

# HANDBOOK for TREASURERS

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*This handbook is designed to give guidelines on issues likely to affect PCC Treasurers. It should be read alongside the guidelines and regulations 'The Charities Act 1993 and the PCC', 3<sup>rd</sup> edition.....*  
[www.cofe.anglican.org/info/finance/charitiesact.pdf](http://www.cofe.anglican.org/info/finance/charitiesact.pdf)

*It is important for PCC treasurers to be aware of the contents of both documents, and essential that both are handed on to any successor.*

## HANDBOOK FOR TREASURERS - INDEX

	<b>Page</b>
<b>A. PCC TREASURER</b>	
Personal specification: what sort of person should take on the role?	3
Job profile: what is there to do?	3
Task Breakdown	4 & 5
Appointment	6
Change of PCC Treasurer or Incumbent	7
Advice and Publications	8
<b>B. PARISH FINANCE – HANDLING OF PCC FUNDS</b>	
Principles	9
Bank Account	9 & 10
Collections	10 to 12
Banking	12
Planned Giving	13
Security	13
Parochial Fees for Occasional Services	13
Reimbursement of Clergy's Expenses	13 to 15
Record-keeping	15 & 16
Fund Accounting	16
Budgets, Budgetary Control and Reserves	17
Gift Aid	18 & 19
Parish Share	20
Income Tax	21
VAT	22 to 24
Insurance	25
<b>C. ACCOUNTS</b>	
Annual Financial Statements	26
Auditors/Independent Examiners	27
Statistical Returns	28
<b>D. GIVING, FUNDRAISING AND INVESTMENTS</b>	
Christian Stewardship	29
Sources of Funding: who will help us fund our capital project?	30
Charities, Trusts, Government Agencies and Voluntary Services	31 & 32
Fundraising for Churches	33
An Example of One Parish's Experience of Funding a Project	34
Legacies	35
Friends' Schemes	35
Small Charities and Parochial Trusts	36
Investments and Reserves	37
<b>APPENDICES</b>	
1a – Sample Pledge and Banker's Order Form (including Gift Aid)	38
1b – Sample Pledge and Banker's Order Form (including Gift Aid)	39
1c – Gift Aid Envelope for One-off Donations	40
2 – HMRC Guide to PAYE operation for Local Religious Centres	41 to 43
3 – The Data Protection Act 1998 – A Guide for Parishes	44 to 46
4 – List of Useful Publications for PCC Treasurers	47
5 – Nat West Cash Management Scheme & Change of Bank Signatories	48

## **A. PCC TREASURER**

### **PERSONAL SPECIFICATION - What sort of person should take on the role?**

A treasurer doesn't have to be a qualified accountant, although this would be an advantage in larger parishes. A willing and numerate person could do an excellent job. The following are the most important qualities of a treasurer:

- Having a commitment to the Church's mission and an appreciation of the role of the parish in the community.
- Honesty: there must be no doubt about this and PCCs may want to follow up references for peace of mind.
- Financial competence: not only the ability to keep records, but the will and determination to keep track of how finances are going.
- Knowledge of the part the parish plays in the context of deanery, diocese, national church and our mission partners abroad, from both a financial and operational perspective.
- Having the ability to present financial matters clearly to both the PCC and the wider church community.
- Having the time to attend PCC meetings, PCC Standing Committee meetings, Deanery and Diocesan finance / consultation meetings and be part of general church life.
- Being able to treat personal financial information of individual church members on a confidential basis
- Being willing and able to work as a team with other members of the PCC, the parish priest and the wider church.
- Qualifying as a Trustee as required by the Charity Commissioners: being over 18 years old and not being disqualified because of bankruptcy or criminal convictions for financial wrongdoing.

### **JOB PROFILE – What is there to do?**

The workload and complexity of a treasurer's job will depend on the size and activities of the parish. Notwithstanding, the following will be expected:

- Implement the financial policy of the PCC. The finances of the parish remain the responsibility of the PCC, including raising the necessary funds and deciding how these should be spent. The treasurer should actively participate in making these decisions.
- Draw up an annual budget for consideration by the PCC, to help the parish to decide its goals in the year(s) ahead.
- Keep records of the PCC's financial transactions, ensuring that they are properly authorised and in keeping with the approved budgets.
- Keep track of the parish's finances and let the PCC know if difficulties arise or are foreseen in the future. Give regular written reports and present these in person to each meeting of the Standing Committee and PCC.
- Ensure that the PCC's financial obligations are met, including Parish Share, the clergy's expenses and insurance of church buildings (especially against fire, theft and public liability).
- Maintain a book-keeping system (manual or computerised).
- Draw up the annual financial statements for the PCC's approval with the annual report, before these are submitted to the Annual Parochial Church Meeting.

## A. PCC TREASURER

### TASK BREAKDOWN

The following is based on a real parish, but not everything here will apply to you. In some cases, you may need to oversee a task, but not do it yourself.

*Footnotes refer to The Charities Act and the PCC 3<sup>rd</sup> Edition 2006.*

#### Weekly tasks

- Making sure cash is counted and recorded accurately each week. *There is a rota of people who count (in pairs); the Treasurer needs to provide the record sheets.*
- Banking cash weekly. *Do not forget that some banks will allow you to use a Post Office for banking.*
- Emptying wall safe.
- Maintaining (in strict confidentiality) Gift Aid records and Free Will Offering (FWO)/Planned Giving envelope records. *The recording can be done by hand, or on a computer spreadsheet such as Excel.*

#### Regular responsibilities

- Keep accurate records of all money paid to the PCC<sup>1</sup>:
  - ✓ What amount
  - ✓ Who from
  - ✓ Reason for it
  - ✓ Which fund is it for - General funds, a Designated fund, or a Restricted fund?<sup>2</sup>
- Arrange payments from PCC funds and keep accurate records:-
  - ✓ What amount
  - ✓ Who to
  - ✓ Reason for it
  - ✓ Which Fund it comes out of
  - ✓ Checked against an invoice, receipt or expense claim*This includes regular payments such as Parish Share, electricity, insurance, heating oil, etc.*
- Make best use of PCC money, by transferring as much as possible into CCLA CBF Funds or other deposit accounts for improved rates of interest.
- Report to each PCC meeting on the state of PCC finances. Also the Standing Committee, of which the Treasurer is a member. Remember not just to tell them what is in the bank, but how the cash flow looks and whether you are under or over budget.
- Making tax claims from HM Revenue & Customs for Gift Aid (can be done annually or more often) and making claims for VAT repayment from the Listed Places of Worship scheme (when building works have been done).

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<sup>1</sup> Chapter 6 gives clear guidance on headings you should use.

<sup>2</sup> See Chapter 3 for definitions.

## A. PCC TREASURER

### TASK BREAKDOWN (Cont ...)

#### Yearly tasks

##### JANUARY

- Prepare the annual accounts for the year (January-December) in the correct format<sup>3</sup>. Give them to your Independent Examiner as early in the year as possible for him or her to review them<sup>4</sup>.

##### FEBRUARY/MARCH

- Prepare your annual Treasurer's Report. Meeting (March/April) as part of the PCC Report and Accounts.<sup>5</sup> The whole Report must be adopted by the PCC and then presented to the Annual Parochial Church Meeting
- Fill in the Annual Return of Parish Finance which is sent to you in January. This should be a relatively simple task once you have made up the annual accounts.

##### MARCH/APRIL

- Present the approved accounts to the Annual Meeting - and be ready to answer questions!

##### OCTOBER

- Prepare a budget for next year for the PCC to adopt before the end of this year.

#### Occasional tasks

- Liaise with the Deanery Treasurer about Deanery financial matters.
- Keep an eye on income and expenditure and encourage Christian generosity in the congregation at all times. Be ready to advise the PCC when things look bad.

#### Keeping the records

- It is quite possible to keep PCC records manually using a ledger, but it can be laborious.
- It can equally be done by a spreadsheet user in Excel, Sage or other program.
- The specialist church accounts program *Finance Co-ordinator* has the great advantage that it keeps track of all your funds, and will prepare all the reports you need (for Annual Accounts, diocesan Returns) at the touch of a button. [www.datadevelopments.co.uk/index.html](http://www.datadevelopments.co.uk/index.html)
- A recommended free Excel piece of software called *Diocesan Cashbook v 2.3* and supporting manual are available on the Bath and Wells diocesan website at [www.bathandwells.org.uk/index.cfm?fuseaction=about.content&cmid=332](http://www.bathandwells.org.uk/index.cfm?fuseaction=about.content&cmid=332) The Diocesan Cashbook has been developed as a simple way of recording receipts and payments, and tracking Gift Aid donations for the average PCC. It uses the information entered to produce a generic Receipts and Payments Account and Finance Return.

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<sup>3</sup> See Chapter 7 and 8 for guidance on how to lay out your accounts, and Chapter 14 for an example set of accounts.

<sup>4</sup> Chapters 10 and 11 cover the Independent Examiner's role.

<sup>5</sup> Chapter 9 explains how the PCC Annual Report should be laid out.

## A. PCC TREASURER

### APPOINTMENT

The PCC may appoint any one or more of its members to act as treasurer. The church wardens act as treasurers of the PCC when:

- (a) they are so appointed by the PCC; or
- (b) the PCC does not appoint anyone else as treasurer, in which case the churchwardens act as ex-officio treasurers to the PCC.

But if the church wardens happen in either of these ways to become treasurers to the PCC, their powers and duties in that capacity are neither more, nor less, than those of any other parochial church councillor who may be appointed to the office of treasurer.

A PCC may wish to appoint as treasurer a person who is not a member of the PCC. There is no objection to this, provided that the person elected as treasurer is then co-opted on to the PCC.

## A. PCC TREASURER

### CHANGE OF PCC TREASURER OR INCUMBENT

The following is a checklist to aid PCC treasurers on the retirement of:

- a) a retiring treasurer, or
- b) any person dealing with receipts and payments; or
- c) a retiring incumbent.

1.	Obtain possession of all cash balances, counting in the presence of the person retiring and give a written receipt, keeping a copy for PCC records.	<input type="checkbox"/>
2.	Ask for a signed list of all monies owing to the Parish to the best of the knowledge of the person retiring.	<input type="checkbox"/>
3.	Ask for a signed list of all creditors owed by the Parish to the best of the knowledge of the person retiring.	<input type="checkbox"/>
4.	Ask for a signed list of all bank and investment accounts operated by the Parish and the signing arrangements, and take possession of all bank statements, pass books, etc.	<input type="checkbox"/>
5.	Obtain all unused cheque books and bank paying-in books.	<input type="checkbox"/>
6.	Immediately change signatories on all bank and investment accounts, following PCC resolution.	<input type="checkbox"/>
7.	If dividends/interest from investments are not mandated direct to bank accounts, advise payer of any change of address.	<input type="checkbox"/>
8.	Obtain a signed list of accounting/record books kept by the person retiring and take possession, together with receipt books, cash book and vouchers, etc.	<input type="checkbox"/>
9.	Check the position concerning the income tax repayment claims on Gift Aid, and verify the information they will require if asked to deal with future claims.	<input type="checkbox"/>
10.	Check whether the PCC is, or controls, a registered charity. If so, make sure that the Charity Commissioners Regulations/SORP are applied and make any necessary changes to trustees.	<input type="checkbox"/>
11.	Where there is a new PCC treasurer ensure that: (a) the deanery treasurer and the Diocesan Secretary are notified; and (b) these guidelines and the handbook entitled "The Charities Act 1993 and the PCC" are handed to the new treasurer.	<input type="checkbox"/> <input type="checkbox"/>
12.	In cases of difficulty regarding the changeover, assistance and advice can be obtained from the Deanery Treasurer or Diocesan Accountant.	<input type="checkbox"/>

## A. PCC TREASURER

### ADVICE AND PUBLICATIONS

Please do not feel isolated. Help is available from:

- The Diocesan Accounts Department at The Old Deanery, Wells. Tel: 01749 670777
- Fellow PCC Treasurers
- Your Deanery Treasurer
- The Treasurers' Newsletter, published periodically by the Accounts department
- Treasurers' Workshops, held periodically at The Old Deanery, Wells.
- ACAT (Association of Church Accountants and Treasurers) [www.acat.uk.com](http://www.acat.uk.com)  
Annual membership is just £12.50 for which you receive a handbook, newsletters and networking opportunities. If you are a new Church Accountant or Treasurer, we would particularly recommend this charity as a very helpful source of information.

