

CHURCH ROOM FINANCES AND LEGAL SET UP

November 2013

N.B. For further copies, please visit the website at www.claydonvillage.co.uk and look under Community/Parochial Church Council/Church Room, or call Emma Ives on 01295 690695 or email emmaives@hotmail.co.uk.

Background

The Parish Council had asked the Church Room Committee to look into the possibility of setting up the Church Room as a separate charity. As a member of that Committee and a professional fundraising consultant, as well as being new to the village in November 2012 and keen to be part of encouraging a positive community spirit, I volunteered to do this.

The Concerns Raised

If I have understood the concerns, which have been voiced to me by various sources at various times (and if yours is not here, apologies, please make your concern known!):

1. The Church did not manage to pay its Parish Share this year, and there is only a congregation of 10. Might it close? And if so, what would happen to the church.
2. Some people say that the Church Room is draining the church finances, and others that the Church Room props up the church finances. Which is correct? And what are the finances?
3. The church room being part of the church puts some people off giving to it because they don't want their money to be swallowed up into other church things that they might not go along with.
4. The church room being part of the church means that we cannot access a lot of grants because people won't give to a religious institution.

One possible solution that was suggested was to make the Church Room a separate charity from the church.

Let us look at each of the concerns in turn:

1. The Church did not manage to pay its Parish Share this year, and there is only a congregation of 10. Might it close? And if so, what would happen to the church?

Our share in Claydon for 2012 was £7041. We were only able to contribute £3573 towards this amount. However this is an isolated incident in the 2012 income/expense balance which occurred as a result of the Church Room costs and there is no reason to think that it will happen in future years.

The Parish Share is (from the Diocese leaflet on the subject): "the amount of money that each parish is asked to pay to support the mission and ministry of the Church of England in the Diocese of Oxford. The Diocese covers Oxfordshire, Berkshire and Buckinghamshire. The total amount needed is divided between the 29 'deaneries' or groups of parishes by a formula that seeks to recognise the need that some parishes in poorer areas will need to be supported by others."

The lion's share (87%) of a Parish Share goes to pay for the costs of our vicars – their stipend (they don't get a salary as such), pension contribution and housing. You can find out more by picking up the appropriate leaflet in the church, there are some just inside the door on the display. Or look at the Diocesan website.

Why were we not able to pay?

In part, because income from collections and church room hire has decreased whilst the cost of insurance, utilities and other expenses has increased. And in part because a number of village groups actively supported the church room renovation in 2012 as an alternative to investing in the Church itself. .

Will it be a problem in future?

We are not sure at the moment. The Parish Share scheme has just changed and the PCC treasurer is currently finding out how it will affect Claydon. But of course we hope to be able to cover it next year. And we are putting a fundraising plan together.

Will the church shut if we don't manage to pay the Parish Share again?

No. I met with Robin Brunner-Ellis who is the Oxford Diocesan Fundraising and Stewardship Officer, and he felt that would be very much a last resort and unlikely to happen in the short term. The Parish Council have applied for the church room to be considered an Asset of Community Value (ACV) under the Localism Act of 2011. You can read more about this subject on the Oxford County Council website at <http://www.oxfordshire.gov.uk/cms/content/community-rights-and-localism-act>.

2. Some people say that the Church Room is draining the church finances, and others that the Church Room props up the church finances. Which is correct? And what are the finances?

If we put aside the renovation of the church room for now, the income from the church room for 2012 was £470 from room hire, and £200 for its use in elections – a total of £670 in income.

Expenditure is a bit more difficult as it really amounts to utilities and insurance, the utility bill for the church and church room combined was £375 and insurance for church and church room combined was £609 – a total of £984 in outgoings.

So there does not appear to be much difference between what the PCC receives in income for the Church Room and what it has to pay out.

3. The church room being part of the church puts some people off giving to it because they don't want their money to be swallowed up into other church things that they might not go along with.

If someone makes a donation to the church, the church will use it where it is most needed, unless the donor makes a specific request for it to be used in a particular way (or not used in a particular way).

We understand that not everyone is a Christian or sympathetic to the Christian faith, but we hope that the majority of people in the village would be happy to give to support the local church as the

one public building in the village which is open to them 24 hours a day, 7 days a week, as a place of retreat, peace and quiet, and also to provide the vicar with enough to live on. Again, you might not be a Christian, but bearing in mind that most of the church outgoings pay for the vicar who is an important part of our community and is there to provide support, advice and comfort to all, regardless of their beliefs, should they want it.

But for those that strongly disagree with the Christian faith but want to support the Church Room as a building, they can 'restrict' that money for that use if they wish, and the Church is obliged under charity law to use a donor's gift for the purpose to which they restrict it. They cannot spend the money on anything else without making reasonable efforts to contact the donor and discuss if that is alright with them. So someone might restrict their gift to Church/Church Room renovation – whether running costs, or fabric or whatever – and that money cannot be used by the Church to go towards Parish Share.

4. The church room being part of the church means that we cannot access a lot of grants because people won't give to a religious institution or something that isn't a charity in its own right.

