

Property Points

2006 Part 2

Dear Friends

There are a number of significant items in this edition of Property Points but with the information we have provided we hope you will not have any difficulty in adapting to the changes.

New Fire Regulations - the requirements are explained.

All of the new Standard Forms of Accounts are now available for use from this autumn. Use of the new form will mean that a separate Schedule B is not required.

Many Church Councils and other trust bodies have already started planning their Reserves Policies. This becomes a requirement for the first time.

There is also important information on progress with Charity Law Reforms in England and Wales and, separately, in Scotland.

We are deeply grateful for the commitment and dedication of so many people in local Churches, Circuits and Districts which enables these changes to be effected.

Please contact the Resourcing Mission Office if you need any clarification.

Alan Pimlott
Connexional Property Secretary

Index

| | |
|---|-------|
| Apology - 2005-2006 Schedules | 1 |
| Big Lottery Fund Community Buildings Programme | 5 |
| Charities and Trustee Investment Act (Scotland) | 6 |
| Charities Bill for England and Wales | 6 |
| Connexional Advance and Priority Fund | 4 |
| Funding Changes | 5 |
| Home Information Packs | 2 |
| Landfill Communities Fund | 5 |
| Local Effort Calculation | 5 |
| Managing Trustees and Methodist Money | 10 |
| Minor Works | 4 |
| New Grants Policy | 5 |
| Reform of Fire Safety Legislation | 3 |
| Reserves Policy | 7,8,9 |
| Resourcing Mission Forum 2007 | 4 |
| Scheme Approval Period Down from 5 to 3 years. | 5 |
| Standard Form of Accounts | 10 |
| Trustee Indemnity Insurance | 2 |
| Use of the word 'architect' | 2 |

2005-2006 Schedules - Apology

We apologise for the late delivery to Circuits in some Districts of this year's annual schedules.

The delay arose from an I.T. data error which had not been picked up before the information schedule was sent to MPH who now do the distribution for us. We are grateful to Superintendent Ministers and other Circuit Officers who kindly returned surplus copies of the Schedules and Property Points to MPH for redistribution.

We do acknowledge and thank all those at the local level for all that you do in distributing the various schedules, for their completion and of course for your continued stewardship of all Methodist Property whether buildings, land or monetary assets.

Home Information Packs

From June 2007, every domestic property to be sold will need to include a 'home information pack' (HIP). Managing trustees should be aware that this will be a legal requirement, and that as such a pack will take some while to put together, adequate time will need to be allowed, before putting the property on the market. We will be publishing a more detailed note in Property Points spring 2007, but trustees may like to bear the following points in mind:

- For manses and other domestic property being sold, the Property Office will not need to see the HIP – it is a document that needs to be available to prospective purchasers
- The HIP has to be prepared by an approved inspector (it is expected that many surveyors will be qualified to prepare HIPs, but trustees will obviously need to check this)
- Trustees will need to agree an appropriate fee (historically the survey has always been commissioned and paid for by the purchaser, but this situation may no longer be a requirement). Fees are likely to be considerably higher than currently is the case for the RICS Homebuyers Survey and Valuation, because considerably more work is involved. Fees of around £1000 have been mentioned, and the circuit will need to ensure that sufficient funds are available.
- In addition to the traditional building survey (now probably to be referred to as a 'home condition report'), the HIP will have to include information about:
 1. terms of sale
 2. evidence of title
 3. standard legal searches
 4. planning permission and building regulations consents (where applicable)

5. any guarantees (eg for woodworm treatment, double glazing, heating installations, etc)
6. details of any building work
7. electrical certificates etc

- The HIP will also have to include an energy assessment of the property, rated on a scale from A to G (an 'Energy Performance Certificate', or EPC). Trustees may want to have this carried out at an early stage, so that simple measures could be implemented, which should increase the value of the property. The government has published a sample EPC at http://www.communities.gov.uk/pub/761/EnergyPerformanceCertificateSample_id1500761.pdf
- Where property is to be purchased, it may therefore no longer be necessary to obtain the traditional survey, although a valuation **will** still be required, as this is not part of the HIP
- The government has published further information on: www.homeinformationpacks.gov.uk

Stop press:

a couple of days before 'Property Points' went to press, the Government announced some changes to these proposals (mainly, we understand, removing the need to include a building survey in the HIP itself). More information will be published on the Methodist website and in the Spring 2007 Edition of Property Points

Trustee Indemnity Insurance

In our spring edition of Property Points we referred to new cover available for Trustee Indemnity Insurance.