Church House Bookshop in London sells a number of publications which may prove useful. They can be contacted by telephone on 020 7799 4064, by fax on 020 7340 9997 and by e-mail: [bookshop@chbookshop.co.uk](mailto:bookshop@chbookshop.co.uk). There is also a website at [www.chbookshop.co.uk](http://www.chbookshop.co.uk). A list of publications currently available is provided in Appendix 4.

Other useful websites are [www.parishresources.org.uk](http://www.parishresources.org.uk) and [www.stewardship.org.uk](http://www.stewardship.org.uk).

## B. PARISH FINANCE – HANDLING OF PCC FUNDS

These guidelines are based on the requirements of the Charities Act 1993.

Parochial Church Councils are well advised to ensure that they have proper systems in place for the signing of cheques, the counting of collections (including the opening of planned giving envelopes and Gift Aid envelopes) and prompt payment into the bank.

*The following recommendations have been prepared for the guidance of PCCs, Parish Honorary Treasurers and Independent Examiners/Auditors. The recommendations are a guide to **best practice**. The intention is to protect those who handle the finances of the Church from any accusation of the misuse or misappropriation of money. Its aim is not to question the honesty or integrity of anyone, or imply any lack of trust.*

### PRINCIPLES

- (a) **Separation of Duties** – as far as is practicable, checks should be built into all financial procedures through the involvement of people other than the Treasurer. For instance, we would suggest that the Treasurer and Covenant Secretary should not be the same person.
- (b) **Openness** – the PCC should receive regular financial reports and should be encouraged to verify them against the Service Book records and published accounts of fetes, etc.
- (c) **Audit Trail** – all transactions should be supported by documents. In a larger parish, these should be authorised independently of the Treasurer.

### BANK ACCOUNT

1. Bank accounts should be held in the name of the PCC. The PCC treasurer should ensure that the list of authorised signatories is kept up to date and approved by the PCC. The list should be reviewed at regular intervals. In particular, the list should be reviewed whenever there is a change of incumbent. It should also be reviewed where there is a change of any signatory e.g. on the election of new churchwardens.
2. At least two signatories should sign any cheque on the PCC account, but the list of signatories should be as short as is practicable.
3. There should be no practice of pre-signing blank cheques. A signatory should NEVER be asked to sign a blank cheque.
4. All cheques (and instructions to a bank to make payments from PCC funds) must be signed by two authorised signatories, of whom the Treasurer may be one.
  - The payee of a cheque should never be a signatory of that cheque.
  - All cheques should be signed by **two persons**, with the invoice to hand and verified by the signatories.
  - The invoice or payment request slip should then be signed and dated with details of the payment made.

## B. PARISH FINANCE – HANDLING OF PCC FUNDS

### BANK ACCOUNT (Cont ...)

4. Supporting vouchers (invoices, etc) should be produced to cheque signatories who should ensure that they are endorsed “PAID” to prevent re-presentation, especially where there are several alternative signatories.
5. Church bodies wishing to open accounts with banks or building societies, and in so doing enjoy the special regimes which are offered to charities, may be asked for their charity registration number. Many churches are exempted by law from registration and have no number which can cause problems. The Registered Charity number of the Bath and Wells Diocesan Board of Finance Ltd should **not** be quoted in this context.

The British Bankers’ Association have issued the following guidance to all clearing banks and building societies: *“Churches are in general excepted by law from registering as charities and will not therefore have a registered number. Their identity can be verified by reference to the appropriate headquarters or regional organisation of the denomination.”* (Diocesan Secretary).

This guidance should enable banks and other financial institutions to grant to church bodies the rates etc appropriate to charities.

6. Bank reconciliations should be done regularly for all bank accounts, preferably monthly. A list of holders of all safe keys, bank paying in books, cheque books (preferably only the current one) and copies of all bank mandates should be held by the Treasurer and at least one other independent person.
7. For those PCCs who bank with Nat West, Treasurers should refer to Appendix 5 which details aspects of the **Cash Management Scheme**.

### COLLECTIONS

#### Alms at Holy Communion

1. Money given at services of Holy Communion, whether according to the Book of Common Prayer or Common Worship, forms part of the general funds of the PCC. The PCC has power jointly with the minister to determine the objects to which all money given or collected in church shall be allocated.

#### Collections at Institutions, Inductions and Confirmations

2. The bishop has the right to say whether there shall be a collection at any service he conducts but, if there is a collection, strictly its destination rests with the incumbent and PCC in accordance with section 9(iv) of the Parochial Church Councils (Powers) Measure 1956.

## B. PARISH FINANCE – HANDLING OF PCC FUNDS

### COLLECTIONS (Cont ...)

#### Collections at Other Services

3. The purposes to which collections at other services are to be allocated are to be determined by the PCC jointly with the incumbent, and in case of disagreement the bishop may give directions (see section 7(iv) of the Parochial Church Councils (Powers) Measure 1956). The PCC must keep accounts of all monies so collected. The treasurer or treasurers of the council are the responsible officers of the council for this purpose.
4. The church wardens are the proper officers to make the collection, either alone or with the aid of the sidesmen or other persons selected by them, and, where they are not themselves the treasurers, they hand over the money to the treasurer of the council.
5. The following paragraphs relate to **collections at funerals and other occasional services**:-
  - a) All collections in church, including retiring collections, are subject to the rules laid down by the PCC (Powers) Measure. The amount must be recorded in the Church Service Book, passed through the church accounts, and administered by the treasurer on behalf of the PCC. All such monies are subject to the annual independent examination or audit.
  - b) A PCC can agree that collections in church at funeral services and other occasional services can go to charities and causes nominated by the family concerned. An officiating minister cannot agree to such requests without the authority of the PCC. Where the PCC has given consent, the procedure laid down in paragraph a) above still applies. The money must be paid to the charity concerned by the treasurer, either by cheque or against a receipt which can be produced for audit. It is possible for the PCC to give general approval for collections at funerals to go to charitable causes nominated by the family of the deceased, and to delegate to the minister their power for giving individual consent.
  - c) No monies given to charities by means of any form of collection in church may be passed direct to some collector for that charity without it appearing in the service register and church accounts.
  - d) Where PCCs have agreed to collections at funerals for charities, but subject to a part being retained for other church funds, this must be made clear to the family concerned when the consent for the collection is first given.

#### Money Placed in Alms Boxes

6. Alms placed in the alms box (which should be provided in every parochial church and chapel) are to be applied to such uses as the incumbent and PCC think fit, and if they disagree the Ordinary (usually the bishop) is to determine how the alms are to be disposed of.

## B. PARISH FINANCE – HANDLING OF PCC FUNDS

### COLLECTIONS (Cont ...)

#### Weekly Counting Collections

7. The recommended Weekly Counting Collection process is as follows:
  - (a) Two people, who are independent of one another, should be present throughout the counting, recording and bagging of collections. It is preferable that this responsibility is rotated rather than having regular teams of two.
  - (b) Planned giving envelopes should be opened and the amount of cash marked on each envelope (for the planned giving records). The same applies to 'one-off' Gift Aid envelopes.
  - (c) Total cash should be entered in a duplicate book, kept in the vestry and accessible to the incumbent and churchwardens. The duplicate slip should be signed by both persons making the count. The top copy should be placed in the bag with the money to which it relates. The separate totals of loose cash and envelopes should be entered in the Vestry Service Book.
  - (d) After bagging, the money should be placed in a safe until collected for banking.
  - (e) Slips should be attached to the voucher supporting the banking (see below) and retained for audit.
  - (f) Cash for banking should not be used to make cash payments. (If cash payments need to be made regularly, the PCC should consider authorising a Petty Cash facility).

**NOTE:** *In some churches, collections are placed in the safe immediately after each service and counted at the end of the day or at a later stage. Whilst this is sometimes a necessity, it is important that two people count the money.*

#### BANKING

- (a) The money from collections, together with other money (e.g. fees, donations, magazine sales, etc) should be delivered to the person undertaking the banking (or collected by the person from the safe). *It is desirable that banking is done by someone other than the Treasurer, but this will not always be feasible.* Money from sources other than collections should be acknowledged in writing, either by the issue of a receipt from a duplicate book or signature in a ledger kept by the payer.
- (b) The person banking should complete the bank paying-in slips in duplicate and should show the names of the drawers of cheques (and the amounts). The duplicate slips stamped by the bank cashier should be stapled to the supporting vouchers (collection slips, etc), to serve as the material for entry in the accounts and for independent examination/audit.
- (c) Money should be banked promptly – normally by Tuesday following a Sunday service.

## **B. PARISH FINANCE – HANDLING OF PCC FUNDS**

### **PLANNED GIVING**

- (a) The PCC should appoint a Planned Giving Officer, to maintain records of regular giving by envelopes and bank Standing Orders. This person may also be the Gift Aid recorder.
- (b) At least once a year, each planned giver or Gift Aid donor should be sent a letter of thanks with a statement of the amount recorded as having been received and tax being reclaimed from the HM Revenue & Customs (if applicable).

### **SECURITY**

Cash from collections, alms boxes, etc should only be placed in a safe to which no more than one person (ideally a churchwarden) other than the treasurer has a key.

### **PAROCHIAL FEES FOR OCCASIONAL SERVICES (baptisms, weddings, funerals, etc)**

A table of fees chargeable by clergy and PCC is prepared annually by the Church Commissioners and sent direct to clergy.

Most clergy assign the clergy element of occasional office fees to the Diocesan Board of Finance, and all the income so achieved is used by the DBF in the financing of clergy stipends. Legally, such assigned fees are the property of the DBF from the moment of receipt in the parish.

Clergy may handle fees either through a bank account of their own or via the PCC bank account.

All assigned fee income up to 31<sup>st</sup> March in any given year must be accounted for and handed over to the DBF before any stipend increase (from 1<sup>st</sup> April) can be authorised for the individual cleric responsible for the collection of the fees. Treasurers who handle fees on behalf of the clergy are particularly asked to ensure that fees are remitted promptly to the Diocesan Office.

