

Property Points

2007 Part 2

Dear Colleague

As our 'Summer' draws to a close we hope Property Stewards will have taken the opportunity to look round the buildings and complete the **annual property inspection**.

Schedule A contains a detailed checklist.

Property & Finance often go together and in this edition of Property Points there are a number of important reminders about the local church's **financial responsibilities**. The same principles apply equally to Circuits and Districts.

There is also a good deal of **Charity reform** ongoing at present. A full page is devoted to this as varying regulations apply in each jurisdiction within the Connexion.

On **environmental issues** there is information on the globally significant issue of **Climate change** and the more mundane matter of the **Smoking Ban**.

We are most grateful for much dedicated work which goes on in and around our buildings week in, week out. Thank you to all who are involved in any way.

Alan Pimlott

Connexional Property Secretary

Has your church recently carried out a Community Consultation?

If so, the Mission Projects & Funding Office would be extremely interested in talking to you. We are currently working on a new guidance leaflet about Community Consultations and hope to include case studies on particular churches and their schemes / projects. We would like to hear how you conducted your consultation and whether you think it enabled you to gather evidence of the need for your scheme and submit successful applications for funding. If you think your experience may help other churches in the connexion - email Helen Pollitt (External Funding Officer) at mpfo@property.methodist.org.uk or telephone 0161 236 5194.

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Climate change

The Methodist Conference at Blackpool reaffirmed (in resolution 29/1) the need for us to have due regard to all issues relating to climate change. Receiving the report, *Caring for creation in the face of climate change*, Conference encouraged local churches, circuits and districts to monitor and reduce their carbon emissions and made a commitment to identify resources to support this work.

Anthea Cox, Coordinating Secretary for Public Life and Social Justice, said, "There are so many ways we can all make a positive difference to the way our environment is changing. Through the Connexional Team and local churches we hope to empower and equip people to make the small changes that can add up to a big difference".

Resources to help individuals and churches to take action on climate change are available from Creation Challenge, the environmental network of the Methodist and United Reformed Churches at:

www.creationchallenge.org.uk

You can read the Conference report, *Caring for creation in the face of climate change*, at:

www.methodistconference.org.uk/news

The Property Office has an information leaflet on renewable energy available on the web site, and we are currently preparing one on environmental audits.

Treasurers' Tips

Standard Form Of Accounts

Standard Forms of Accounts are now the only means by which Methodist Trustees can fulfil their responsibility under both our Standing Orders and Charity Law requirements.

From this autumn all Methodist trustees are required to complete a Standard Form of Accounts. (There is no Schedule B).

The Standard Form fulfills the requirements of the Charities SORP and ensures through the Declarations that the trustees have fulfilled their responsibilities under the Exempting Regulations (in England & Wales).

In Scotland, there are no longer Exempting Regulations and all Methodist trusts have registered with OSCR. However, the Standard Forms must still be completed.

There are no Exempting Regulations in Jersey, Guernsey or the Isle of Man though the Standard Forms must be completed.

Here is a reminder of what forms are available:-

Receipts & Payments

Short Form
Church
Circuit
District

Accruals

Church
Circuit
District

All forms are available in EXCEL on the website.

This year we are putting the Confirmation Report form on the website so that a clear record may be made of the satisfactory completion of this year's Standard Form.

It can be downloaded for use by Circuits and Districts.

Audit Thresholds

In England and Wales the current threshold is £250,000 – either gross income or total expenditure.

When, in due course, the Charities Act 2006 is fully implemented the audit threshold will be either:

- (a) £500,000 based solely on gross annual income or
- (b) £100,000 gross income where the aggregate value of assets exceeds £2.8m.

In Scotland these latter amounts already apply under the Charities and Trustee Investment (Scotland) Act 2005.

In Jersey, Guernsey and the Isle of Man an independent examination is required or an audit whenever the particular jurisdiction so requires.

Reserves Policy

Don't forget to prepare your Church's Reserves Policy this autumn and send a completed report to the Circuit (Circuit to District; District to Resourcing Mission Office).

The report form is available on the website together with guidance on setting your policy.

We have received many queries about holding funds in reserve and whether this is legitimate practice.

The Charity Regulations simply ask trustees to explain their rationale for holding reserves of any amount. If you are developing plans to renovate your building and holding reserves for that purpose – that is fine.

However, it is not sufficient to say 'This is our rainy day money' – you need to spell out why you are not using it now for the purposes of the charity – after all that is why people give to charity.

When the Circuit receives each Church's Reserves Policy Report a small group appointed needs to check each one and satisfy themselves that all is in order. In those instances where they feel churches are reluctant to use their funds even though there is no stated reason for doing so the policy needs to be queried – not in a confrontational manner – but simply to point out the obligations of trustees.