Those churches and circuits who are insured with Methodist Insurance will have received a separate communication from the Company setting out further details of the provisions and there is also a new Methodist Property Office Information Leaflet available on our website www.methodist.org.uk together with an update of the simplified guide to "Managing Trustees Responsibilities and Summary of Insurance Covers" originally issued with Property Points 2002 Part 1.

Those involved with the completion of Schedule A will note relevant revisions to section 7 covering insurance matters.

Use of the word 'architect'

Managing trustees should bear in mind that anyone calling him/herself an architect, must be registered with the Architects Registration Board (ARB) in London. It is illegal to call yourself an architect unless you are so registered, and ARB is increasingly taking legal action in such situations.

We have had a number of instances where the professional adviser has been incorrectly described as an architect: in case of doubt, it is preferable to use the description of 'professional advisor' or 'designer'. The ARB register can be checked online at www.arb.org.uk

Reform of Fire Safety Legislation

The Reform of Fire Safety Legislation **will** come into effect on October 1st 2006.

The new legislation is entitled "The Regulatory Reform (Fire Safety) Order 2005" and will apply to **ALL BUILDINGS** to which the public have access and also includes Outdoor Venues where public events take place. It applies even if there are no employees as it is intended to protect all persons from fire. This means that every single Church premises will come within the Legislation.

The Fire Safety Order only applies in England and Wales.

The Fire (Scotland) Act 2005 part 3 will also come into effect on October 1st 2006 with the same type of application to non-domestic premises as in The Fire Safety Order.

Northern Ireland will have similar legislation but this may not come into force for another 18 months.

Existing legislation

All existing legislation with a reference to Fire will be repealed on this date including "The Fire Precautions Act 1971" and "The Fire Precautions (Workplace) Regulations 1997" which have applied to some Churches since 1997. This will mean that where an existing Fire Certificate under The Fire Precautions Act 1971 applies, and there are some Church premises with a Fire Certificate, it will be cancelled and premises will now have to conform to the new Fire Safety Order.

Guidance leaflets

The Government have produced 11 guides for various types of premises but there will NOT be a specific guide for Church premises. The guides that include information for Churches and Cathedrals are called;

Guide 6 Small and medium places of assembly, for premises accommodating up to 300 people.

Guide 7 Large places of assembly, where more than 300 people gather.

Guide 9 Outdoor events.

The Guides can be found on the Department for Communities and Local Government website www.firesafetyguides.communities.gov.uk.

They can be purchased for £12 each or downloaded for free, they do contain a large number of pages and are in two parts so you may not need to download both sections.

A Short Guide (10 pages) to making your premises safe from fire is also to be found on the above website at the top of the list of the Guides. This is available free of charge from **DCLG publications, PO Box236, Wetherby, West Yorkshire, LS23 7NB. Product Code 05 FRSD 03546**

The Scottish information website is www.infoscotland.com/firelaw.

Enforcement and responsibility

The local Fire and Rescue Authorities will enforce the Fire Safety Order.

Managing Trustees are responsible for ensuring the Order is complied with and failure to do so will be an offence.

"Responsible Person"

Trustees will need to appoint a "Responsible Person" to implement the Fire Safety Order who then must appoint one or more "competent persons", depending on the size of the premises, to carry out the preventive and protective measures as required by the order (the responsible person can nominate themselves for this purpose). The guides have been written so that the competent person with limited formal training and experience or knowledge and other qualities should be able to carry out a fire risk assessment in a place of assembly.

It may be possible that a Circuit could appoint the Responsible Person to carry out the risk assessment inspections where there are no suitable persons available in any particular Church.

If it is felt that if a suitable person is not available or able to apply the guidance, than more expert advice may have to be sought. The Fire Safety Order does not require that a "qualified" person has to carry out the assessment. There are commercial firms available who can do the work if necessary but they can be rather expensive and the fee may be based on the size of the premises.

The October 1st starting date does imply that all premises will have had to comply by that date but procedures should be in hand to implement the appointment of the "Responsible" person. The intent of the Fire Safety Order is to try and ensure all premises are to a reasonable and practical standard of fire precautions but in the end it would be the Courts who will make the final decision as to what is reasonable and practical for any premises.