### **REIMBURSEMENT OF CLERGY'S EXPENSES**

1. Few subjects are likely to cause more trouble between clergy and parochial church councils than parochial working expenses and how they should be reimbursed. During a vacancy, a PCC is asked to resolve to meet its next incumbent's expenses before the Bishop will announce the appointment of the new minister. Incumbents should ensure that their assistant staff are reimbursed their expenses at regular intervals.
2. The proper reimbursable working expenses of clergy include the following:-  
*Postage, Stationery, Telephone, Public Transport, Car running including an element for depreciation, Cost of any Secretarial Assistance, Provision and Depreciation of Office Equipment, Maintenance of Robes, Hospitality and provision of Locum Tenens.*

Other items that might be included are books, repair/replacement of items such as carpets and chairs in the official part of the house, and continuing ministerial education.

## B. PARISH FINANCE – HANDLING OF PCC FUNDS

### REIMBURSEMENT OF CLERGY'S EXPENSES (Cont . .)

3. The most contentious issue is usually the cost of running the car and its depreciation. This is because opinions vary as to how essential a car is for the job and the degree to which it must be used. If a parish does not like the concept of paying the current diocesan rate per mile in respect of the miles actually consumed on parish business, it may provide a car for the use of the incumbent who would pay the PCC for that proportion of the running costs applicable to private use.
4. The best basis for reimbursement of parochial expenses is one of mutual trust. There needs to be a full understanding of the true extent of expenses incurred by the clergy. The reimbursement of expenses incurred in fulfilling official duties is quite simply playing fair with all concerned. Stipend levels assume that all properly chargeable expenses are reimbursed fully. Claims for reimbursement should be presented clearly to the PCC.
5. It is helpful for the clergy to discuss regularly with the PCC the true cost of all expenses as they occur in the particular circumstances and come to an agreement on how to meet them. Arrangements should be made to ensure that clergy do not find themselves paying for items that are truly the liability of the PCC, and then seeking reimbursement.
6. Expenses should be paid at monthly intervals. At the end of each tax year all clergy are asked to inform the DBF and the Church Commissioners (on appropriate forms which are usually distributed in March) how much they have incurred in parochial expenses and how much they have been reimbursed, and to what extent their stipends were diluted by failure of the PCC to reimburse working expenses in full. The Diocesan Secretary will investigate any shortfall by urging the PCC to face up to its responsibility in the matter. In this diocese, it is expected that all parishes reimburse their clergy in full.
7. Any expenses wholly, necessarily and exclusively incurred by the clergy in the course of their duties which are not reimbursed to them, may be claimed as a tax-deductible expense against earnings. If clergy accept an expense allowance from the PCC in excess of tax-deductible working expenses actually incurred, they will be assessed for tax on the excess amount.
8. Heating, lighting and cleaning the parsonage and the cost of maintaining its garden payable by clergy are not strictly tax-deductible expenses, but any expense which is incurred on these items will normally form a non-taxable element of stipend.
9. When completing the annual return of working expenses for the Church Commissioners, clergy should not simply use the figures reported in the annual tax return to HM Revenue & Customs as some tax free allowances are not necessarily reimbursable parish working expenses, e.g. in certain circumstances payment to a spouse for work in the 'office' may be tax allowable, but will not be a charge on the PCC as a parish expense.

## B. PARISH FINANCE – HANDLING OF PCC FUNDS

### REIMBURSEMENT OF CLERGY'S EXPENSES (Cont . .)

10. The introduction of Self Assessment by HM Revenue & Customs makes it essential for clergy to keep written records both of claims made for the reimbursement of expenses and of payments received in settlement of those claims.
11. The Archbishops' Council issue a booklet 'The Parochial Expenses of the Clergy' which may be obtained from the Central Stipends Authority, Ministry Division, Archbishops' Council, Church House, 27 Great Smith Street, London SW1P 3AZ. Telephone 020 7898 1792. Extracts from the book are available on the Church of England website [www.cofe.anglican.org](http://www.cofe.anglican.org).

### RECORD-KEEPING

It is recommended that the following records be maintained:

- **The cash book(s).** This can be manual (various designs such as the Guildhall or Collins versions are obtainable from most stationers shops) or computerised. It should contain the record of every item received by the PCC and all payments made.
- **Collections records.** Weekly collections and income from envelope schemes should be checked as they are counted, by at least two people. Their names and signatures should be part of the records. The sums recorded should tie up with subsequent banking entries.
- **Payment vouchers.** Every cheque payment should be supported by appropriate documentation, such as invoices, bills, expense claims or at the very least, a receipt from the payee.
- **Petty cash vouchers.** Cash payments should be kept to a minimum and should not be paid out of cash received from collections or other receipts, which should be banked intact. They should rather be paid from a properly authorised cash float, with periodic reimbursements when required by cheques drawn for "Cash". All payments should be recorded in a Petty Cash Book and supported by appropriate documentation as set out above for cheque payments.
- **Gift Aid.** The Treasurer needs to keep a note of who has paid what and when, whether in terms of an envelope scheme or by standing order direct into the bank account. These receipts need to be entered in the cash book and will form part of the "audit trail" needed to support the tax reclaim from HM Revenue & Customs.
- **Bank Statements.** These should be kept for a period of seven years in support of the PCC accounts.
- **Bank mandates.** Records should be kept of who the authorised signatories are on each account. Two signatures should be needed for each cheque, with four authorised by the PCC to sign, including the parish priest, churchwardens, the treasurer and, if necessary, other members of the PCC.
- **Investment account(s).** As with bank accounts, statements of these accounts should be retained and details of those authorised to operate the accounts should be kept on record.

## B. PARISH FINANCE – HANDLING OF PCC FUNDS

### RECORD-KEEPING (Cont . .)

- **Return of Church Finance.** This annual form helps the Church of England to compile financial statistics to monitor the Church's finances. Completed forms are to be posted or e-mailed to the Accounts department at The Old Deanery, Wells, with a copy retained by the parish.
- **Annual Financial Statements.** These are dealt with in more detail later in this booklet, but approved statements and supporting papers should be retained for at least six years.
- **Correspondence file.** This should contain all important letters, especially those relating to HM Revenue & Customs, the Charity Commission and property transactions.

### FUND ACCOUNTING

The Charity Commission's regulations specify three types of funds, which should be clearly set out in the PCC's Annual Financial Statements, as follows:

#### Endowment Funds

This is money received by the church or PCC with the stipulation that the capital must be retained intact and only the interest earned on the capital can be spent. The donor might have insisted on this or, in the case of a legacy, the condition might be contained in the will. These could be expendable in certain circumstances, depending once again on the terms of the donation or will.

#### Restricted Funds

This is money received for a particular purpose from the outset. The intention of the donor(s) is the criteria in determining whether funds are restricted. For example, they might be responding to a specific appeal for fabric repairs or supporting a fundraising event in aid of the Organ Fund. In these cases the money (capital and income) has to be applied to the stated purpose.

#### Unrestricted Funds

These are monies received with no stipulation on how they should be spent, for example, church collections or stewardship income. These may be applied to pay general running expenses or to purchase any item agreed by the PCC. It may be decided to set funds aside for a particular purpose, which would then be held in a **designated fund**, but this would not stop the PCC later reallocating this money to another purpose.

## B. PARISH FINANCE – HANDLING OF PCC FUNDS

### BUDGETS, BUDGETARY CONTROL AND RESERVES

*Before the start of each financial year, the PCC should discuss and agree a budget. Prayer, vision and prioritising are prerequisites for preparing PCC budgets. It is important that budgets are owned by PCCs and not merely imposed by the treasurer. The budget once approved becomes a policy document that provides a framework for mission and ministry within which the treasurer operates.*

Therefore during October/November, the treasurer should draft a budget for the following year based on the likely outturn for the current year, amended to take account of any changes in circumstances or parish plans. To this end, the treasurer should discuss his draft budget with the incumbent and members of the standing committee before presenting it to the full PCC. If, having made best estimates of income and expenditure, a deficit is calculated, this should be resolved by reducing expenditure or increasing income, unless the parish considers that it has sufficient reserves to be applied to meeting the deficit.

Once adopted, the budget should be used to monitor expenditure and income as the year progresses. At least once a quarter, the treasurer should draw up a financial statement comparing expenditure and income for the year to date with the figures for the same period in the previous year and an appropriate allocation of the approved budget. Expenditure and income may not be even throughout the year. The pattern during the previous year or two will form useful guidelines. Any unexpected deviations should be reported to the Standing Committee or Finance Committee of the PCC so that it can consider what corrective action, if any, should be taken.

Parish reserves may be an accident of history or part of a deliberate financial plan. The Charity Commission has issued guidance (see their documents CC19 and OG43 on their website) which starts by stating the general legal duty of charity trustees (such as PCC members) to apply the income of the charity on its purposes within a reasonable period of receipt. Nevertheless the guidance continues to set out how a charity may demonstrate justification for having reserves.

For PCCs two major areas of expenditure, parish share and fabric repairs, are likely to be relevant to a reserves' policy. While a PCC should budget to pay its parish share from income rather than reserves, there can be times of unexpected increases of other expenditure or decreases in income so that the use of such reserves becomes necessary. Similarly the extent to which fabric costs, and especially emergency repairs, cannot be met from restricted fabric funds would again be a reason for establishing and budgeting to build up a reserve.

## B. PARISH FINANCE – HANDLING OF PCC FUNDS

### GIFT AID

Gift Aid is a Government scheme which allows charities to reclaim the basic rate of tax paid by donors on donations. This can be applied to any amount of money, large or small, regular or one-off, providing that the donor is a taxpayer, and that a Gift Aid Declaration is received. To compensate for the reduction in the basic rate of Income Tax in April 2008, a Transitional Relief will automatically be added to your Gift Aid reclaim until April 2011.

The Gift Aid Declaration will usually either cover ongoing donations (and it can be also be backdated to cover all donations received in the last 6 years, changing to 4 years as from 31 March 2010), or it will cover a one-off donation, when the Declaration is usually printed on to the envelope in which the donation is received.

The fear of increased paperwork and the need for tighter record-keeping should not prevent us from making the most of the Government's wish to help charities (and your PCC is one) with their finances. Gift Aid tax claims can be substantial. In 2006, parishes in the diocese received more than £2 million in tax reclaimed on Gift-Aided giving, which is over £4,000 for an 'average' parish.

For ongoing donations, sample Gift Aid Declaration and Standing Order forms are shown at Appendices 1a and 1b.

For one-off donations, the Declaration should be kept simple. HM Revenue & Customs guidance states that the minimum requirements are:-

- The name of the charity (your PCC). This can be printed on the envelope.
- The donor's name – as a minimum, initial and last name.
- The donor's home address – as a minimum, house name/number and postcode.
- Confirmation by the donor that Gift Aid is to apply on this donation – a tick box is sufficient.

An example of a Gift Aid envelope meeting the minimum HMRC requirements is shown at Appendix 1c.

Parishes must keep records of donations received and the Gift Aid declarations relating to those donations. You are required to provide an audit trail – the ability to check that the donations being claimed for by the church have actually been made by the giver. When opening envelopes, it is important to record on the envelope the amount received and also the date. Envelopes must be kept for a minimum of 6 years after the end of the accounting period they relate to, or 12 months after tax has been reclaimed (whichever is the longer) – all the one-off envelopes, plus in the case of numbered/dated envelopes, a 'sample size' of one month per year. Ongoing Declarations need to be kept permanently.

