



# 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

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## **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.

## **A. PCC TREASURER**

### **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 Common Fund, 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 (APCM).

## 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:-
  - ✓ What amount
  - ✓ Who from
  - ✓ Reason for it
  - ✓ Which fund is it for - General funds, a Designated fund, or a Restricted fund?<sup>1</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 Common Fund, 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 (HMRC) 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> See Page 18.

## A. PCC TREASURER

### TASK BREAKDOWN (Cont ...)

#### Yearly tasks

##### JANUARY

- Prepare the annual accounts for the year (January-December) in the correct format as required in the 2006 Charities Act. Give them to your Independent Examiner or Auditor as early in the year as possible for him or her to review them<sup>2</sup>.

##### FEBRUARY/MARCH

- Prepare your annual Treasurer's Report. Meeting (March/April) as part of the PCC Report and Accounts. The whole Report must be adopted by the PCC and then presented to the APCM.
- Fill in the Return of Parish Finance which will have been sent to you in the autumn or winter of the previous year. This should be a relatively simple task once you have made up the annual accounts.
- Consider running a stewardship campaign.

##### 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 Finance team at Church House about 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 using a spreadsheet such as Excel or a simple accounts package such as 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. For further details including cost please contact [www.datadevelopments.co.uk/index.html](http://www.datadevelopments.co.uk/index.html)
- A suite of free Excel pieces of software covering: Cashbook; Summary accounts (Statement of Financial Activities) and Banking Sheets are available from the Finance Team at Church House. Contact: Lynne Johnson: Telephone 0121 426 0400 or e-mail [Lynne@birmingham.anglican.org](mailto:Lynne@birmingham.anglican.org)

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<sup>2</sup> See Page 29.

## **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 churchwardens 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 PCC 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 PCC 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 PCC 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. Also change address to which statements should be sent (if necessary).	<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/Statement of Recommended Practice (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 Diocesan Secretary or the Finance team 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 Finance team at Church House.	<input type="checkbox"/>

## A. PCC TREASURER

### ADVICE AND PUBLICATIONS

Please do not feel isolated. Help is available from:

- The Finance team at Church House on tel : 0121 426 0400
- Fellow PCC Treasurers
- Information Items within the Diocesan Newsletter (the Bulletin)
- Treasurers' and Stewardship Network Meetings which are held periodically including in particular the Annual Treasurers meeting in October/November.
- 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 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.

PCCs 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 Gift Aid 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 Church Service Book records and published accounts of fetes, etc.
- (c) **Audit Trail** – all transactions should be supported by documents. In most parishes, these should be authorised independently of the Treasurer, eg clergy or churchwardens.

### 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 Birmingham 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 exempted 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.

### **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 churchwardens are the proper officers to make the collection, either alone or with the aid of the sidespeople 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.

## B. PARISH FINANCE – HANDLING OF PCC FUNDS

### COLLECTIONS (Cont ...)

#### 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.

#### 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 Church 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.*

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

### **COLLECTIONS (Cont ...)**

#### **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.

#### **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 Secretary.
- (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 HMRC (if applicable).
- (c) Check Gift Aid claims have been made for the last four years (maximum period for backdated claims). If not, make a claim.

#### **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.

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

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

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

Most clergy assign the clergy element of occasional office fees to the Diocesan Board of Finance (DBF), 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, via the PCC's bank account, or by direct payment to the DBF either monthly or quarterly.

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 Church House.

### **REIMBURSEMENT OF CLERGY EXPENSES**

1. Few subjects are likely to cause more trouble between clergy and PCC's 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. Properly reimbursable parochial expenses of clergy include the following:-  
*Postage; Stationery; Telephone; Administrative assistance; Maintenance of Robes; Hospitality; Provisional of locum; Travelling, including related subsistence expenses.*

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.

Water charges are normally paid by the PCC directly. These are not considered a taxable benefit by HMRC.

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.