The standards of fire precautions under the Fire Safety Order are very similar to the provisions of the previous Workplace Regulations and so it is not expected that Churches that have already carried out Risk Assessments for their premises will have to make major changes, but others will be required to carry out a Risk Assessment for all their buildings. All premises will have to take into account that the new order applies to all persons in all buildings and review their existing risk assessments, taking into account those issues not covered by the Workplace Regulations.

cont/overleaf

The existing Technical Information Leaflet

"**Fire Risk Assessment Principles For Church Premises**" available from the Methodist Church web site was produced for the provisions of the Workplace Regulations and contains the principles for carrying out a Risk Assessment which are basically the same in the new Fire Safety Order and can therefore be used for the present. It is proposed that an amended version of this information leaflet may be produced under the auspices of "The Churches Main Committee" and if so will be available on their [website www.cmainc.org.uk](http://www.cmainc.org.uk) later this year based on the above guides.

The Government guides are designed to cover other types of commercial premises as well as Churches within the particular guide and include some information that may be unnecessary for Church premises, but they are the definitive guides.

Listed buildings & conservation areas

Premises that are listed buildings or in conservation areas must take this into account if any alterations are proposed as a result of the risk assessment findings.

Further information

If Churches have any immediate queries or concerns they should contact Colin Domville, our Fire Precautions Adviser, who has been part of the stakeholder group on behalf of the Churches Main Committee considering the various guides. Contact him on **01704 875 597**.

Minor Works

In the 2005 autumn edition of Property Points we outlined the introduction of an extended scheme for Minor Works which were able to be approved by Districts without the need for further reference to the Property Office.

This scheme has generally been widely welcomed and we are very grateful to District Property Secretaries and other colleagues in the Districts for enabling the scheme to be introduced and operate so smoothly.

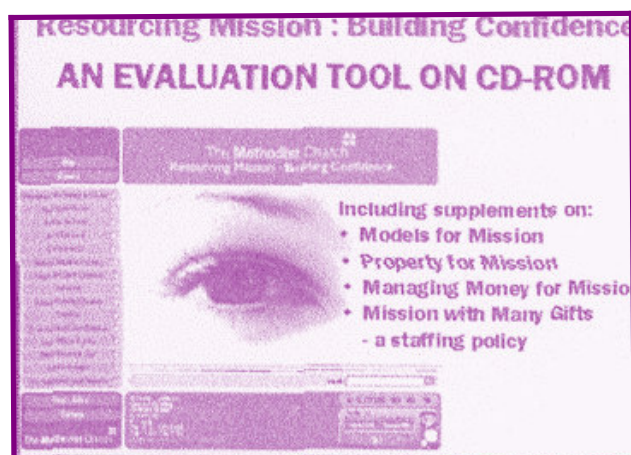
We have also received very helpful feedback from Districts and interim figures show that in the year to 30 June 2006 a total of 266 schemes have been approved under these arrangements with a total cost (excluding VAT and fees) of over £2m. Details of the scheme are contained on Schedule 1 (MW) which is available from your District Property Secretary or can be downloaded from our website – www.methodist.org.uk

Resourcing Mission Forum 2007

In our spring edition of Property Points we reported briefly on a lively and successful Forum "Building Confidence" held at Swanwick in March 2006.

As part of the new arrangements, following the cessation of the Connexional Property Committee, there is now to be an Annual Forum and the first of these will be held in Manchester on 24-25 April 2007. This is primarily aimed at District Officers, for whom 2 places will be allocated initially, so those who have an interest in attending may wish to note the dates in their diaries.

We shall write to Districts with further information when this is available.



There is much useful information for Churches and Circuits on our CD Rom "Building Confidence", also launched in March, with helpful clickable links direct to the relevant detailed information contained on our website www.methodist.org.uk Complimentary copies were sent to all Superintendent Ministers at that time but further copies are obtainable direct from MPH at a cost of just £2.00 (ref: XA355).

Connexional Advance and Priority Fund - Revised Information leaflet

In response to frequent queries regarding the Connexional Advance and Priority Fund (CAPF) and particularly matters concerning the CAPF levy, Replacement Scheme Provisions and Grants we have revised and updated the Methodist Property Office Information Leaflet which is now available on our website www.methodist.org.uk

Funding Changes

Scheme Approval Period Down from 5 to 3 years.

It has become much more common for schemes to be completed within three years of Methodist Property Office approval, rather than five years. This change now brings us more into line with external funders who often contribute a large share of the funding package.

As a result of these changes loans no longer need to be repaid by the expiry date of the scheme approval.