## B. PARISH FINANCE – HANDLING OF PCC FUNDS

### GIFT AID (Cont . .)

The diocese has produced a *Gift Aid – made easy* pack of worksheets, prepared with the help of three experienced PCC Treasurers, covering the official Gift Aid rules together with tried-and-tested practical ideas. It covers:-

- How to keep records and make claims
- Sample Gift Aid declarations, letters to givers, record sheets & HM Revenue & Customs claims
- Questions frequently asked by givers
- Hints and tips for increasing Gift Aid take-up
- Details of Gift Aid envelope suppliers and computer software companies.

Cost: £2 per copy for Bath & Wells parishes (£3 for other organisations or dioceses).

The diocese can also supply you with yellow Gift Aid envelopes, large enough to encourage £5 or £10 gifts, which simply need to have the name of your parish written or stamped on them. They are available in multiples of 100, cost £4.50 per 100. If you need 1,000 or more, it will be cheaper to buy direct from one of the manufacturers.

To purchase the Gift Aid pack or Gift Aid envelopes, please send a cheque payable to 'Bath & Wells DBF' to: Mrs Sue Whitehead, Diocesan Office, The Old Deanery, Wells, BA5 2UG.

## B. PARISH FINANCE – HANDLING OF PCC FUNDS

### PARISH SHARE

The parish share is a parish's contribution towards the running costs of the Church of England, particularly towards the cost of maintaining the parish clergy.

Parish share is assessed as a multiple of two factors:

- Church membership is defined as those who attend at least once a month. The Diocesan office averages membership over the most recent three years (as supplied in the annual survey form). An adjustment is made to include those who are housebound but would otherwise attend, and exclude those who are new to the church.
- A weighting determined by a parish-assessed socio-economic category in relation to the rest of the diocese, with a choice of 5 bands (A, B, Mid, C and D).

More details are available from the 'How do we decide?' booklet available on the diocesan website at:

[www.bathandwells.org.uk/downloads/Finance/How%20do%20we%20decide%20-%20Parish%20Share%20guide%20Jan%202009.pdf](http://www.bathandwells.org.uk/downloads/Finance/How%20do%20we%20decide%20-%20Parish%20Share%20guide%20Jan%202009.pdf)

The total parish share approved in the budget is apportioned to all the parishes across the 19 deaneries according to their membership as defined above, multiplied by their socio-economic weighting.

Payment by CBF standing order or direct debit from the bank account is helpful to the cash inflow of the Diocesan office which has a fairly steady cash outflow every month due to clergy stipends. If a parish pays in this way it is currently entitled to a discount of 0.5% (2010). For parishes paying in full by 22<sup>nd</sup> January of the year in question a 2.0% discount is being given for 2010.

A form for setting up automated payments (bank or CBF) is available from Sally Westlake at the Diocesan Office (e-mail [sally.westlake@bathwells.anglican.org](mailto:sally.westlake@bathwells.anglican.org), telephone 01749 670777).

When completing the form, please ensure that full details of the parish are included, and not just the name of the church in order to correctly identify from which parish the money has come.

## **B. PARISH FINANCE – HANDLING OF PCC FUNDS**

### **INCOME TAX**

**A** *With the introduction of self-assessment for clergy, the following summary of PCC Treasurers' responsibilities in connection with clergy on the Church Commissioners' payroll was prepared by staff of the Church Commissioners.*

1. When you pay expenses to your clergy, you must give them written confirmation of the amount(s) you have paid. This is to enable them to complete their tax returns. It does **not** mean they will be taxed on their expenses.

“Expenses” includes both payments of cash directly to clergy, and the payment of bills on their behalf, for items such as postage, stationery, telephone, secretarial assistance, travelling, hospitality, office materials, etc.

2. When you provide benefits to your clergy, you must give them written confirmation of the “cash equivalent” of these benefits. Again, this is to enable them to complete their tax returns.

“Benefits” includes providing a car and/or petrol, payments towards heating, lighting, cleaning and gardening at an official house, and any loans (for work purposes) at a concessionary rate of interest.

HM Revenue & Customs' publication “Expenses and Benefits – A Tax Guide” explains how to calculate cash equivalents. It is available from any tax office.

3. For both expenses and benefits you can choose when and how to provide this information (eg each time you pay them, **or** a grand total at the end of the year) but it must be in writing and it must not be later than 6 July each year.
4. You do not need to make any Returns to HM Revenue & Customs for clergy on the Church Commissioners' payroll.

It is important that expenses are reimbursed only against actual expenditure. Written claim forms for the reimbursement of expenditure should be requested.

### **B Taxation of Payments to Organists, Cleaners, Caretakers etc.**

A system has been agreed with HM Revenue & Customs which means that in most cases PAYE procedures will not need to be used. Appendix 2 is a guide to the operation of PAYE by Local Religious Centres. Where the limits set out in the first paragraph of the Guide are not exceeded, then records may need to be kept, or information supplied to the tax office, in accordance with the flow chart on the first page of the Guide, but tax will not have to be deducted under PAYE nor will any of the PAYE forms be required.

## B. PARISH FINANCE – HANDLING OF PCC FUNDS

### VALUE ADDED TAX

The VAT position about building work relating to churches is as follows:-

#### 1 Construction Works

The following are zero-rated (so that the person doing the work should not charge VAT):

**Construction of a new church**, subject to the issue to the builder of the appropriate certificate;

*A church building is regarded as new for this purpose if it is a new and physically separate building. It will also rank as new if:-*

- *the new construction makes use of a part or all of the foundations of an existing building, where the whole of the former building has been demolished to ground level, which may include the “slab” of the ground floor of the former building, or*
- *the new construction makes use of what remains of a pre-existing building where, before construction starts, this is no more than the foundations and a single façade, or double façade on a corner site, but only where a façade has been retained to comply with statutory planning consent.*

**Construction of a new church hall**, subject to the issue of the appropriate certificate, provided that the hall is to be used for the provision of social or recreational facilities for the good of the local community.

*An annex connected by a door or corridor to an existing church building is treated in the same way as a fully independent structure separate from the existing building. The construction work is zero rated, provided that the annex is intended to be used for a non-business purpose (or as a church hall or similarly), is capable of functioning independently from the existing building, has its own main entrance, does not provide the main entrance to the existing building, and is covered by the appropriate certification.*

#### 2 The following are standard rated:-

- **Repairs and Maintenance of Church Buildings** but in the case of listed buildings the VAT can be recovered under the Listed Places of Worship Grant Scheme (details below).
- **Alterations and extensions to church buildings which are not listed.**

## B. PARISH FINANCE – HANDLING OF PCC FUNDS

### VALUE ADDED TAX (Cont . .)

#### 3 The Listed Places of Worship Grant scheme - repair work to listed church buildings

This scheme provides repayment of VAT paid on repair work to listed church buildings, so that you effectively pay no VAT. Note that the grant is paid to you *after* the work has been done and paid for. You need to retain original copies of all receipted repair invoices. A parallel scheme deals with public monuments and memorials.

Details of the scheme are available on a helpline: 0845 601 5945

Website: [www.lpwscheme.org.uk](http://www.lpwscheme.org.uk)

Address: P O Box 609, Newport, NP10 8QD

Memorials scheme website: [www.memorialgrant.org.uk](http://www.memorialgrant.org.uk)

Sarah Davis at Harris & Harris, Wells can be contacted for advice in relation to this area. Tel: 01749 674747 E-mail: [sarah.davis@harris-harris.co.uk](mailto:sarah.davis@harris-harris.co.uk)

#### 4 Any “approved” alteration or extension to a listed building

In the case of a building granted ecclesiastical exemption (as belonging to a denomination whose system of control gives it that status), any works of alteration are zero rated. Otherwise, the work is zero rated if the necessary consent for alteration has been obtained from the appropriate authority. Alteration does not include any “incidental” alteration to the fabric of a building which results from the carrying out of repairs or maintenance work.

**Approved alterations to listed churches** are zero rated for VAT, providing that the work is not for the purpose of repair, maintenance, or restoration. Typical zero rated projects could be new toilet facilities, extensions, alterations, and the movement and reconstruction of organs. The reconstruction of a roof or valley gutter could be zero rated providing this work is not part of a repair, and for instance a new drainage scheme could qualify providing this is completely separate from any repair work. A copy of the faculty, evidence of church listing, and a copy of the plans must be given to the supplier/contractor on whom the responsibility rests to ensure that the project correctly qualifies for zero rating. It is not possible to recover the VAT on professional fees in relation to the zero rated element of a project.

#### 5 Demolition

Where the work is in the course of construction or re-construction which will itself be zero rated, and the demolition is down to ground level (but leaving foundations or leaving a single façade wall).

## **B. PARISH FINANCE – HANDLING OF PCC FUNDS**

### **VALUE ADDED TAX (Cont . .)**

#### **6 Bells and Organs**

The cost of installing bells or a fixed organ in a new church is, like the construction of the church itself, zero rated. The provision of new or additional bells or organs in an existing church, and work on the repair or maintenance of existing bells and organs, is standard rated, unless the church is listed. In the case of a listed church, the installation and/or alteration of organs or bells may be either standard rated or zero rated, depending on whether the work is in the course of works of alteration to the fabric of the building. Consultation with the manufacturer/installer is recommended.

#### **7 Aids for people with disabilities on church premises**

The supply of goods or services for the following works will be zero rated when carried out on existing church premises:-

- the construction of ramps, or widening doorways or passages, or widening pathways from the gate to the porch, for the purpose of facilitating a disabled person's entry to or movement within the building, including any preparatory work or making good;
- the installation of a chair lift or stair lift designed for use in connection with invalid wheelchairs, and the repair or maintenance of any such lift, including work done on it to improve safety;
- the installation of a lift in a newly built annex to a church building with independent main access, where there is also internal access from the church. Subsequent repairs and maintenance to such a lift are standard rated;
- the installation of an induction loop system for the use of hearing impaired persons. Repair and maintenance are also zero rated. But the provision of a general public address system is standard rated, except where it is a first time installation in a listed church building.
- the provision, extension or adaptation of a lavatory for use by a disabled person in a church building, provided that the building is used principally for church or other charitable purposes and the provision, extension, etc is necessary to facilitate the use of the lavatory by a disabled person.

#### **8 Relief for People with Disabilities**

Work specifically for the disabled could include, voice enhancement/loop systems, ramps, improved access, widening doorways, constructing ramps, providing/extending/adapting a washroom or lavatory. These works can be zero rated if supplied to a body of charitable status when the builder/supplier receives an eligibility certificate from the charity – ask the VAT office for leaflet 701/7 for details and a sample certificate.

Contact: VAT National Enquiry Section. Telephone: 0845 0109000

## **B. PARISH FINANCE – HANDLING OF PCC FUNDS**

### **INSURANCE**

Churchwardens have the primary responsibility to maintain adequate insurance cover. Insurance is needed for buildings and their contents, for public liability and for employer's liability where the PCC has employees.

The diocese recommends insurance through the Ecclesiastical Insurance Group, Beaufort House, Brunswick Road, Gloucester GL1 1JZ, telephone 01452 528533 (switchboard), fax 01452 423557. There is a designated telephone line for churches (local rate number) 0845 777 3322, and a website [www.ecclesiastical.co.uk](http://www.ecclesiastical.co.uk). Premiums should be competitive, and parishes are at liberty to seek quotations and cover from companies other than EIG.