Far better to address the issue now than to face questions from the Charity regulators.

Standard Form of Accounts – Frequently asked questions – Part 1

This document is now available on the Methodist website or by contacting the Resourcing Mission Office.

If you have a query and it is not answered in this document please contact Jean Haynes at haynesj@property.methodist.org.uk or by writing to the Resourcing Mission Office.

All questions are invited as sometimes what are apparently simple queries are the ones which cause the most confusion.

We are currently collating part 2 and we hope that treasurers will be able to use these documents as a ready reference.

Circuit Advance Fund contributions to District Advance funds

SO 955(6) requires an annual contribution to be made automatically assessed on the year end balance of the Circuit Advance Fund (CAF).

Some Circuits have expressed a concern that making this payment can then disadvantage the Circuit's funds when they come to meet their grant obligations to property schemes in the Circuit.

Our guidance on this is:-

1) The Standing Order is clear and it is not possible to 'ringfence' any part of the CAF by taking that element out of the calculation.

2) The 2004 Conference Report – Releasing Funds for Mission: A Review of Circuit and Other Advance Funds Resolution 20/1 was adopted with the amendment

P140 Section 12 final paragraph being amended to read:

'Where the annual contribution effectively removes money committed by way of future grants for projects in any circuit, the District should honour that grant (or part grant), provided such a project is initiated within five years'.

District Treasurers therefore need to be aware of a possible contingent liability where this applies.

Whilst it may be difficult to assess any potential future commitment Districts may choose to ask Circuits to inform them of any likely cases where a significant figure is involved.

Managing Trustees and Methodist Money

The booklet was first published in 2000. It is also available on the website.

Naturally, whilst the passage of time has meant that some parts are now out of date, nevertheless the guidance and information remains substantially the same.

The most significant changes have occurred in the regulations for the preparation of Annual Accounts.

Although it is not the intention to revise the basic publication information is now accessible on the website which highlights the main changes.

SORP compliance Annual Accounts

We have received some enquiries from trustees who have completed SORP compliant annual accounts and suggesting that they would not therefore need to complete the Standard Form of Accounts.

It is however connexional policy that the Standard Form of Accounts is used for the following reasons:-

- i) To ensure compliance with the Statement of Recommended Practice (SORP) in the preparation and completion of annual accounts
- ii) To ensure that the Declarations on the Standard Form are completed to comply with the requirements for Excepted Charities.
- iii) In order to ensure consistency of approach throughout the Connexion

Good Examples Please!

Have you got a story to tell? If you have completed a building project which has enhanced the life of the church or community why not share your story with others.

The Church of England maintains a website entitled **Building Faith in our Future** and would greatly welcome local examples for possible inclusion.

These can include examples such as cultural activities, voluntary and community activities, in rural and urban areas, education, tourism as well as innovative funding ideas.

We are happy to support this initiative and know that Methodist examples would be welcome. Please send your stories to Becky Payne along with a contact name for the project and/or a website link.

To register as a *Building Faith* Supporter and receive copies of the **Building Faith in our Future** e-bulletin, please contact: **Becky Payne** at:

Email: rebecca.payne@c-of-e.org.uk

Phone: **020 7898 1886**

Address: **Church House, Great Smith Street, London SW1P 3AZ**

Download copies of the **Building Faith in our Future** report, latest Key Facts and other information about the Building Faith Campaign from: www.cofe.anglican.org/about/builtheritage/buildingfaith/index.html

Trustee Indemnity

You can find out more about this in a helpful new leaflet produced by Methodist Insurance and available from Methodist Insurance, Brazennose House, Brazennose St, Manchester M2 5AS tel 0161 833 9696

Charity Law Reform

Scotland - The Charities and Trustee Investment (Scotland) Act 2005

The Act

The new Act in Scotland has now been implemented and all organisations seeking charitable status must register with OSCR (The Office of the Scottish Charity Regulator).

Churches, Circuits, Districts

Consequently, the Connexion has developed a policy that charitable status is desirable and beneficial for Methodist Churches etc, and all local Churches, Circuits and Districts (this includes The Methodist Church in Scotland i.e. the Scotland District, and also the Shetland District) have now registered with OSCR (though a few still await confirmation from OSCR).

Audit

The revised threshold is £500,000 assessed on gross income ONLY or £100,000 where the aggregate value of its assets (before deduction of liabilities) exceeds £2.8m.

LEPs

Local Ecumenical Partnerships (LEPs) are registered as ecumenical charities and appropriate arrangements are in hand including a review of existing historic registrations.

Rolling Review

OSCR will be re-visiting all registrations as part of their Rolling Review. This begins in September 2007 but is unlikely to affect Methodist charities until Phase 2 begins around April 2010.

