

Property Points

2005 Part 1

Dear Friends

This Spring issue of Property Points may be shorter than some but it contains a variety of very significant developments for Churches:

* *The Methodist Council announces a new strategic plan, Team Focus, which will re-shape the way we do things, investing in new projects and ceasing to do others.*

* *The Review of Advance Funds will effectively re-draw the funding map of the Connexion as new ways are developed to release Methodist money for mission.*

* *As the Property Office also re-orders its work we aim to reduce some of the bureaucracy by delegating the approval of some property schemes for Minor Works to all of the Districts. (see page 5)*

* *At the time of going to press the new Charities Bill for England and Wales will not come before Parliament before the election. However, the Scottish Bill is still proceeding.*

We send greetings to all local churches and express our thanks for all that you do in maintaining our buildings.

With best wishes

*Alan Pimlott
Connexional Property Secretary*

Index

Accounts Scrutiny Requirements	4
Asbestos Risk Assessment	6
Charities Bill	1
Charity Commission Warning	6
Fund for Property	2
Insurance "Matters"	4
Manse	4
Methodist Insurance plc - Donation	4
Publications	5
Rate Demands	5
Review of Advance Funds	
- Regional Presentations	2
- Conference Resolutions	3
Schemes for Minor Works	5
Standard Form of Accounts	4
Team Focus	2

Charities Bill and Scottish Charities Bill

The Bill going through Parliament to amend the Charity Law for England and Wales was lost in the dissolution of Parliament.

The Scottish Charities Bill however continues and is now likely to be beyond the statute book before any Bill covering England and Wales is passed. The working party on the reform of Charity Law as it affects the Methodist Church will continue to consider the Scottish Bill and look out for the reintroduction of the England and Wales Bill once Parliament reassembles. Managing Trustees will be kept informed of the impact of any changes on them if and when a Bill completes the Parliamentary process.

Managing Trustees of Churches in Scotland will be advised of the changes as they affect them when the final form of their Bill is known.

In any event there will be a lead in before any changes become effective. Please continue to watch this space.

Fund for Property

We have indicated in earlier issues of Property Points that the reserves of The Fund for Property were now significantly reduced and it can be anticipated that there will be no reserves left in the near future.

This clearly has an impact on our capacity to make grants for property schemes.

For practical reasons, and for part of the Team Focus initiative referred to separately, the Fund will in future years be able to commit monies for grants only up to the level of donations received from local Churches.

In other words our policy will be:-

“Every penny received in donations from local Churches in any financial year will be paid out in grants for property schemes in the following year, if needed”.

That final phrase is significant. Those that are aware of the way in which funding packages have altered significantly in recent years will know that whilst the main connexional funds have generally been in decline the amount of money raised from external funding sources has been increasing. This is the good news about funding for schemes.

However, we felt it was important to send the message to local Churches that it will be our aim to give out in grants in one year what we have received in donations in the previous year. This will be a general rule because the timing and costs of hundreds of schemes to which we give approval each year do happen in peaks and troughs

Team Focus

The Methodist Council, meeting in April 2005, approved the principles of a new three year strategic plan, 2005 – 2008 which will have a significant impact upon work done at Connexional level. The Connexional Team budget needs to be cut by 30% by 2008 and so the plan will focus on what is best done by the Team or can only be done by the Team.

Full information will be made available elsewhere by the Joint Secretaries Group on behalf of the Council.

Review of Advance Funds

Regional Presentations

During the months of February and March four or five staff (varying each time) from the Resourcing Mission Office and the Trustees for Methodist Church Purposes were responsible for a series of roadshows in the seven Stationing Regions. Between seventy and one hundred and ten people attended each presentation and were involved in discussion and debate about the new ways of working.

The resolutions contained in the Conference Report 2004 will come into effect on 1st September this year.

Details were provided in the Summer edition of Property Points 2004 and include easier access to capital money to fund ministry and mission projects throughout the Connexion. The conference Resolutions are repeated once more on page 3.

One significant development is the requirement for every trustee body to have a policy on reserves. This is to comply with Charity Law but also to ensure Methodist money is released for mission to promote growth and new work in the Church.

The process for developing a reserves policy begins on 1st September but it is expected that full implementation will be achieved by end of the next Connexional year.

Full guidance and model reserves policies will be produced this summer and will be published on the Methodist website and will be made available from the Resourcing Mission Office.