#### **Events involving more than one parish**

PCCs should check with their insurers the adequacy of insurances. The general advice of the EIG is that, for instance, a Group Ministry / Council Event would need separate insurances to those held by the participating PCCs.

## C. ACCOUNTS

### ANNUAL FINANCIAL STATEMENTS

#### General

1. According to section 8(1) of the Parochial Church Councils (Powers) Measure 1956, the church accounts must be kept for the calendar year ending 31 December. The Charities Act 1993 provides that church accounts may be prepared on either a receipts and payments basis or an accruals basis, unless the total income exceeds £250,000 a year (for accounting periods ending on or after 1 April 2009), when the accruals basis must be used. An annual report of the PCC's activities, in statutory format, should accompany the accounts. Detailed provisions as to PCC accounts are made in regulations under the Charities Act 1993. All PCC Treasurers should have to-hand a separate handbook on this issue. Further copies are available from Church House Bookshop or at [www.cofe.anglican.org/info/finance/charitiesact.pdf](http://www.cofe.anglican.org/info/finance/charitiesact.pdf)
2. An accurate record of the funds and property of the church should be kept by the PCC and presented to the Annual Parochial Church Meeting (APCM). The published accounts should contain either a Statement of Assets and Liabilities (Receipts and Payments accounts) or a Balance Sheet (Accruals accounts).
3. The accounts, having been independently examined or audited as required, shall be submitted to a meeting of the PCC for approval. Once approved, they are to be signed by the person presiding at the meeting, and displayed for at least seven continuous days before the APCM – including at least one Sunday when the church is used for worship – on a notice board either inside or outside the church.

The accounts are to be considered and received at the APCM, and after that meeting again displayed, this time for at least 14 days. One copy of the accounts must be submitted to the Secretary of the Diocesan Board of Finance c/o the Accounts Department at The Old Deanery, Wells. If the PCC is a registered charity, a copy of the accounts will also need to be filed with the Charity Commission.

4. It is recommended that, at least once in every five years, the independent examiner/auditor is invited to attend the PCC and present the audited accounts. This may be particularly important in cases where the independent examiner/auditor has expressed serious reservations on the accounts.

#### Procedure when Accounts are not complete

5. In the event of the accounts not being complete at the date of the APCM, the meeting should be adjourned if necessary until such time as the accounts are ready for presentation. The APCM has no power to delegate to the incoming PCC the power to pass the accounts.

#### Retention of Records

6. The Charities Act 1993 provides that accounting records shall be preserved for at least six years from the end of the financial year of the charity in which they are made. It is, however, important that governing documents for trust funds, and details of conditions attached to any legacy are retained and passed on to succeeding treasurers.

## C. ACCOUNTS

### AUDITORS/INDEPENDENT EXAMINERS

1. Auditors/independent examiners should be appointed by the annual Parochial Church Meeting. The person appointed must be independent of the PCC. He or she must not be a member or employee of the PCC, nor must his/her spouse/partner.
2. If auditors/independent examiners are not appointed by the APCM, or if the auditors/independent examiners appointed by the APCM are unable or unwilling to act, they shall be appointed by the PCC and they must not be members of the PCC.
3. The requisite qualification of auditors/independent examiners is dealt with in detail in regulations under the Charities Act 1993. Refer to the handbook 'The Charities Act 1993 and the PCC', 3<sup>rd</sup> edition, for further information. An alternative helpful reference is available at:

[www.parishresources.org.uk/treasurers/auditorie.htm](http://www.parishresources.org.uk/treasurers/auditorie.htm)

## C. ACCOUNTS

### STATISTICAL RETURNS

The Archbishops' Council annually collect statistical information from churches nationwide and publish it in a booklet, 'Church Statistics'. The figures are used extensively by central church organisations, and the various patterns of figures help determine a number of factors, including clergy deployment, allocations of new deacons and stipend support. The financial statistics collected give an overview of how the Church stewards its resources, and can contribute to approaches to government for extra assistance (eg VAT relief on repairs).

The forms to be filled in are sent from the Diocesan Office to PCC treasurers. Statistics for Mission is sent to the first-named Churchwarden in September and the Annual Return of Parish Finance is sent to the Treasurer in January. These forms ask for figures relating to the year just ended, and they are accompanied by notes to assist with their completion. Because both forms contain additional one-off questions specific to a particular year, please make sure that you fill in the forms for the correct year.

**Statistics for Mission** requests information as to baptisms, weddings, funerals, attendance at Christmas and Easter, attendance on Sundays and weekdays during October, average Sunday attendance and Electoral Roll numbers. This form is to be completed by priest and churchwardens. As far as possible, each person attending should only be counted once on a Sunday, although he/she may have attended more than one service. There is usually an additional one-off question on the form, and we will try to notify clergy in advance where some extra counting may be needed. When the form is complete, it should be signed by the priest and a churchwarden, to signify agreement that the figures are correct.

**Annual Return of Parish Finance** uses information that will have been compiled for the annual parish accounts. Treasurers are asked to complete this form, and to liaise where appropriate with a Planned Giving/Gift Aid secretary to complete the boxes relating to the numbers of regular planned givers. For the purposes of these boxes (at code 700 on the form), please do not include the numbers of people who made one-off donations. Further guidance on completing the form is available from the accompanying notes.

Once the forms are received at the Diocesan Office, a copy is forwarded to the Archbishops' Council Statistics Unit in London. Occasionally, a member of the Statistics Unit will ask to see a copy of the accounts for a particular parish.

For extra copies of forms, or for help with queries, please contact Sally Westlake, email [sally.westlake@bathwells.anglican.org](mailto:sally.westlake@bathwells.anglican.org), telephone 01749 670777.

## D. GIVING, FUNDRAISING AND INVESTMENTS

### CHRISTIAN STEWARDSHIP

'Christian stewardship' refers to the whole of the Christian life. Being a good steward of our God-given resources is an important aspect of Christian discipleship, both for individuals and PCCs. Money is an important resource, but not the only one and Christian stewardship is more than what we do with our money.

Stewardship is for mission – to practise stewardship means to manage our God-given resources in such a way as to discern and engage with God's mission in the world. We need to manage all our resources effectively – as individuals, local congregations and dioceses.

The giving of money must be related to Mission - and therefore related to purpose and vision. A PCC Treasurer should encourage his/her PCC to ensure that people are motivated and enthused to make realistic and regular offerings to God through the church. Encouraging giving in a parish need not be daunting. Some simple tasks can set the right climate for people to review their giving and levels of generosity:-

- **Preach and teach** regularly about money and giving as part of discipleship and worship – leaflets, preaching, parish magazine articles, reporting back how much the PCC has given to mission causes
- **Thank donors**, at least annually
- **Make the link with church finances**, so that people can see how their giving enables mission and ministry and make them aware of how parish and diocesan finances work
- **Have an annual review** – encourage church members to review their giving.

This will help church members to:-

- Connect their giving with their faith, and give in response to the giving of a generous God.
- Understand that their giving enables mission and ministry, rather than simply paying the bills.
- Feel that they, and their gifts, are valued by the church.

Ensure that you make giving easy rather than difficult – publicise who does what, who to see about Gift Aid, Standing Orders, envelopes, legacies, etc; have an annual review.

The Stewardship Advisor at the Diocesan Office can provide support for Treasurers and PCCs with encouraging giving. We have a wide range of handouts available to help you, covering the Biblical principles behind stewardship, how to run a programme to encourage increased giving amongst your church members, sample leaflets, etc.

More information is available from the diocesan website:

<http://www.bathandwells.org.uk/index.cfm?fuseaction=about.content&cmid=38>

Also the national Parish Resources website: [www.parishresources.org.uk](http://www.parishresources.org.uk)

## D. GIVING, FUNDRAISING AND INVESTMENTS

### SOURCES OF FUNDING – Who will help us fund our capital project?

There are a number of Charities and Trusts who may be able to help you with funds for work on your church building or hall. You will almost certainly need to ask one of your PCC or Committee to put some time aside for researching which of the numerous grant-making bodies might be interested in your particular project. You can then make appropriate applications and avoid wasted ones.

- A good source of general information about grant-making Trusts and Charities is *The Directory of Grant-making Trusts*. This volume should be available in a good public library, and will repay half a day spent with paper and pencil! It is published by the Charities Aid Foundation.
- There is also a smaller volume which deals with trusts interested in making grants in the area of Religion.
- An on-line directory of grant-making trusts, 'Trustfunding', is held at the Old Deanery. If you contact our Stewardship office with details of your project, we will send you information on those trusts which are mostly likely to want to support you.
- You can also explore many Trusts on the Internet. The Charities Aid Foundation website is helpful - [www.cafonline.org](http://www.cafonline.org).

The **Fund for Church Growth** exists to directly assist and develop the ministry and mission of the church at all levels (Parish/LMG/Deanery/Diocese) by offering financial support to projects and posts in the form of grants and loans.

The types of projects supported by the Fund include: employment of youth workers, lay workers, chaplains, mission advisers; establishment of church cafés; re-ordering buildings to enhance or develop local mission; pensioners' lunch clubs.

Wherever possible and appropriate, ecumenical involvement is encouraged.

More details are available from the diocesan website at:

<http://www.bathandwells.org.uk/index.cfm?fuseaction=about.content&cmid=40>

## D. GIVING, FUNDRAISING AND INVESTMENTS

### CHARITIES, TRUSTS, GOVERNMENT AGENCIES AND VOLUNTARY SERVICES

**The Allchurches Trust** – the charitable giving arm of the Ecclesiastical Insurance Group. Website: [www.allchurches.co.uk](http://www.allchurches.co.uk) gives details of the projects supported.

Company Secretary, Allchurches Trust, Beaufort House, Brunswick Road, Gloucester, GL1 1JZ. Email [ATL@eigmail.com](mailto:ATL@eigmail.com) Phone: 01452 336370

**The National Churches Trust** – previously The Historic Churches Preservation Trust – offers grants for churches over 100 years old. It also has responsibility for the Incorporated Church Building Society which offers grants for repairs to church buildings less than 100 years old, and for new-build projects. The website [www.historicchurches.org.uk](http://www.historicchurches.org.uk) gives details of some recent grants awarded by the Trust, enabling you to think about how much for which you might realistically apply.

The National Churches Trust, 31 Newbury Street, London, EC1A 7HU  
Phone: 020 7600 6090 Fax: 020 7796 2442  
Email: [grants@nationalchurchestrust.org](mailto:grants@nationalchurchestrust.org).

**Friends of Somerset Churches and Chapels** – our own local body supporting our churches and chapels when they need repair or restoration. Recent grants are listed on their website at <http://www.fscandc.org.uk/recent.html> Grant information and application details may also be obtained from the Grants Secretary: Angela Dudley, Whynot Cottage, Wellow, Bath, BA2 8QA. Tel: 01225 837134 Email: [chedburn@chedburn.com](mailto:chedburn@chedburn.com)

**The Church and Community Fund** (formerly known as The Central Church Fund)  
This fund gives small grants, usually of below £5,000, with a £10,000 maximum, to help initiate or sustain imaginative local projects which help make the church accessible to its community. It will not fund heritage repairs or liturgical reordering projects. The Fund's scope remains wide and flexible. The Committee is likely to be particularly sympathetic where there is imagination in responding to need and where projects seek to bridge a gap between the Church and the local community.  
For further information, phone the Secretary of the Fund on 020 7898 1767/1541, email [ccf@c-of-e.org.uk](mailto:ccf@c-of-e.org.uk) or see the website [www.churchandcommunityfund.org.uk](http://www.churchandcommunityfund.org.uk).