The Methodist Church played an important part in the preliminary process for the Review when Pollokshaws Methodist Church, Glasgow were profiled. This entailed a visit by OSCR which reflected extremely well on the local church. (see opposite paragraph).

Details are available on the OSCR website www.OSCR.org.uk

England and Wales - The

Charities Act 2006

The Act

The new Act for England & Wales is now in force having received Royal Assent in December 2006. It has begun to be implemented though the timetable does not yet include Methodist Churches or other organisations in the Connexion.

Churches, Circuits, Districts

There have been a number of meetings with the Charity Commission and this will lead to detailed guidance being made available in due course. In the meantime **NO** action is required.

Annual Accounts

The financial year 2006-07 is **not** affected.

Guidance

Guidance will be distributed in a number of ways including the Methodist website and prior to the implementation date a number of training events will take place. This is likely to begin with an event for the Districts as soon as timetables and details are known.

It is most likely the first communication of this will be sent out to Superintendents.

Registration

Once the requirements of the Act are implemented all local Churches, Circuits and Districts whose annual income exceeds £100,000 will be required to register with the Charity Commission. It is likely that around ten per cent of Methodist charities will need to register.

The Charity Commission will **not** allow voluntary registration for charities with annual income of less than £100,000.

LEPs

Local Ecumenical Partnerships will have special considerations and this will be on the agenda of the next meeting with the Charity Commission and in discussions with the Office of the Third Sector.

Other Methodist Bodies

While some other organisations such as Schools and Colleges may already be registered, others may be required to register under the Act. Details will be made available in due course.

No Action Required at Present – Await Further Guidance

Isle of Man, Jersey and Guernsey

Methodist Churches, Circuits and Districts in these jurisdictions are not affected by the new legislation.

However, completion of the Standard Form of Accounts is a requirement for all Methodist trust bodies this year.

All trusts must also ensure they have their Annual Accounts independently examined or audited where current regulations so require.

Pollokshaws Methodist Church

A very special thank you

During the Spring Pollokshaws Methodist Church volunteered to take part in the trial Rolling Review of charities being undertaken by the Office of the Scottish Charity Regulator (OSCR) the results of which can be seen on the OSCR website. Pollokshaws came through the review especially the public benefit test with high praise from the Regulator. The Regulator also suggested that the information Pollokshaws provided should be made available to other Methodist Churches on the Methodist website so that it could be used as a guide.

We would like to thank Pollokshaws with special thanks to Mrs June Dennison who co-ordinated the response. We are sure without her input it would not have been possible.

Any further information about the Review will be circulated to the Methodist Churches in Scotland and Shetland as soon as it is received.

Hey Big Spender!....

How to ask funders to spend a little money on you!

Do you want to make external funding applications for your scheme?

Not sure how to make a good application?

Unsure about how to tell funders about the need for your scheme?

Need a nudge in the right direction?.....

If this is you - then look no further than the all new and updated leaflet '**Making a Good Application – Hints & Tips**'. The leaflet is part of the Active Faith Pack which is available to download from the Methodist Church website www.methodist.org.uk or can be requested direct from the Resourcing Mission Office.

New sections introduced to the leaflet include 'Thinking about your key selling points', 'Putting together a letter of application – a suggested structure', 'Being a successful fundraiser'.

The leaflet will be equally useful to Circuits or other trustees seeking to apply for funding to employ a youth / community worker etc.

If you need help in locating possible sources of external funding and would benefit from guidance on making applications - contact the Mission Projects & Funding Office and we will be more than happy to talk to you about your scheme and research possible sources / funders on your behalf. Email mpfo@property.methodist.org.uk or telephone 0161 236 5194.

Hosting Post Offices

The property office has received several requests for Churches to host Post Offices where the existing office is no longer viable.

Due to the part time nature of the arrangement, a license agreement is appropriate which can be checked by the Property Office.

There are several matters to take into consideration when considering an arrangement to host a Post Office and guidance is now available which has been prepared to help managing trustees, by the Arthur Rank Centre.

The Property Office will be able to forward the guidance on request.

Dealing with Property matters The Future

New procedures are being developed by a team of District Property Secretaries and Connexional Property Officers, which will change radically the way in which we deal with Church property.

The 2007 Conference approved these developments and directed the Methodist Council to approve the further work on them that is now required.

At present Property Schemes throughout the Connexion require the approval of the Circuit; the District; and the Methodist Property Office (on behalf of the Methodist Council).

For Minor Works, approval currently ends with the District.

In future, connexional bodies will offer guidance and technical advice, and check certain specific matters, but the District will then judge whether the scheme furthers local mission priorities and give **consent** to it proceeding.

