share for your parish and deanery. The Diocesan Parish Shares Committee will be meeting on the 10th November to consider recommendations from the various Deanery Committees, on behalf of their parishes, for Pastoral Aid Support Grants for next year.

If your own PCC is considering a request for support, and has not yet indicated this to your Deanery, it is important that they now do so as a matter of urgency.



Some of you may have already noticed the recent face-lift to the diocesan website (<http://www.stalbans.anglican.org>). You will find various resources for Treasurers from the [Resources/Finance](#) part of the navigation menu.

More material is planned, but so far content includes:

- Links to useful websites
- Diocesan Common Fund - Financial information about the Diocesan Common Fund
- Finance Forms –links to download commonly used forms
- There is also a link to download the latest set of Diocesan Accounts under: [Information/Boards-and-Councils/Board-of-Finance](#)
- A new online resource is the addition of the Diocesan handbook: [Information/The-Diocesan-Handbook](#) Section G relates to financial matters.

### Gift Aid Transitional Relief begins

Following on from the announcement about Gift Aid Transitional Relief (see below) in the Budget 2008, Royal Assent to both the Finance Bill and the Appropriation Bill has now been granted. This means that if a parish has already made a Gift Aid repayment claim on donations received on or after 6 April 2008, the Treasury can now pay the transitional relief in respect of those donations.

From now on, when HMRC make a tax repayment on Gift Aid donations made on or after 6 April 2008, they will automatically pay Gift Aid Transitional Relief (where it is due) in addition to the tax claimed.

#### Explanation of Gift Aid Transitional Relief:

The announcement in this year's budget meant that for donations made by donors on or after 6 April 2008, charities will claim Gift Aid repayments at a new basic tax rate of 20 per cent but they would also be entitled to a transitional relief worth 3p for every £1 donation they receive under the Gift Aid scheme. This transitional relief has been provided by Government to allow charities to adjust to the fall in basic rate tax from 22 per cent to 20 per cent, and will be paid in respect of all qualifying Gift Aid donations made to charities between 6 April 2008 and 5 April 2011. This means that for every pound donated under the Gift Aid scheme the charity will continue to receive 28p.

More information can be found at <http://www.hmrc.gov.uk/charities/budget08-announcements.htm>

### Church energy costs

With power prices at record levels, parishes should carefully weigh up the pros and cons of fixed term contracts from suppliers, before signing up for them. There may be savings with contracts at some tariff levels, but depending on prevailing market conditions, these are often outweighed by lost opportunities to benefit from price reductions, or to switch suppliers during the term of the contract.

I pass on the following details, without specific endorsement, of Charity Funding Solutions (CF Solutions Ltd), a company which offers parish treasurers a free utility cost benchmarking service.

According to the literature which I have received from CF Solutions, the company distinguishes itself from other companies in that it only works with a provider (The Utility Warehouse) that gives price guarantees, and that does not tie parishes into fixed term power contracts.

I am aware of three parishes in the diocese so far that have used the service. Each has identified significant potential savings which they hope to realise, although in a couple of cases only after their fixed term contract with an existing supplier expires.

To take advantage of the benchmarking service, treasurers only need to provide CF Solutions with some information on the current tariff being charged on the power bills for the church/church hall/vicarage whose bills are to be checked.

Contact details:

Noel Muddiman, Church Utility Savings, CF Solutions Ltd,  
8 Wyldwood Close, Old Harlow, Essex, CM17 0JD. Telephone: 01279 303414  
Email: [info@cfsolutions.ltd.uk](mailto:info@cfsolutions.ltd.uk)

## Church water bills

Water companies propose to charge churches as commercial undertakings and levy charges related to total site area. Representations have been made to OFFWAT but they support the water companies' approach.

An online petition has been organised with the following wording:

**'We the undersigned, petition the Prime Minister to instruct water companies to return to charging churches as charities rather than as business premises.'**

It is important that as many people as possible sign online and or petition their MPs.

<http://petitions.pm.gov.uk/ChurchWaterBills/> is the petition address. Please complete the online petition and get as many of your church members as possible to do so as well.

In July, the Chairman of the Churches' Legislation Advisory Services (CLAS) wrote to Lord Rooker, the Minister for Sustainable Farming and Food and Animal Welfare to request a meeting to discuss the issue of charging for surface water drainage.

Lord Rooker has declined to meet with CLAS noting that they had already met with Ofwat to discuss this issue. He did however refer to the following extract from a guide issued by the Secretary of State to Ofwat in 2000 as grounds for individual negotiations between churches and their respective water companies:

*'...premises with large grounds, such as burial grounds, schools and hospitals, may have a large proportion of their land not draining to a public sewer' and that 'companies should be prepared to set their charges to such premises accordingly.'*

The Archbishop of York has written to the Prime Minister urging the Government to reconsider the policy on charges for water runoff. So far as CLAS are aware, the Archbishop of York has not yet received a reply to his letter to the Prime Minister – though in the light of Lord Rooker's response, it is unlikely that Gordon Brown is going to be any more forthcoming.

## Bank charges – Nat West customers

I have recently received news from two Treasurers who have successfully challenged Nat West's policy on applying bank charges to charities. In each case matters had to be referred to Area Director Level before the charges were dropped. One of the Treasurers was told that it had not been the intention of the bank to charge "not-for-profit organisations connected with the church". Apparently an administrative oversight at branch level had incorrectly included the PCC's account details in the default charging process.

## **Vision for Giving – a note from Geoff Fletcher, Diocesan Stewardship Adviser...**

Vision for Giving, the Diocesan Vision for Action Stewardship initiative, will have completed 12 presentations across the Diocese by the end of October. Initial feedback has been encouraging, and I hope that those who represented your church at one of the evenings will bring comments and ideas for discussion to your PCC. Both the 'obstacles' and 'opportunities' sheets completed by church groups and individuals will be reviewed to identify any further means of strengthening support in resourcing parish mission and ministry across the Diocese.

At Vision for Giving evenings I have mentioned the value of a Parish Giving Representative being appointed in each parish (or possibly across a group of parishes): we have received nominations from a good number of churches, and I would simply encourage others to make such an appointment which will I hope strengthen the support for Christian Giving in our parishes, and provide a forum whereby stories of encouragement from churches can be shared more effectively.

At a number of the Vision for Giving evenings understandable concern has been expressed over the impact of the credit crunch and turmoil in national and international financial markets. 'A matter of life and debt' - web pages at the Church of England website (<http://www.cofe.anglican.org/debt>) may be helpful to people ministering to those hit hard by the credit crunch.

Please feel welcome to get in touch with Geoff (email: [gfletcher@stalbans.anglican.org](mailto:gfletcher@stalbans.anglican.org) ; direct line: 01727 818141) if you want to follow up stewardship issues.

**Martin Bishop - Financial Secretary**