**English Heritage** and the **Heritage Lottery Fund** operate a joint Repair Grants for Places of Worship scheme. They process applications on an annual basis, so you need to be very clear about the timetable. They concentrate on urgent, high-level structural repairs which will safeguard historic fabric. Go to their website and enter 'repair grants' in the search box at the top of the home page:

[www.english-heritage.org.uk](http://www.english-heritage.org.uk)

English Heritage, Customer Services Department, PO Box 569, Swindon, SN2 2YP

Email: [customers@english-heritage.org.uk](mailto:customers@english-heritage.org.uk)

Phone: 0870 333 1181 Fax: 01793 414926

The **Landfill Communities Fund** (formerly known as the Landfill Tax Communities Scheme) could be useful if your project is within 10 miles of an active landfill site, and is for the restoration or repair of a listed church building. Go to [www.environment-agency.gov.uk](http://www.environment-agency.gov.uk) and click on Sitemap, 'what's in your backyard' then 'search for a map topic' then 'waste' then 'landfill sites' and enter your postcode. If there is an active site within 10 miles, go to [www.entrust.org.uk](http://www.entrust.org.uk) to check eligibility, enroll and apply.

## D. GIVING, FUNDRAISING AND INVESTMENTS

### CHARITIES, TRUSTS, GOVERNMENT AGENCIES AND VOLUNTARY SERVICES (Cont ...)

#### Government and Voluntary Services

Contact the Council for Voluntary Service which covers your local authority area and ask if they can check their database for sources of funding from statutory bodies and government agencies which may be willing to help your project. But remember these groups are staffed by volunteers.

#### South Somerset Council for Voluntary & Community Action

Sam Healy  
Unit 5 Yeovil Business Centre  
Houndstone  
Yeovil BA22 8YD  
01935 475914  
[info@ydcvs.org.uk](mailto:info@ydcvs.org.uk)  
[www.ydcvs.org.uk](http://www.ydcvs.org.uk)

#### Voluntary Action North Somerset

Pamela Lacy  
The Badger Centre  
3 - 6 Wadham Street  
Weston super Mare BS23 1JY  
01934 410192  
[info@vansmail.org.uk](mailto:info@vansmail.org.uk)  
[www.nsva.org.uk](http://www.nsva.org.uk)

#### West Somerset Council for Voluntary Service

Katrina Midgley  
7 Quirke Street  
Minehead TA24 5TZ  
01643 707484  
[information@engagews.org.uk](mailto:information@engagews.org.uk)

#### Mendip Community Support

Tony Shepherd  
62 High Street  
Shepton Mallet  
BA4 5AS  
[tonyshepherd1@onetel.com](mailto:tonyshepherd1@onetel.com)

#### And Not Forgetting . . .

**The Listed Places of Worship Grant Scheme** provides repayment of VAT paid on repair work to listed church buildings, so that you effectively pay no VAT. Note that the grant is paid to you *after* the work has been done and paid for. A parallel scheme deals with public monuments. Details of the scheme are available on a helpline: 0845 601 5945. Website: [www.lpwscheme.org.uk](http://www.lpwscheme.org.uk)

**Council for the Care of Churches** – a central source of information and expertise. Their website [www.churchcare.co.uk](http://www.churchcare.co.uk) is a one-stop shop of information and contacts for churchwardens and others. Go to 'FUNDING' where there are details of grants for different types of projects.

Church House, Great Smith Street, London, SW1P 3NZ. Phone: 020 7898 1866

**On the Web** – there are helpful Funding Guides on the national Parish Resources website: [www.parishresources.org.uk](http://www.parishresources.org.uk). Look in the 'Treasurers' area.

## D. GIVING, FUNDRAISING AND INVESTMENTS

### FUNDRAISING FOR CHURCHES

#### *General Guidelines*

- 1 Fundraising projects can be used to promote the church in the local community as well as raise funds for the PCC. If done properly therefore, it can be part of the church's mission. Non-churchgoers may well support a church's fundraising events as an expression of being part of the community served by the church.
- 2 Fundraising needs to be adapted according to the particular church's circumstances. What works for one church may not necessarily work for another. Each church should use the resources available to it.
- 3 The key is community involvement. The old maxim 'if you don't ask, you don't get' should be borne in mind.
- 4 Keep the 'fun' in fundraising.

#### *Some fundraising ideas*

- Concerts – with local or visiting performers
- Sponsored walks or bike rides – round the benefice?
- Summer fairs – the hardy annual
- Fun days or treasure hunts – especially for children
- Open gardens – parishioners and others inviting the public in to see what they have created
- Summer strawberry extravaganza
- Quiz nights (children's or adults') – to brighten a gloomy winter's evening
- Progressive dinners or bring & share meals – great for bringing the community together
- Day of sport & activities
- Barbecue
- Teddy bears picnic – for the very young
- Special church service with UNICEF theme – attach to a function (meal and/or concert)
- Antiques roadshow
- Auction of promises
- Musical evening in a prestigious location
- Art exhibitions
- Flower festival
- Christmas card launch & lunch (Use photo or drawing of local church or choir etc.)
- Gift Days for specific needs (Roof Appeal?)
- Bring & Buy sales
- Car boot sales
- Wedding dress exhibition
- Work in partnership with other charities or interest groups

## D. GIVING, FUNDRAISING AND INVESTMENTS

### AN EXAMPLE OF ONE PARISH'S EXPERIENCE OF FUNDING A CAPITAL PROJECT

I thought you would like to know that, as last night, the Open Door Project (target £50K) stood at **£58,681.93**. This comprised of:

#### Gifts and pledges - £16,074

- £11,955 outright gifts
- £2,889 tax recoverable (Gift Aid)
- £960 annualised pledges (disappointing)
- £270 tax recoverable on pledges

#### Fundraising events - £8,956

- £8,956 small fundraising (coffee mornings, print sales, Parish walks, marmalade sales, choir concert, pancake evening, Scouts Christmas Card deliveries, etc, etc.)

#### Grants and loans - £33,650

- £15,000 PCC
- £1,800 interest free loans (possible gifts)
- £10,000 Bath & Wells Fund for Church Growth
- £1,000 Leonard Laity Trust
- £50 Verdon Smith Trust
- £300 Mary Webb Trust
- £1,000 Society of Somerset Folk
- £3,000 Garfield Weston Trust
- £500 Drapers Charitable Fund
- £1,000 Schroder

All other trusts approached either a) did not reply or b) declined. Some said that it was out of their remit to award to Churches, although they appear on 'the list'. Haven't gone for the 'Landfill Tax' yet, even though a new landfill site has just opened within 8 miles. I am keeping that in reserve for Phase II!

The estimates have increased to £56,500 (surprise, surprise), so we keep going. I am still hoping for something from one family trust with local connections that meets at the end of June. Plus the flower festival. Plus the Church Fete. Plus the Bellringing event. Plus the Garden Bring & Buy. Plus . . . etc, etc.

Work starts next month. One thing that concentrated the need in people's minds was the boiler expiring in December! Some, strangely, gave to the 'boiler fund', but would not support the Open Door Project. Weird. I explained to every such donor, however, that the two could not be considered in isolation, but affirmed that **their** donation would be spent on the 'boiler' purchase & installation costs.

But we made the target.

A. Treasurer, St Anywhere's

## D. GIVING, FUNDRAISING AND INVESTMENTS

### LEGACIES

Local parish churches have always received legacies from faithful church members and well-wishers. Such legacies may be an act of thanksgiving to God and a witness to family and friends; they should be seen as additional to and a culmination of their regular lifetime giving.

Some parishes accept legacies as welcome, unexpected gifts, while others openly encourage their people to make a legacy to their church. It is appropriate to give church members clear and helpful information about giving in this way.

Resources to help PCCs encourage people to think about the church when making their Will are available from the national legacy site. These include a discussion-starting PCC leaflet and a toolkit of simple customisable leaflets for distribution amongst parishioners. To buy copies, visit [www.churchlegacy.org.uk](http://www.churchlegacy.org.uk) or telephone 08445 870875 (LoCall number).

Does your PCC have a Legacy Policy yet? It is a good idea to state on what sort of things legacies are normally spent, and to communicate this to your congregation – most people will only leave gifts in their Wills if they think the church will use them for development projects, not merely running expenses.

It is helpful to appoint a parish or benefice legacy officer to oversee your legacy strategy and to be available to discuss matters in confidence. You could use your parish magazine, posters or leaflets in church, such as those above, to ‘drip feed’ awareness of your parish’s legacy policy and encourage parishioners to make a Will and keep it up-to-date, including a legacy to your church and other Christian causes, as well as to make it known that the legacy officer is available to discuss matters in confidence.

### FRIENDS’ SCHEMES

With the increasing costs of repairing and maintaining churches, many parishes are exploring the idea of setting up a Friends’ scheme. Such a scheme can enable a wider group of people help to share the burden of ensuring that their parish church building is in a reasonable state to hand on to the next generation.

Many people have a great deal of goodwill particularly towards their church building, especially in rural areas. Although they may not wish to contribute towards the ministry and mission of the church, they may be willing to support part of the heritage. A Friends’ Scheme is one way in which a parish can encourage help of this kind from a wider community.

There is a very helpful guide available from the Diocese of Canterbury: A Friends’ Scheme for a Parish Church by Susan Renison. Tel: 01227 459401. E-mail: [reception@diocant.org](mailto:reception@diocant.org)

## D. GIVING, FUNDRAISING AND INVESTMENTS

### SMALL CHARITIES AND PAROCHIAL TRUSTS

The Charities Act 1993 has made it easier for trustees of small charities to apply the income and capital of their charity more appropriately and effectively.

Provided:-

- 1 The trust assets do not include land or rights over land;
- 2 The gross income of the trust is less than £1,000 per annum
- 3 The Trustees have carefully considered whether:-
  - i) Trust assets could be more profitably invested,
  - ii) The charity still serves a useful purpose, or
  - iii) It would be better to combine the assets with those of another charity in the locality with similar purposes (also applies to charities with gross income up to £5,000).

The Trustees may pass an appropriate resolution and apply to the Charity Commissioners for their approval of the following alternative courses of action:-

- 1 The transfer of the assets to another charity (and the winding up of their charity);
- 2 Alteration of the charity's trusts, including its purposes or administration;
- 3 The spending of the charity's capital (leading to its eventual winding up).

In the case of permanent endowment, approval would also need to be sought from the Diocesan Board of Finance.

The Charity Commission publish a leaflet, CC44, with details of the requirements and an application form. It is available on their website [www.charitycommission.gov.uk](http://www.charitycommission.gov.uk) or by post from Charity Commission Direct, P O Box 1227, Liverpool L69 3UG. Unless the fund is registered as a charity in its own right, you will need to be able to produce governing documents showing the terms on which the trust was established. If such documents are not available in parish files, staff at the Diocesan Office may be able to assist.