Talking to the Oxford Diocesan Fundraising and Stewardship Officer, it seems that there are many other funders with whom as yet we have had no contact and which we could talk to in future about providing a grant towards the Church Room. Whilst it may not be a charity in its own right, the church room has charitable status through the church and is a core community facility. I am told that there are a number of organisations that we could approach in future to help with funding the fabric of the room, other than Oxford County Council.

This is great news as it means that in future, hopefully we could secure funding from some organisations outside of the village which would mean that the burden of funding could be lifted a little from Claydon inhabitants: It is sometimes hard, with only 350 of us, to fund all the organisations and facilities from our own pockets.

In conclusion: Would some of the issues be solved by making the Church Room a charity in its own right?

I do not believe that this would be the case.

The Church Room already gets the advantages offered by charitable status through the church which has "charitable status by exemption".

This means that the church is essentially a charity in the way it is run, regulated and audited, the only difference is that instead of reporting to the Charity Commission it reports to the Church of England, but nevertheless has to have a Principle Regulator who is appointed by the British Government and has to be publicly accountable. And a charity by exemption does not have a registered charity number.

(You can find out more here:

<http://www.charitycommission.gov.uk/publications/cc23.aspx#exempt>)

The Church Room therefore already benefits from the financial advantages enjoyed by charities. It is also subject to legal regulation and financial scrutiny under the auspices of the church, which should provide reassurance to donors – in other words, it has to be properly managed like a charity, although it is set up slightly differently.

Admittedly, there might be some funders and grant making trusts who would not give to a 'religious institution' but from my discussions with the Diocese, most do when it can be demonstrated that the facility in question serves a clear public benefit beyond congregation members – which the Claydon Church Room does.

Charities must prepare annual reports – some also prepare annual accounts - and also be subject to audit, if over £10k annual income (which would not apply in the normal scheme of things with the Church Room, the running costs are considerably less). The cost of an accountant preparing an annual report is, from my recent conversations with accountants who specialise in this, something in the order of £1000 per annum. That's a lot of money for a facility that generally has an annual income and expenditure of under £1000.

Therefore, as far as I can see, seeking charitable status for the church room would double the amount of work and possibly increase costs as well without providing any advantages to the village.

There is no reason in future that we should not be able to prepare a very simple financial report on the Church Room, separate from the Church accounts, which could be published annually in the Claydon and Clattercote News and the Courier, if this would help to reassure people in the village that is being properly run and transparent about donations. (Actually, the church is required to prepare annual accounts and under charity law, an exempt charity must provide a copy of its most recent accounts to anyone who makes a written request, within 2 months. It may charge a reasonable fee to cover the costs of doing this). The current state of accounts for the church room renovations are shown in Appendix 1, and we will publish an update once we have had the final bill in for the building work, and the final funds from OCC.

I hope that this report reassures villagers and the Claydon Parish Council on certain concerns that they have raised. If anyone has further questions or suggestions, please do contact me – emmaives@hotmail.co.uk or 690695.

The PCC and the Church Room Committee have all seen and contributed to this report. I would like to thank all of them for their involvement, and also those other villagers who have raised the questions that we have addressed here.

All of us on the PCC and the Church Room Committee would also like to extend our heartfelt thanks to all those who have contributed to the upkeep of the Church Room in a wide variety of ways.

- Emma Ives, November 2013, on behalf of the PCC and Church Room Committee.

APPENDIX 1: CHURCH ROOM RENOVATION ACCOUNTS AS OF NOVEMBER 2013

Please note that we will publish final accounts once we have had the final costs in from Smith and Ronaldson, and have obtained the final contribution from OCC towards the costs.

Church Room Committee - Statement of Account as at 15.02.13

	Income	Match Funding	Expenses
Smith & Ronaldson Bill £6850			6850.00
Electrical maintenance			63.60
Use of Church Room Jubilee Wknd*			30.00
OCC Grant	2467.50		
Parish Council Grant	500.00		
Claydon Jubilee Grp Donation	200.00		
Claydon History Soc Donation	110.14		
Parochial Church Council Donation	400.00		
Courier Donation	500.00		
Playing Field Committee Donation	500.00		
Private donations (includes money transferred from church deposit fund)	1039.00		
Claydon Trust Jubilee Raffle	641.00	641.00	
Jubilee Group Concert	306.00	306.00	
Courier sales	85.00	220.00	
Street Party Donations & Tea & Cake sales	96.00	96.00	
Dog Show	212.78	212.77	
Match funding Bibby	1475.77		
Christmas Tree Event	173.59		
Totals	8706.78		6943.60
Balance (Income - Expense)	1,763.18		

During the course of the project a loan of £2050 was received from the Parochial Church Council and another of £200 from the Claydon Trust. These allowed bills to be paid in a timely manner and the Committee is most grateful.
This statement has not been audited. E & OE.

*Church room costs during the Jubilee weekend when the room was used by village groups in raising funds towards the church room renovations and the usual fees were therefore waived.