As now, the managing trustees have the responsibility for ensuring that all loan commitments are met on the due dates and that final repayment is achieved in accordance with the loan agreement.

New Grants Policy

The new policy is designed to introduce more flexibility between funds and to maximise the total amount of Connexional or Connexionally administered grants available by taking into account the priorities and aims of each project as well as how the Church, Circuit and District Mission statement is met. This assessment will be made using the information contained within the Scheme/Grant Support Application Form.

All Fund for Property grants are now included in one discretionary fund but specific elements which make up the total grant will be recorded. These elements include; Vandalism, Mission Alongside the Poor, Disability, New Initiatives (including environmental and green issues), Listed Buildings etc. While there is no cap on Rank Trust and Fund for Property grants both will of course be limited in total by their annual budgeted allocations

Local Effort Calculation

The tightly drawn interpretation of what is locally raised money has now been removed and in its place an assessment will be made of the amount of effort which has been made in putting together a funding package.

It will take account of the number of members, the size of the scheme and church as well as the amount of money directly raised by members.

By this method of assessment the efforts of local churches in raising funds in particular from external sources such as charitable trusts, will be recognised. Initially all individual external grants up to £5,000 each will be included within the local effort calculation.

These changes will now enable recognition to be given to the considerable amount of time and effort spent by church members in putting together and submitting grant applications and, secondly, it will allow for larger grants to be made from, in particular, the Rank Trust. It will also in some cases increase the number of schemes eligible for a CAPF grant. The availability of funds will in all cases be governed by the size of each year's budget.

It is expected that these changes will result in an overall benefit to churches carrying out property schemes, with larger schemes having the potential to benefit more from increased Rank and CAPF. Smaller schemes may potentially receive more help from the Fund for Property.

Although there continue to be constraints on the amount of Connexional funding available, this new policy seeks to identify which funds are most suitable for a particular scheme and allocates them accordingly.

Big Lottery Fund Community Buildings Programme - Launched July 2006

In Property Points 2006 Part 1 we reported that the Big Lottery Fund was due to launch a new programme of funding aimed at supporting community buildings. At long last we have all the details and the programme is open to applications.

The Community Buildings programme will give communities the chance to improve their quality of life by funding buildings that are economically, socially and environmentally sustainable. The programme will pay for creating and improving facilities that offer a wide range of services and activities to a broad range of local people. Successful applicants will show that their building will be accessible to as many people as possible and that the local community will be strongly involved in using and managing the building.

The application process will be in two stages. The first stage application is available to download from the Big Lottery Fund [website – www.biglotteryfund.org.uk](http://www.biglotteryfund.org.uk) together with all the guidance notes and funding criteria. If you haven't got access to the internet, call the **BIG Advice Line on 0845 4 10 20 30** to order an Application Pack.

The Landfill Communities Fund (formerly known as the Landfill Tax Credit Scheme)

HM Revenue & Customs have recently announced that the Landfill Tax Credit Scheme will now be known as **THE LANDFILL COMMUNITIES FUND**. In the 2006 Budget the value of this fund was increased to £60 million a year, an increase of approximately £10 million a year. The Government has challenged the Fund to use this increase as an opportunity to create new youth volunteering initiatives.

Full details of all the above can be obtained from Mission Projects and Funding Office Central Buildings Oldham St; Manchester. M1 1JQ email: mpfo@property.methodist.org.uk

Information leaflets can also be downloaded from the Methodist WEB Site www.methodist.org.uk.

Treasurers Tips



The Charities Bill for England and Wales Progress Report from the Resourcing Mission Office

The Charities Bill received its second reading in the House of Commons on 26 June. The Committee stage followed at which amendments were proposed. The Committee stage was completed on 13 July.

The next stage in the Parliamentary process will be the Report stage in the House of Commons. This is expected to take place in October and the remaining brief stages will follow.

The Government's intention is for the Bill to become law during the current session of Parliament which ends in November.

The Home Office have indicated that they will be able to let us know their plan for implementation of the new Act in October.

The Act (when passed) will not take effect immediately. Instead, the various parts of it will come into force in sequence.

The whole implementation process will be included in the 2007 Spring edition of Property points by which time we hope to be able to report that the Bill has become law.

Once the final terms of the Bill are known the Resourcing Mission Office will provide clear guidance to local Churches, Circuits and Districts about its implications.

The Home Office have said that a number of amendments were made to the Bill in Committee though none of them changed the Bill in any fundamental way.