## D. GIVING, FUNDRAISING AND INVESTMENTS

### INVESTMENTS AND RESERVES

The Central Board of Finance of the Church of England is a very good option for the investment of parish money, offering shares for investments with an emphasis on capital growth, fixed interest securities where the emphasis is on the annual rate of return and a competitive deposit fund. Any parish requiring specific investment advice would need to contact a professional adviser registered in accordance with the Financial Services Act. The CBF funds are administered by CCLA Investment Management Limited.

Please consider the benefits of dividends from your CBF investments being paid by the BACS system (ie directly into a bank account). It is cheaper for the CCLA to operate, and gets money into PCC bank accounts both more securely and more quickly.

Please do not leave money in deposit accounts for too long. Returns are relatively low, and better investments are available. Information from Nick May, Diocesan Accountant, email [nick.may@bathwells.anglican.org](mailto:nick.may@bathwells.anglican.org), telephone 01749 670777, or direct from CCLA. The rates of return of the various funds are published regularly in The Financial Times and in Church Times.

Except in the case of permanent endowment, the investment of parish money can be direct with the CCLA without the need to involve The Diocesan Office. The CCLA need to know the name of the account, the name, address and account number of the bank into which payment is to be made, and the CBF account number. Where permanent endowment is involved, the capital is required to be vested in the Diocesan Board of Finance as custodian trustee. In this case, please write to the Diocesan Secretary, Nick Denison.

The address of the CCLA Investment Office is CCLA Investment Management Ltd, 80 Cheapside, London EC2V 6DZ. Switchboard 020 7489 6000; Client Services telephone 020 7489 6010 and fax 020 7489 6126. See also the CCLA website [www.ccla.co.uk](http://www.ccla.co.uk).

The CCLA issue statements of shareholdings annually. Statements relating to those shareholdings of which the DBF is custodian trustee are received at the diocesan office, and are distributed to PCC Treasurers in late January of each year. Year-end statements of deposit fund holdings overseen by the DBF on behalf of parishes are sent to treasurers at the same time.

\*\*\*\*\*

The national church has produced two guides available at [www.parishresources.org.uk/reserves/](http://www.parishresources.org.uk/reserves/) to help PCCs consider their reserves:

- 'Investing your Reserves - a short guide for PCCs' looks at the questions PCCs should consider when reviewing their reserves, and how and where these are deposited
- 'A simple guide to Parish Reserves policies' helps PCCs develop appropriate policies for managing parish reserves, including some theological reflection to help determine an ethical level of reserves and practical guidance on writing a reserves policy.

## Sample Pledge and Banker's Order Form (including Gift Aid)

### My pledge of regular giving to St Stephen's Church, Ambridge

Regular giving is important to the Church. It enables us to plan our work. It also enables the giver to be consistent in their support. Please indicate how you would like to make your regular gift.

**I will contribute until further notice the following sum to the PCC of St Stephen's Ambridge:**

£ ..... **each:** week/month/quarter/year (*delete as applicable*)

I will pay by:-

- Standing order from my bank (complete the form below)  
 In weekly envelopes  
 By cheque, made payable to 'St Stephen's Ambridge PCC'.

*giftaid it*

Using **Gift Aid** means that for every pound you give, St Stephen's gets an extra 28 pence from HM Revenue & Customs, helping your donations go further. It costs you nothing. Please **tick here**  if you want to Gift Aid this donation, donations made over the past 6 years, and all other donations you may make to St Stephen's.

*To qualify for Gift Aid, what you pay in income tax or capital gains tax must at least equal the amount we will claim in the tax year.*

**Full name** [CAPITALS PLEASE].....

**Address** .....

..... **Postcode** ..... **Date** .....

*This document will remain confidential.*

### BANK STANDING ORDER

*Please return to your Church Treasurer, who will forward it to your bank.*

**To the Manager of** (*your bank*)

..... Bank plc

**Address** .....

.....**Postcode**.....

**Sort Code** .....-.....-.....

**Account no** .....

**Account name** .....

Please pay to the Parochial Church Council of

.....

*(PCC to complete the details below:)*

at .. ..... Bank plc

**Address** .....

.....**Postcode**.....

**Sort code** .....-.....-.....

**Account no** .....

**The sum of** £ ..... (figures)

.....

..... (words)  
 Annually/quarterly/monthly (*delete as appropriate*)

commencing on ..... (date)

until further notice.

This order cancels the instructions dated

..... in favour of the above

named Parochial Church Council.

Signed .....

Date .....

My pledge of giving to ..... Church

**REGULAR GIVING**

I will contribute until further notice the following sum to ..... Church:

£ ..... each week/month/quarter/year *(delete as applicable)*

- I will pay by:  Standing order from my bank (complete form below)  
 Weekly envelopes  
 By cheque, payable to .....

**SINGLE DONATION**

I am unable to give regularly at this time, but enclose a donation of £ .....

**GIFT AID**

Using Gift Aid means that, for every pound you give, the PCC can receive tax back at 28 pence from HM Revenue & Customs, helping your donations go further. It costs you nothing. ***If you pay tax on income, capital gains or investments, you can Gift Aid donations so long as what we claim does not exceed the amount of tax you pay.***

Please tick here  if you want to Gift Aid this donation, donations made over the past 6 years, and all other donations you may make.



Full name (capitals please)  
 .....  
 Address.....  
 ..... Postcode..... Date.....

**BANK STANDING ORDER**

Please return to the Treasurer, who will forward it to your bank

To the Manager of *(your bank)*  
 ..... Bank  
 Address.....  
 ..... Postcode .....

Sort code .....-.....-.....  
 Account no:.....  
 Account name .....

Please pay to ..... PCC at  
 (PCC Treasurer to complete details)  
 ..... Bank plc  
 Address .....

..... Postcode .....

Sort code .....-.....-.....  
 Account no: .....

The sum of £ ..... (figures)  
 ..... (words)  
 annually/quarterly/monthly (please circle)  
 commencing on ..... (date)  
 until further notice

This order cancels any previous instructions in favour of the above named Church.

Signed .....

Date .....

### Gift Aid envelope for one-off donations

This meets the minimum HMRC requirements for a Gift Aid declaration.

St Anyone's PCC, Anytown GIFT AID DONATION	<i>giftaid it</i>	Thank You for your support
PLEASE PRINT		
Name : _____		
House name/number : _____		
Postcode : _____		
I am a UK taxpayer and confirm that Gift Aid is to apply on this donation. (please tick) <input type="checkbox"/>		
Note : In any tax year you must pay an amount of tax at least equal to that the Church will reclaim on your gifts.		

## GUIDE TO PAYE/NIC FOR LOCAL RELIGIOUS CENTRES (LRC) 2010/11

This guide tells you what to do in respect of payments to an employee.

### 1 Payments below the tax and National Insurance threshold:

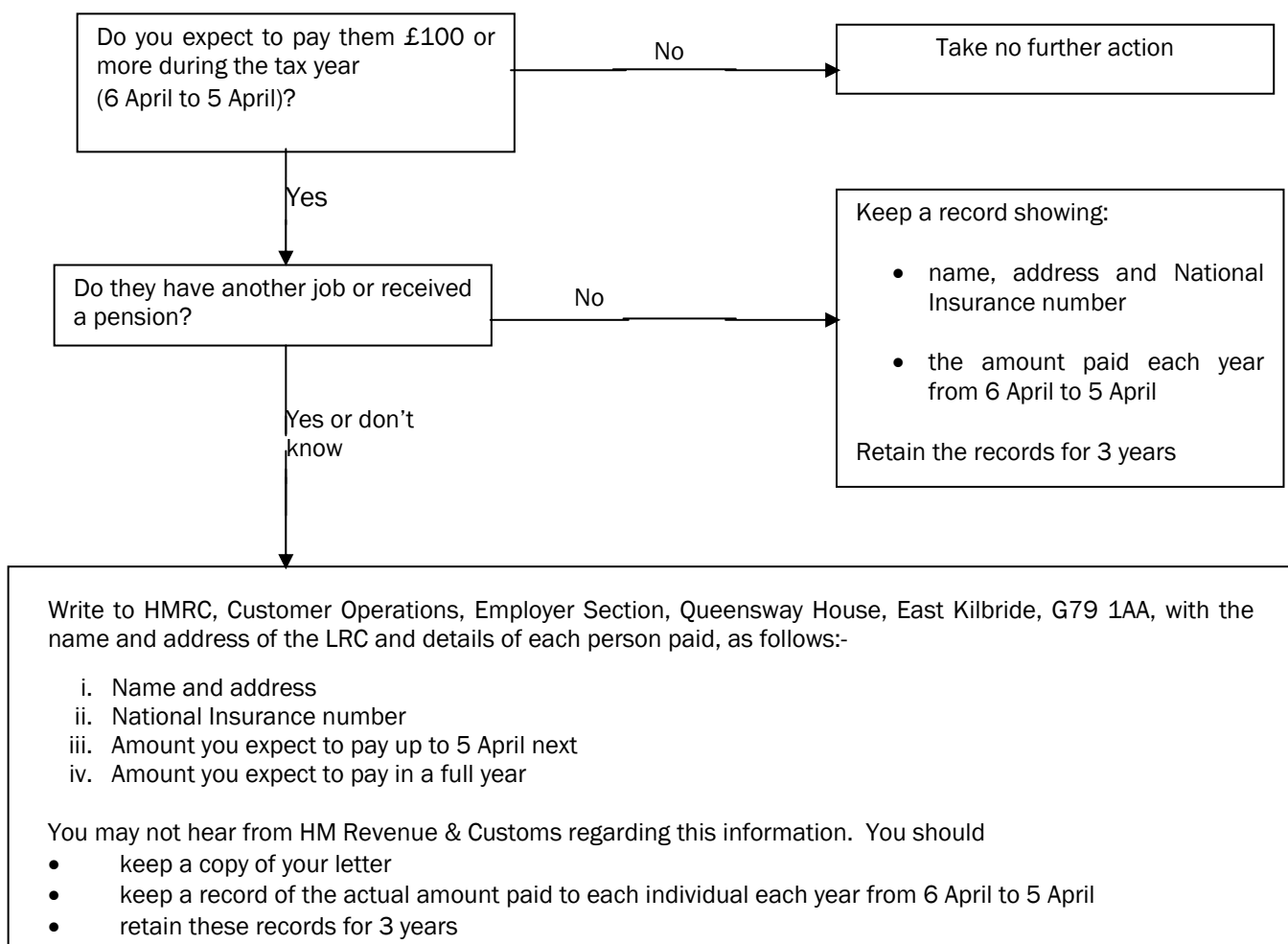
Earnings Threshold for National Insurance Contributions (NIC) and Income Tax – Pay As You Earn (PAYE): **£110.00 per week or £476.00 per month.**

- a. **Go to 3A and 3B below** for action required in respect of employees paid below the threshold
- b. **Do not make any deductions from the payments** (unless instructed to do so by HMRC resulting from action in ‘a’ above)

### 2 If you will pay anyone at or above the threshold, telephone the New Employer Helpline on 0845 60 70 143

You will then be provided with information for the operation of PAYE/NIC

### 3A Income Tax: For employees only paid below the threshold, and for whom you have had no other instructions from the HMRC office, use this flow chart to decide what action to take for each person paid:



## GUIDE TO PAYE/NIC FOR LOCAL RELIGIOUS CENTRES (LRC) 2010/11 (Cont)

**3B National Insurance Contributions:** For employees paid from £97.00 to £110.00 weekly, or £421.00 to £476.00 monthly, no NIC is payable but you will need to return these amounts to HMRC. Contact the New Employer Helpline on 0845 60 70 143 for office for information on the action required.