Some features of a Consent giving process:

- * Schedules replaced with simple web-based 'application' form, making current information on any scheme available at any time to the managing trustees, the Circuit, the District and the Connexion.
- * Connexional technical expertise retained and applied in appropriate cases, providing a wide range of information and guidance on Government Regulation, Charity Law, Model Trusts and Standing Order requirements, Grants. Full support, training and guidance for Managing Trustees, Ministers and District officers.

Timetable (outline)

2007-2008	Develop and thoroughly pilot test the process.
2008-2010	Phased roll-out to all Districts

'Business as usual' will be maintained throughout this period.

Watch out for further updates!

Home Information Packs

As many trustees will know, the proposed introduction of Home Information Packs (HIPs) has come into force on the 1st August and will currently only apply to properties of four or more bedrooms. Smaller properties will be phased in at dates to be announced.

Further information can be found on the website

www.homeinformationpacks.gov.uk;

Trustees intending to sell manses or other domestic property should keep abreast of the situation as obtaining a HIP can take some while, particularly relating to the energy performance certificate.

Trustees may find it helpful to refer to our previous information on HIPs, in Property Points 2006 part 2, and 2007 part 1. (for manses see also page 6)

Smoking Ban

We have received numerous queries about the no-smoking legislation, which came into force in England on 1 July 2007 (*see below for Scotland and Wales*). As noted in Property Points 2007, part 1, page 6, it is now illegal to smoke 'in all enclosed public spaces' and workspaces.

For the purposes of the legislation, churches are considered to be public spaces, and the smoking ban therefore applies to all churches and ancillary buildings, including any workspaces.

'Substantially enclosed areas' are also included in the ban – such areas are defined in the legislation and the background information.

Further details can be found on:-

England - www.smokefreeengland.co.uk,

Scotland - www.tobaccoinScotland.org.uk

Wales - www.smokingbanwales.co.uk .

The England website also includes the standard sign, which can be downloaded without charge, and which needs to be fixed at all entrances (but not necessarily to the doors).

There have also been suggestions that a floor-mounted, removable, sign may satisfy the requirements of the legislation, but managing trustees need to satisfy themselves about this point (the legislation says 'the sign must be displayed in a prominent position').

Manse, other dwellings & vehicles

The legislation does not cover 'private dwellings', unless a room in a dwelling is used **solely** as an office visited by members of the public, or where there are volunteers or employees, in which case the legislation applies. Vehicles used by more than one person in the course of paid or voluntary work are also covered by the legislation.

Scotland & Wales

Similar legislation was introduced in Scotland on 26 March 2006 and in Wales on 2 April 2007. We strongly recommend that managing trustees read the regulations, available on the websites noted above or (in England) by phone from 0800 169 1697.

Standing order 923

Managing trustees may wish to refer to the revised wording of SO923.

Faith in Maintenance

In the last edition of Property Points we announced that this training programme had been launched. The first training days have been held with great success and positive feedback.

Courses are to be held all over England and Wales with some specifically aimed at Methodists although you are able to attend any course being held locally. All Superintendent Ministers who have listed buildings in their Circuits have been sent details. You can find out more information from www.spabfim.org.uk and request information from info@spabfim.org.uk .

If you attend the course, you will receive a Maintenance Handbook, Maintenance Calendar and be given details of the helpline. Remember, all this is **free**. And it could save your congregation thousands of pounds through the correct identification of problems before they become serious.

Copyright

Methodist trustees need to be aware where they are using Copyright material, unless they have the permission of the Copyright holder and have paid the appropriate fee (if any), they leave themselves open to an action by the Copyright holder or their Agents on their behalf for recovery of fees and damages.

This is of particular importance now material can be put on the World wide Web and searches for breaches of Copyright can be conducted round the world.

Different countries have different regimes for enforcing Copyright some more draconian than the United Kingdom and, of course, some Copyright holders take a stronger view than others about enforcing their rights even when their work has been used for charitable purposes.

Manse Purchases

2007 has seen a particularly hectic time as Circuits have often left arrangements for manse purchases and sales very late. This can prove to be a fraught time for all concerned! The Property Office welcomes early submission of schedules and documentation so they can attend to the necessary processes leading to approval and release of monies. Buying a private dwelling place can take a number of months and to ease nerves circuit stewards are requested to start a search for suitable manses as early as possible.

This document is aimed at

Superintendents	Ministers	Local Property Officers	Church Treasurers
Circuit Property Officers	Circuit Stewards	Circuit Treasurers	District Property Secretaries
District Treasurers	District Chairs		

Further information

Please contact The Methodist Property Office - Resourcing Mission, Central Buildings, Oldham Street, Manchester M1 1JQ 0161 236 5194

This newsletter is available on the Methodist website. www.methodist.org.uk

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