Thank you

We would like say a special thank you to the ladies and gentlemen of the Churches who kindly gave us hospitality at the recent Consultations.

We were greeted with kindness, patience and the hospitality that Methodists are well known for .

The Churches were

The Mint - Exeter

Westerhope – Newcastle

Court Hey – Liverpool

Hasbury – Halesowen

West Wakefield – Wakefield

Wesley's Chapel – London City Road (Leysian Mission/Wesley's Chapel)

Chilwell Road – Nottingham

There was also a visit to the West Yorkshire District as the Wakefield 'event' clashed with their Synod.

We could not have done it without them!

The following recommendations were presented to Conference 2004

1 That proceeds of sale of Model Trust property continue to be paid into the Circuit Advance Fund in accordance with the terms of the present Standing Order 955(1).

2 That Circuits wishing to promote a ministry project apply as now to the District for a grant which is within the wider purposes of the District Advance Fund. Where such a request involves the use of Circuit Advance Fund (CAF) money, once the District have approved the request the grant will be made from the CAF. The purposes of the CAF would need to be amended accordingly.

3 That the link with income be removed in determining the amount to be withdrawn from Circuit Advance Funds for non-capital purposes and that Interest on Circuit Advance Fund (ICAF) schemes be discontinued.

4 That up to £10,000 may be withdrawn annually from Circuit Advance Fund for any Methodist purpose.

5 That Standing Order 955 (4) be amended to increase the mandatory annual contribution from Circuit Advance Funds to the District Advance Funds:

- (a) from 1% to 2 ½ % on all balances
- (b) an additional 2½% (i.e. 5% in total) on balances exceeding £100,000

6 That reserves policies be implemented at every level i.e. Church, Circuit and District.

The proposal is that each Circuit will review the annual accounts of each Church within the Circuit at the time the accounts are reported under the Excepting Regulations. At present this means via Schedule B. The full definition of reserves is set out in Appendix 1 but briefly defined they are monies held by the charity which are uncommitted.

As stated in Section 9 above money in Circuit Advance Funds is capital which is not available for the general purposes of the Church. However, Standing Orders allow the flexibility to widen their use in conjunction with the District. They can also be used to make capital grants to other Circuits and local Churches.

Releasing Methodist Money for Mission

7 Where Methodist trustees have agreed their mission policy and established a reserves policy any funds surplus to requirements should be made available for the wider mission purposes of the Church.

This is a sound connexional principle and we outline in Appendix 2 some of the options open to each body.

These proposals must be agreed by the Circuit Meeting for each Church, the District Policy Committee for each Circuit and the Resourcing Mission Grants Committee for each District.

The recommendations relate to unrestricted general funds and to Model Trust money. Where trustees are holding a restricted bequest they should seek guidance from Trustees for Methodist Church Purposes. Reserves policies do not apply to Permanent Endowment Funds.

8 The annual distribution of Connexional Advance and Priority Fund 25% levy income to District Advance Funds. - That the Resourcing Mission Grants Committee in apportioning this amount annually between the District Advance Funds should take account of those Districts not expending their grant making monies. A contribution to a particular District Advance Fund may not be made in a particular year if in fact there are surplus funds in the District Advance Fund.

Connexional Advance and Priority Fund

9 That the levy on proceeds of sale exceeding £100,000 should remain at 25% as now. However, the bands should be simplified by introducing a single levy tariff of 15% on all amounts up to £100,000.

Bequests

10 That the amount available for withdrawal without formality on all model trust bequests be increased from £5,000 to £20,000.

11 That all relevant Standing Orders be re-written and simplified to reflect these changes.

12 These proposals to be submitted for approval by Conference 2004 for implementation as at the end of the Connexional year 2004 – 05.

This will allow trustees to plan accordingly and for relevant Standing Orders to be revised

Treasurers' tips

Accounts Scrutiny Requirements - Calculating Gross Income (and Total Expenditure)

Each financial year managing trustees of all Methodist Charities must prepare their Annual Accounts and arrange to have them audited or independently examined.

Most local churches and some Circuits will require an independent examination because their gross income and total expenditure both fall below the thresholds which require a full audit by a registered auditor.

The most rigorous requirements of an audit by a registered auditor apply when the gross income or total expenditure exceeds £250,000. Below that figure the accounts must be examined by an independent examiner or a registered auditor. The Charity Commission recommend that if gross income is over £100,000, the independent examiner should be a qualified accountant.