The Charities and Trustee Investment Act (Scotland) 2005 Progress Report from the Resourcing Mission Office

Since the Act was passed a Connexional Working Group has been in regular contact with OSCR, the new charity regulator in Scotland.

There have also been detailed discussions with the Methodist Church in Scotland and the Shetland District via the District Chairs. Important too has been the link established with the Scottish Churches Committee and the sharing in that forum of progress amongst the denominations.

The aim has been to determine a Connexional policy for all trustee bodies in Scotland and Shetland. That process is now nearing completion and trustees will shortly

receive detailed guidance via the Districts.

Some trust bodies are already registered charities. Others are not registered.

The present position is that trustees should do nothing until they receive the new guidance. This is likely to become available early in the new Connexional Year.

At that point the Connexion will offer full support to trustees in liaison with OSCR. (The Office of the Scottish Charity Regulator).

Reserves Policies

This autumn all Methodist trustee bodies are required to develop their policy on reserves.

This is an important issue because as charity trustees we must follow the general guidance of the Charity Commission (for England and Wales) and the new regulatory body for Scotland, the Office of the Scottish Charity Regulator (OSCR).

In Jersey, Guernsey and the Isle of Man the guidance is also pertinent because it has been approved by the Methodist Conference in the report, A Review of Circuit and Other Advance Funds.

Attached is an abbreviated guidance note but more detailed information is available on the Methodist website.

There will be a new process for each trust body to follow. This is an essential part of your trusteeship and a tool to assist trustees in developing the Church's mission.

A pro forma report will need to be completed by each Church and sent to the Circuit for acceptance to ensure there is appropriate accountability. Similarly, Circuits will report to the District and Districts to the Resourcing Mission Office.

A specimen form is attached to this edition of Property Points.

The specimen report forms may be used as the official forms but if further forms are required they can be obtained electronically via the website or by contacting the **Resourcing Mission Office at Central Buildings, Oldham Street, Manchester, M1 1JQ, Tel: 0161 236 5194,**
Website: www.methodist.org.uk

Please send your completed Reserves Policy report form with your Standard Form of Accounts (or, this year only, Schedule B)

As follows:-

Local Churches to the Circuit Officer by 30th November
Circuits to the District Officer by 30th November
Districts to the Resourcing Mission Office following report to Spring Synod.

From 2007 the Confirmation forms will be revised so that they recognise both that the Standard Form of Accounts has been completed and a Reserves Policy Report form has been received for each trust body.

Reserves – a brief guide

This is a brief guide to developing your policy on reserves. More detailed guidance is available on the Methodist website or from the Resourcing Mission Office .

Who needs a Reserves Policy?

Church Councils, Circuit Meetings, District Trustees and all other Methodist bodies who are charity trustees must be accountable for all the money that comes into their hands. The general aim of any charity must be to expend those funds for the purposes of the charity rather than hoard them for some unspecified future purpose.

Who says so?

The Charities Statement of Recommended Practice (SORP) from the Charity Commission for England and Wales. The requirement has also been approved by the Charity regulator for Scotland. It has been endorsed by the Methodist Conference and applies throughout the Methodist Connexion.

What are reserves anyway?

Money which can be spent on any purpose of the charity i.e. general funds. [Restricted funds are not classified as reserves but they too must be used for the purpose for which they were given within a reasonable period.]

What level of Reserves is permitted?

The trustees must decide how much is needed to continue the charity's activities. Generally, for local churches, six months' expenditure is probably about right.

But we have plans to redevelop the Church Building

Trustees are allowed to designate funds for special events and projects planned in the medium term. What is not appropriate is 'sitting' on large amounts of money without any idea how it will be used, or when.

What do we do with our surplus money?

The Conference Report (2004) – A Review of Circuit and Other Advance Funds – encouraged Churches, Circuits and Districts to be aware of needs elsewhere in the Connexion and so help release money for mission.

RESERVES POLICY

Report on behalf of _____
(*Church Council/ Circuit Meeting/District)

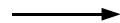
To _____
(*Circuit Meeting/District/Resourcing Mission Office)

We submit our annual report in accordance with the requirements of the Methodist Conference and the Charities SORP.