### 4 No tax charge will arise in respect of a payment

- to compensate, without profit, someone who incurs expenses which are allowable as tax deductions, when working for the LRC
- that reimburses, without profit, the cost of travel to and from the LRC, provided this is the only payment made.

The cost of travel to and from the LRC is not an allowable expense, if it is paid along with a fee, etc, for work that is done there. A payment made to compensate for travel to or from the LRC must therefore, be included with other payments when arriving at the amount to report to the tax office, or deduct tax/NIC from, under the PAYE system.

### 5 Employment status of, for example, church organists

If you

- pay someone a sum at or above the National Insurance Contributions and PAYE threshold

and

- you are in doubt about whether that person is an employee (they may claim to be self employed)

Contact the HMRC office for the area where the LRC is located, and ask the Nominated Status Inspector for a decision on whether PAYE is applicable.

Source: [www.hmrc.gov.uk](http://www.hmrc.gov.uk)

<Example Letter>

HMRC  
Customer Operations  
Employer Section  
Queensway House  
East Kilbride  
G79 1AA

Dear Sir

**Local Religious Centre (LRC)** .....

A payment has been made to the person named below in respect of services provided to my LRC.

In accordance with the instructions contained in the Guide to PAYE Operation for Local Religious Centres (LRC), I am providing the following information:

Name of person to whom  
payment is made: .....

Address .....

.....

National Insurance Number .....

Total amount expected to be  
paid before 5 April next .....

Total amount expected to be  
paid in a full 12 month period: .....

Yours faithfully

.....  
Name  
Position  
Address  
Date

## The Data Protection Act 1998 – A Guide for Parishes

*This guide has been issued by the Archbishops' Council of the Church of England and is the product of liaison with dioceses and with the Data Protection Commissioner's office. No guide of this length can be comprehensive and you are advised to obtain further advice if appropriate. Liability rests with each legal entity concerned (January 2001).*

### Why do I need to read this?

The Data Protection Act 1998 has substantial implications for the Church of England which affect every parish. The Act is designed to protect the rights of identifiable living individuals concerning information about them (known as *personal data*). It covers basic factual information (such as names and addresses) and expressions of opinion (such as in references). This leaflet provides important advice which should be sufficient to enable most parishes to comply with the Act.

### What are the main differences from the 1984 Act?

The new Act extends data protection to much of the personal data held in paper-based files (it previously applied only to information on computer). It also requires greater security where data is classified as sensitive (which includes a person's religious affiliation) and where information is passed beyond the European Union either directly or by being placed on the internet.

### Do I need to notify (register) and if so how?

Notification used to be known as registration and is the process whereby a data controller informs the Data Protection Commissioner (DPC) that they are processing (handling) personal data. Each incumbent and each PCC is considered to be a data controller since they are separate legal entities who will be processing personal data. Each needs to decide whether they need to notify. PCCs should be exempt from notification. Incumbents (or priests-in-charge) should not need to notify *unless* records of pastoral care discussions (relating to beliefs, relationships, opinions etc rather than dates of birth/baptism and other factual information) are held on computer.

**It should be stressed that, even if the PCC and/or incumbent are exempt from notification, the remainder of the Act (and of this leaflet) still applies to them and everyone in the parish handling personal data.**

To notify, you should telephone the DPC notification helpline (01625 545740). You will be asked certain questions and then sent a form to complete and return with a fee of £35 (payable annually). Those who are already registered under the 1984 Act need do nothing until asked by the DPC to convert their registration into a notification. You will be asked if you have an information security policy but should not get into trouble for not having one as this is primarily aimed at larger organisations; at parish level the application of common sense should be sufficient.

## The Data Protection Act 1998 – A Guide for Parishes (Cont . .)

### What are the restrictions on the use of personal data?

The Act sets out eight principles under which personal data may only be obtained, held or disclosed to others if:-

1. Its use is fair and lawful.
2. It is to be used only for specified purposes. Individuals should be told, in broad terms, what you are going to do with the information (unless it is obvious) before you use it and given the opportunity to opt out of it being so used.
3. The information is adequate, relevant and not excessive in relation to the purpose for which it is to be used.
4. It is accurate and up-to-date – so periodically all information held should be checked to ensure it remains accurate.
5. The information is kept for no longer than necessary for the purpose – records of pastoral care discussions, for example, should not be kept for several years unless this can be justified.
6. Individuals' subject access rights are honoured – see later.
7. It is kept securely – addresses and phone numbers should not be left where they are open to abuse, and access to more sensitive information should be particularly restricted by either computer passwords or locks on filing cabinets etc as appropriate.
8. Information should not be transferred to any country outside Europe without adequate data protection being in place.

### What are subject access rights and how do they operate?

From 24 October 2001 an individual will have the right to receive a copy of most paper-based information held about them by that organisation ('data controller') within 40 days of making that request. You may charge a fee of up to £10 for providing it. This covers all information held on computer and any correspondence and other papers from which that information might be deemed to be reasonably accessible. You do not, therefore, have to scour through minutes etc for any mention of the individual but you would have to produce accessible information held by any church officers.

The general principle is that as much information as possible should be shared with the individual. There are, however, limited categories of material that you may withhold from the individual in the interests of protecting the rights of other individuals to privacy and for the protection of crime etc. You are able to withhold any references that you have given (but not any you have received). When sharing with an individual the information that you hold about them, you must remove anything which would identify a third party. You may also be entitled to hold back information containing serious allegations (for example, of child abuse) if to reveal that information would compromise the proper investigation of those allegations. In such cases you should always seek advice from your diocesan registrar or diocesan office.

## The Data Protection Act 1998 – A Guide for Parishes (Cont . .)

### When did this all come into effect?

The Act came into effect on 1 March 2000. However, it was recognised that, especially for larger organisations, it was an immense task to examine all files held to determine whether or not they comply with the Act. As a result, the Act's transitional provisions mean that in practical terms the new provisions of the Act (such as the extension to paper-based files) only applied from 24 October 2001. There was a limited extension to 2007 for paper-based files but there is no protection from subject access requests after October 2001 and so you should ensure that your PCC is prepared.

### What do I therefore need to do?

Incumbents and PCCs need (like other organisations throughout Europe) to have:-

1. Identified a person responsible for compliance with the Act.
2. Identified who holds what data and ensure clergy/parish administrators/youth leaders, etc are all aware of the new requirements and only record information that could be shared if a subject access request is made.
3. Work out whether or not you need to notify and do so if necessary.
4. Destroy material that you cannot justify still holding, especially if making the information available to the individual(s) concerned would create difficulties (but do bear in mind the archivists of the future).
5. Inform people broadly what information is held about them and the purposes for which it is used (for example if individuals' contact details appear on a parish web site this must be stated, and an opt-out offered). Also specify who should be contacted with any queries – this could be through a paragraph in a news sheet and/or on the church notice board.

### What are the penalties for not complying with the Act?

An individual has the right to complain to the DPC if they believe you have not handled their data properly. The DPC would then investigate and may require you to comply. Criminal offences apply in certain cases and the courts may impose fines. This, however, is most unlikely if you have made genuine attempts to comply with the legislation. You also need to bear in mind the pastoral difficulty that may result from honouring subject access requests if appropriate care has not been taken in what is kept on files.

### Where do I seek further advice if I need it?

In the first instance please contact the Diocesan Secretary on 01749 670777. If you wish to seek advice from the Data Protection Commissioner's office direct, their general helpline number is 01625 545745 and their web site address is [www.dataprotection.gov.uk](http://www.dataprotection.gov.uk).

## LIST OF USEFUL PUBLICATIONS FOR PCC TREASURERS

### **The Charities Act 1993 and the PCC Guidance and Regulations (3<sup>rd</sup> Ed, 2006)**

Published by: Church House Publishing

ISBN 0-7151-1021-7

### **The Parochial Expenses of the Clergy – A Guide to their reimbursement**

Issued by the Central Stipends Authority (Ministry Division), Archbishops' Council, Church House, 27 Great Smith Street, London SW1P 3AZ (Tel: 020 7898 1792)

### **Practical Church Management – A Guide for every parish**

By James Behrens

Published by: Gracewing

ISBN 0-85244-471-0

### **A Handbook of Parish Finance**

By Phyllis Carter and Michael Perry

Published by: Mowbray

ISBN 0-264-67279-8

### **Money Matters – A Guide to the Finance of the Church of England**

By Douglas McKean

Published by: Church House Publishing

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### **An ABC for the PCC – Handbook for Church Council Members**

By Joan Pitchford

Published by: Mowbray

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### **A Handbook for Churchwardens and Parochial Church Councillors**

By Kenneth M MacMorran and Timothy Briden

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### **Taxation of Ministers of Religion**

A booklet by the Churches main Committee, priced £1, available from the Churches Main Committee, Church House, 27 Great Smith Street, London SW1P 3AZ.

Tel: 020 7898 1861

### **ACAT (Association of Church Accountants and Treasurers)**

[www.acat.uk.com](http://www.acat.uk.com)

A membership application form can be obtained from ACAT's website at:

<http://www.acat.uk.com/acat/Membership%20form.pdf>

or by contacting Alan Wilson at 83 Sheepwalk Lane, Ravenshead, Nottingham NG15 9FD. Tel: 01623 795510 E-mail: [treasurer@acad.uk.com](mailto:treasurer@acad.uk.com)

**A. NAT WEST CASH MANAGEMENT SCHEME**

The cash management scheme, which is operated jointly with the Diocese of Gloucester, has been in existence for over 16 years and has some 500 or so participating accounts.

The scheme was set up with National Westminster Bank PLC to provide PCCs and other church bodies with a reasonable level of interest on their bank current accounts after taking account of all bank charges. By pooling all participating bank account balances daily (including those of the diocese), larger sums can be placed on deposit generating a higher rate of interest return.

The interest rate return over calendar year 2008 was 5.1% gross, 3.8% net after bank charges. Please note however that, due to the current low interest rate environment, 2009 has seen a significantly lower return.

It must be stressed that the scheme is intended to complement the CBF Deposit Fund and not compete with it. Any sums which are not required for normal working use should be taken out of the bank current account and deposited with the Central Board of Finance where the average rate of interest should be higher.

Since the scheme has started other products have come onto the market. It may be that after taking into account bank charges a better return could be obtained elsewhere.

Some Q & A's together with details of how to join the scheme can be supplied upon request to the Diocesan Accountant.

**B. CHANGE OF BANK SIGNATORIES WHEN A PCC IS PART OF THE NAT WEST CASH MANAGEMENT SCHEME**

If your PCC is a member of the Cash Management Scheme, the process to alter bank signatories has been much simplified. Essentially you will deal with the NatWest Corporate Services Team in Bristol rather than your local Nat West branch.

The process is simpler for each signatory as presentation of proof of identity is not required and the Bristol NatWest central office is more specifically geared up to deal with PCC accounts compared with a local branch.