Gross income and total expenditure should be calculated in accordance with the guidance provided in Managing Trustees and Methodist Money (Section 28).

Gross income does **not** include:-

- * Loans received by the Church
- * Loan repayments to the Church
- * Proceeds of sale of investments and fixed assets

Total expenditure does **not** include:-

- * Loans repaid by the Church
- * Loans made by the Church
- * Payments made for investments and fixed assets
- * The sale of investments.

Methodist Insurance - Donations to The Fund for Property

In addition to local Church donations we have been fortunate over many years to receive an annual donation from the Methodist Insurance plc to support the work of the Methodist Property Office. Such a donation must of course depend upon the annual performance of the Company and its other commitments and any donation is clearly a matter at the Board's discretion.

Nevertheless we have been indebted to the Board of the Methodist Insurance plc for this financial support particularly at a time when Connexional funds are under severe pressure.

As you will be aware the work of the Property Office is far wider than making grants and includes guidance and support to local Churches, in processing their property schemes and in handling trustee issues. The Board of Methodist Insurance has agreed that any donation they make to the Fund for Property may be used to help finance these additional but vital responsibilities of the Methodist Property Office and we are most grateful to the Board for all their support.

Insurance "Matters" - changes in procedures

Managing Trustees may or may not be aware that Superintendent Ministers are no longer able to act as insurance agents between the Circuit/local trustees and the insurance company. This arises from a ruling by the Financial Services Authority.

However, it is of course vitally important that the Superintendent, as Chair of the Managing Trustees continues to act to ensure that someone will take responsibility locally for ensuring that cover is maintained at the appropriate level and is not diluted in consequence of this change.

Standard Form of Accounts

The Property Committee's Accountancy Support Group is currently developing a Standard Form of Accounts for local Churches, Circuits and Districts in conjunction with the Charity Commission.

We are most grateful to a large number of treasurers throughout the Connexion who have helped us with

this project.

Once the final draft documents are available we will communicate once more with some of those consultees, probably in some form of 'pilot testing' process.

As indicated elsewhere in this issue of Property Points the Charities Bill will not now come before Parliament because of the

General Election. We must therefore wait and see what plans are announced in the new Government's legislative programme.

We will then need to consider how, if at all, the proposed Bill might impact on this project and its delivery to local Churches etc.

Schemes for Minor Works

Conference 2004 gave its approval for a pilot scheme for Minor Works which has been operating extremely well in 13 volunteer Districts where it has been welcomed by all involved. In view of its success the Connexional Property Committee under the authority already granted by Conference intends to extend the scheme to all Districts together with an increase in cost threshold, from 1st July 2005 following its report back to this year's Conference.

This is not a deregulation but a devolvement to Districts to approve schemes generally below a cost of £20,000, excluding VAT and Professional Fees, without the need to be referred on to the Property Office in Manchester.

There are certain exclusions involving schemes:-

- ☞ **For listed buildings or those situated within a Conservation area.**
- ☞ **For demolition**
- ☞ **Which involve any legal matters**
- ☞ **For shared churches**
- ☞ **For Methodist Day Schools**
- ☞ **For Organs**
- ☞ **For Feasibility Studies**
- ☞ **Where Landfill Tax or Fund for Property grants are being sought towards the funding.**

We shall be writing to all Districts with further details and, before the commencement date, we shall make available via Districts and for downloading from our Website a revised Schedule 1 (MW) which will contain further guidance notes on how the scheme will operate.

Whilst we do not anticipate a significant reduction in our overall workload here in the Property Office in the short term we hope that in due course this will allow us to focus more time and attention on the increasing number of larger and more complex schemes which Churches and Circuits are undertaking.

We are extremely grateful to those pilot Districts who have worked with us during the trial period and have enabled the introduction of the new arrangements so seamlessly and with minimal teething troubles and we will, of course, continue to provide further guidance and support to the other Districts as they develop their own local procedures for dealing with a large proportion of schemes involving Minor Works.

Publications

Manses

Our information leaflet on Manses: their valuation, acquisition and disposal. A guide for managing trustees is now available and can be downloaded from the Methodist web site (in the Resourcing Mission publications section).

Coming soon

Building Confidence (new)

This CDROM contains masses of information about Methodist property schemes and Ministry & Mission projects; from the first idea through to implementation.

Includes four Supplements to Shaping the Future:

Property for Mission,

Managing Money for Mission,

Mission with Many Gifts: A Staffing Policy

Models for Mission: Fresh Ways of Being a Circuit.