- (i) The trustees have established their mission aims taking into account all of the resources available in terms of people, property and money
- (ii) Mission initiatives/projects have been costed or estimates made of projected future costs which take into account the needs of the buildings and the requirements of the Quinquennial Inspection Report/s

- (iii) We have agreed a Reserves Policy which is set out overleaf and is recorded in the trustees' minutes and our Annual Report
- (iv) We recognise the need to be accountable as charity trustees for all the money which comes into our hands and will provide further information as required by the Circuit/District/Connexion
- (v) Our Report is attached overleaf

* please delete as appropriate



To be completed by Receiving Body

The _____
*Circuit Meeting/District/Resourcing Mission Office received the RESERVES POLICY of _____
*Church Council/Circuit Meeting/District

Policy accepted and acknowledgement sent to the trustees YES/NO

Policy noted and the following enquiries made of the trustees

Responses received and any further action taken

Circuit/District/Resourcing Mission Office

Signatures **Date**.....

* Please delete as appropriate

RESERVES POLICY of _____
(*Church Council/Circuit Meeting/District)

1. **General** Funds held at Y/E 31/08/ £
2. **Restricted** Funds held “ £
3. **Endowment** Funds held “ £
4. **Reserves policy for General Funds**

5. **Policy for Restricted Funds**

6. **Terms relating to Endowment Funds held**

This Reserves Policy has been approved by _____
(*Church Council/Circuit Meeting/District)

Treasurer

Trustee

Full name _____

Full Name _____

Signature

Signature

* Please delete as appropriate

Standard Form of Accounts Year ended 31 August 2006

As previously notified in our Spring edition of Property Points the new **Standard Form of Accounts** is now available for the completion of the 2005/06 Annual Accounts on an optional basis.

Receipts and Payments versions have been available for Churches and Circuits since autumn 2005 and can be accessed via our website or by request from the Resourcing Mission Office.

A District Receipts and Payments version will be available by the 31 August. This will be obtainable from the Resourcing Mission Office or, again, from the website.

The **Standard Forms for Accruals Accounting** have been developed during the summer and will be distributed to all relevant Churches, Circuits and Districts on the basis of the records we hold here in Manchester.

If, for any reason, you do not receive the relevant form they will be available from the Resourcing Mission Office or via the website by 31 August.

We do offer our apologies for the several weeks delay which was due to constraints on staff resources and liaison with the invaluable Accountancy Support Group, mainly volunteers, who also have many other commitments. We express our sincere gratitude to them through Property Points because it is fitting that a publicly acknowledged 'thank you' is given.

We encourage you to use the new Standard Forms this autumn. If you do so, **Schedule B will not be required.**

If you do prefer to maintain your existing format please also complete Schedule B.

Use of the new Standard Forms will be a requirement for all Churches, Circuits and Districts from next year (2006/07).

The Receipts and Payments versions published last November were submitted for comment to the Charity Commission who made no suggestions for amendments.

Accruals Accounting

As Property Points goes to print we are finalising the Accruals versions of the forms.

The Accruals versions follow the SORP (Statement of Recommended Practice) produced by the Charity Commission.

We intend to seek comments on the forms from the Charity Commission and from the new Charity Regulator in Scotland (OSCR).

In effect the forms are being trialled this autumn and if any amendments prove to be necessary we will carry out any changes during the winter period in readiness for 2007.

With effect from 1 September 2007 Schedule B will, in effect, be obsolete because it will no longer be required.

Managing Trustees and Methodist Money

Use of the new Standard Form of Accounts will mean that the Receipts and Payments example of a set of annual accounts published in Managing Trustees and Methodist Money will become out of date.

However, much of the content of Managing Trustees and Methodist Money is still relevant and the general principles remain unchanged.

We will update the published version already on the website and for those who use the booklet publish reminders from time to time in Property Points.

When the Charities Bill becomes law (probably in November) we will carry out a more detailed review of the booklet to see what further revision is required.

Our limited staff and financial resources mean it is unlikely that a new publication will be produced but we will perhaps publish an update leaflet indicating which parts of the booklet are affected by these developments [i.e. Standard Forms of Accounts and the Charities Bill) and the Charities and Investment (Scotland) Act 2005].

Further information

Please contact the Methodist Property Office - Resourcing Mission, Central Buildings, Oldham Street, Manchester M1 1JQ 0161 236 5194 website www.methodist.org.uk

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Who has been sent copies

| | | | |
|---------------------|---|---------------------------|---|
| Superintendents | / | Circuit Stewards | / |
| Ministers | / | Circuit Property Officers | / |
| Church Treasurers | / | Local Property Officers | / |
| Circuit Treasurers | / | District Officers | / |
| District Treasurers | / | | |