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

### **REIMBURSEMENT OF CLERGY EXPENSES (Cont . .)**

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 or Archdeacons 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, through a special arrangement between the Church Commissioners and HMRC.
9. When completing the annual return of parochial expenses for the Church Commissioners, clergy should not simply use the figures reported in the annual tax return to HMRC as some tax free allowances are not necessarily reimbursable parochial 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 parochial expense.

## B. PARISH FINANCE – HANDLING OF PCC FUNDS

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

10. The introduction of Self Assessment by HMRC 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, or on the Church of England website [www.churchofengland.org](http://www.churchofengland.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 HMRC.
- **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 Finance team at Church House, 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 HMRC, 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 intentions of the donor(s) are the criteria to determine 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 with 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 [www.charitycommission.gov.uk](http://www.charitycommission.gov.uk)) 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, Common Fund and fabric repairs, are likely to be relevant to a reserves' policy. While a PCC should budget to pay its Common Fund 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.

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 4 years), 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 2010, parishes in the diocese received almost £1.5 million in tax reclaimed on Gift-Aided giving, which is over £9,000 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. HMRC 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 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 . .)**

Church House has Gift Aid information which is available from the website ([www.birmingham.anglican.org](http://www.birmingham.anglican.org)) or direct from the Stewardship and Income Generation Officer at Church House. This covers:

- How to keep records and make claims
- Sample Gift Aid declarations, letters to givers, record sheets & HMRC 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.

Church House 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. If you need 1,000 or more, it will be cheaper to buy direct from one of the manufacturers.

### **COMMON FUND**

Common Fund is contributed by every parish in the Diocese of Birmingham to provide and support clergy and to further God's work across the diocese. Each parish is able to make its contribution only because of the generous giving of the members of its congregation.

Why we should contribute to the Common Fund:

- In response to God's generous provision
- As a sign of our love for God and in thanks for God's generosity towards us
- Because we believe wholeheartedly in Christ as Saviour of the world
- As a sign of our commitment to proclaim Christ's Gospel and because we recognise the importance of the Church's mission for the present and future
- To share our resources with our fellow Christians
- To assist the Church to carry out its work throughout the Diocese of Birmingham
- To contribute as fully as possible to our own parish's ministry costs

How much is needed?

The Diocesan budget is usually set by Diocesan Synod in the summer of the preceding year. Individual amounts requested of each parish are distributed at the Annual Treasurers meeting in early autumn.

## B. PARISH FINANCE – HANDLING OF PCC FUNDS

### COMMON FUND (Cont ..)

Payment by standing order from the bank account is requested to help the cash inflow of the BDBF which has a steady cash outflow every month to pay clergy stipends

Standing order forms for setting up automated payments are sent out annually (usually in the December) for the following years but if you have not received a form, please contact the Finance team at Church House on 0121 426 0400 (or e-mail [lynne@birmingham.anglican.org](mailto:lynne@birmingham.anglican.org)).

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.

### 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.

HMRC 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.

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

### **INCOME TAX (Cont'd ..)**

4. You do not need to make any Returns to HMRC 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 HMRC 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.

### **DIOCESAN PAYROLL BUREAU**

For Parishes employing staff where income tax etc becomes payable arrangements may be possible for the Diocese to administer PAYE and NI on your behalf, through a bureau arrangement. To discuss this please contact Chris Butler at Church House on telephone 0121 426 0400.

### **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.*

## B. PARISH FINANCE – HANDLING OF PCC FUNDS

### VALUE ADDED TAX (Cont'd ..)

**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.**

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

This scheme provides repayment of a proportion 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.

In September 2011, the Department for Culture, Media and Sport (DCMS) announced changes to how the LPWGS will function, detailing the total amounts available in grants for 2011 and the next three years.

A factsheet detailing the new arrangements is available for download from <http://www.churchcare.co.uk/pdf>.