To be published during the autumn of 2005 and will be available from the Methodist Publishing House

beyond the wood and stone (new) using space creatively

Another new resource in DVD format will be launched at Conference. This joint project between the Resourcing Mission Office(RMO), Creative Arts in Methodism (CAIM) and Mission Education.

Our church life and buildings have been changing immeasurably over the last twenty years. There has been a shift in the way the Church has had to respond to the turbulent society around it. This inspiring but down to earth film shows ways in which churches have managed to mix vision and imagination in with sand and cement to create spaces which welcome and embrace the communities they serve. Offering practical and simple suggestions, the film encourages churches to use their creativity to look beyond the wood and stone.

Rate Demands

Trustees for Methodist Church Purposes is occasionally receiving rate demands for Methodist property.

Their practice is to forward them on to the Superintendent Minister but they do need attention as overdue demands are being received.

Can Circuits ensure, if the Superintendent is absent for any reason, arrangements are made to collect the post from the manse.

Asbestos Risk Assessment

Asbestos Risks

Most people now realise the health risks of asbestos, and we have previously referred to the situation in **Property Points 2003 part 2 (page 2)**.

Asbestos issues are a very complicated area and we are unable to offer detailed advice.

Essentially, it is a legal requirement (**Control of Asbestos Regs, 2002**) that the managing trustees have a "duty to manage" any risk from asbestos in church buildings.

Preparing a Risk Assessment

The first stage is to prepare a risk assessment to determine whether asbestos is present in your buildings, and if so, there are only two options: either the asbestos must be removed, or if it is considered to be of low risk, it can be sealed and left in position, together with warning notices (*it may be possible to undertake minor repair*).

The risk assessment should be carried out by a suitably competent person (*not precisely defined in the legislation*), and due to the risks involved we believe this should be by an independent professional who carries professional indemnity insurance, and not by a church member or volunteer.

The person who carries out your quinquennial inspections should be

prepared to offer at least initial advice (*in our opinion, the presence of asbestos should already have been mentioned in quinquennial inspection reports, as it has been known for many years that asbestos is potentially dangerous.*). An information leaflet will be available on the Methodist website or direct from the Methodist Property Office.

Further Information

The Royal Institution of Chartered Surveyors (RICS) is at present establishing a certification scheme – the National Individual Asbestos Certification Scheme, and you can contact the RICS for further advice (www.rics.org, tel 020 7222 7000).

The British Occupational Hygiene Society also publishes a list of consultants able to undertake asbestos surveys (www.bohs.org, tel 01332 29801).

Managing trustees will of course need to agree the fees for such surveys, and also to agree with the surveyor the level of survey appropriate for their buildings – there are three types of survey, from basic assessment through to full access and sampling.

Alternatively, a licensed asbestos removal firm in "Yellow Pages" could be contacted, but trustees need to be aware that as such

estimates will normally be provided without charge, they may not be comprehensive and may not be considered to be a satisfactory "risk assessment".

The Health & Safety Executive (HSE) produce a lot of information about asbestos, and much of this is available on their web-site (www.hse.gov.uk) – on the opening page you should find a menu box on the right hand side – click on "asbestos".

Perhaps the easiest document to understand is the HSE booklet "Management of asbestos in non-domestic premises - approved code of practice & guidance" (£9.50 from HSE Books, tel 01787 881165). This explains the Regulation 4 of the 2002 Regs. It is of course copyright information, so we cannot photocopy it and distribute it.

Insurance

Managing trustees should also bear in mind that a risk assessment is needed in order to satisfy the conditions of your insurance policy.

We realise that these regulations may be imposing a considerable additional burden on local churches, but the government now believes that asbestos poses such a danger to health that it considers a risk assessment to be essential.

Charity Commission warns against new scam

Charities risk having their bank accounts emptied in a clever but nasty new scam, the Charity Commission have warned. Fraudsters obtain charities' bank account details from GiftAid forms and use this information to set up standing orders, taking funds away from

charities and into the accounts of thieves.

The Commission urges charities to check bank statements thoroughly for rogue payments and to consider deposit-only accounts for charitable donations.

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
© Trustees for Methodist Church Purposes 2005

Who has been sent copies

Superintendents	V	Circuit Stewards	V
Ministers	V	Circuit Property Officers	V
Church Treasurers	V	Local Property Officers	V
Circuit Treasurers	V	District Officers	V
District Treasurers	v		