You can also check the following sites for more information and updates:

LPWGS official site [www.lpwscheme.org.uk](http://www.lpwscheme.org.uk)

DCMS 'Places of Worship' <http://bit.ly/gFgRCC>

## **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 (Cont ..)**

For full details of the scheme, including comprehensive guidance and an application form, telephone 0845 601 5945 or write to:

Listed Places of Worship Grant Scheme  
PO Box 609  
Newport, NP10 8QD

For details of the scheme and application form relating to memorials, go to:  
<http://www.memorialgrant.org.uk>, or write to the address above, or telephone 0845 600 6430.

#### **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), VAT can be charged at zero percent by contractors carrying out alterations to listed buildings used for a relevant charitable purpose (including places of worship). Eligible alterations must affect the basic structure of the building, such as walls, floors, roofs, doors and windows. This includes, for example, the building work and materials required for the construction of an extension, the purchase and installation of new stained glass windows, church organ, new light fittings and the extension of wiring and plumbing systems, as these form part of the building. Eligible alterations also need to be ‘approved’, ie have all the required permissions, including faculty.

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

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

#### **4 Any “approved” alteration or extension to a listed building (Cont ..)**

You can find further information in the series of notices on the HMRC website (<http://www.hmrc.gov.uk/index.htm>), particularly Notice 708 Buildings and Construction (June 2007) and Notice 701/7 VAT Relief for Disabled People (August 2002).

#### **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).

#### **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.

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

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

#### **7 Aids for people with disabilities on church premises (Cont ..)**

- 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

For queries regarding the maintenance of your church and the LPWGS, please contact the DAC Secretary at Church House. Your church architect will be able to advise you on VAT in relation to contracted works at your church.

### **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. The publication The Charities Act 1993 and the PCC is available on the Church of England website [www.churchofengland.org](http://www.churchofengland.org)
2. An accurate record of the funds and property of the church should be kept by the PCC and presented to the 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 your Archdeacon at Church House as part of the Archdeacon's visitation papers, and also one copy to the Finance team at Church House, or by e-mail to [lynne@birmingham.anglican.org](mailto:lynne@birmingham.anglican.org). 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.

## **C. ACCOUNTS**

### **General (cont ....)**

#### **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.

#### **AUDITORS/INDEPENDENT EXAMINERS**

1. Auditors/independent examiners should be appointed by the APCM. 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](http://www.parishresources.org.uk)

#### **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 ministry/mission 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 Church House to PCC treasurers. Statistics for Mission is sent to the first-named Churchwarden in September and the Return of Parish Finance is sent to the Treasurer in November. These forms ask for figures relating to the year ending on 31 December, 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.

## C. ACCOUNTS

### STATISTICAL RETURNS (Cont ..)

**Statistics for Mission** requests information on 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. When the form is complete, it should be signed by the priest and a churchwarden, to signify agreement that the figures are correct.

**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, 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.

Both returns (except Balance Sheet information) may now be input online directly by parishes to the Archbishops Council system. This allows access by parishes to comparative data across years. Alternatively, parishes may continue to complete the forms on paper and submit them to Church House for input into the central system.

For extra copies of the Statistics for Mission forms, or for help with queries, please contact the Diocesan Secretary's office (0121 426 0400) or e mail [trish@birmingham.anglican.org](mailto:trish@birmingham.anglican.org). For extra copies of the Return of Parish Finance form, or for help with queries, please contact the Finance team on 0121 426 0400 or e mail [lynne@birmingham.anglican.org](mailto:lynne@birmingham.anglican.org).

## 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. Christian stewardship is about how we use our resources of time, talents and finance.

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. Within Birmingham, the four key tasks have been recognised as:-

- **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 mission**, 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 & Income Generation Officer at Church House 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. Please telephone 0121 426 0400, or 07971 428101, or e mail [Jayne@birmingham.anglican.org](mailto:Jayne@birmingham.anglican.org).

More information is available from the diocesan website:

[www.birmingham.anglican.org/information/encouraging\\_giving.html](http://www.birmingham.anglican.org/information/encouraging_giving.html)

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 the West Midlands.
- Information and updates on external funders including charitable trusts and statutory grant programmes are available to all parishes through the e mail information network managed by the Community Regeneration Office. If you would like to join, please contact [debbie@birmingham.anglican.org](mailto:debbie@birmingham.anglican.org)
- You can also explore many Trusts on the Internet. The Charities Aid Foundation website is helpful - [www.cafonline.org](http://www.cafonline.org).
- The Grants, Loans and Review Committee exists to offer financial assistance to parishes for urgent church repairs. Please be in touch with your Archdeacon at the earliest opportunity, or contact the Finance team at Church House on 0121 426 0400 or e mail [lynne@birmingham.anglican.org](mailto:lynne@birmingham.anglican.org). Unfortunately this Committee are unable to assist with either church organ repairs or works to church halls.
- The Transforming Church Fund exists to develop the mission of the church at all levels (Parish/Deanery/Diocese) by offering financial support to projects with a view to looking at new ways of increasing church membership. Wherever possible and appropriate, ecumenical involvement is encouraged. More details are available from [Vicki@birmingham.anglican.org](mailto:Vicki@birmingham.anglican.org) or [margaret@birmingham.anglican.org](mailto:margaret@birmingham.anglican.org)
- The Community Regeneration Office is also able to offer Flourishing Neighbourhoods small grants of up to £500 for short term activities that will help the local church to be a pro-active and effective partner in building a flourishing neighbourhood in the parish.

## D. GIVING, FUNDRAISING AND INVESTMENTS

### SOURCES OF FUNDING – Who will help us fund our capital project? (Cont ..)

- If assistance is needed with funding for church community projects, please be in contact with the Community Regeneration Office on telephone number 0121 426 0400, or e mail: [Debbie@birmingham.anglican.org](mailto:Debbie@birmingham.anglican.org)
- Parishes in more disadvantaged neighbourhoods may qualify for grants from the Church Urban Fund. These tend to be Mustard Seed grants up to £5,000 to develop community initiatives. For further information and to check eligibility, contact the Community Regeneration office on 0121 426 0400 or e mail: [Debbie@birmingham.anglican.org](mailto:Debbie@birmingham.anglican.org)

### 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@aigmail.com](mailto:ATL@aigmail.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, which gives a guide to how much may be awarded to a particular project.

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).

**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).

## D. GIVING, FUNDRAISING AND INVESTMENTS

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

**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.

### 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.

Birmingham Voluntary Services Council

The Centre for Voluntary Action

138 Digbeth

Birmingham, B5 6DR

Telephone 0121 643 4343 or e mail [admin@bvsc.org](mailto:admin@bvsc.org)

Bromsgrove District Customer Service Centre

School Drive

Bromsgrove

Worcestershire, B60 1AA

Telephone 01527 881288 or e mail [worcestershirehub@bromsgrove.gov.uk](mailto:worcestershirehub@bromsgrove.gov.uk)

Dudley Council Voluntary Services

7 Albion Street

Brierley Hill

West Midlands, DY5 3EE

Telephone 01384 573381 or e mail [info@dudleycvs.org.uk](mailto:info@dudleycvs.org.uk)

## **D. GIVING, FUNDRAISING AND INVESTMENTS**

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

#### **Government and Voluntary Services (Cont'd)**

North Warwickshire Council Voluntary Services  
19 & 20 North Street  
Rugby  
Warwickshire, CV21 2AG  
Telephone 01788 574258 or e mail [information@wvava.org.uk](mailto:information@wvava.org.uk)

Sandwell Council Voluntary Organisations  
1<sup>st</sup> Floor Landchard House  
Victoria Street  
West Bromwich, B70 8ER  
Telephone 0121 525 1127 or e mail [support@scvo.info](mailto:support@scvo.info)

Solihull Council Voluntary Services  
PO Box 18 Council House  
Solihull  
West Midlands, B91 9QS  
Telephone 0121 704 6000 or e mail [connectcc@solihull.gov.uk](mailto:connectcc@solihull.gov.uk)

Stratford on Avon District Council (in partnership with Warwickshire County Council)  
Elizabeth House  
Church Street  
Stratford upon Avon  
Warwickshire, CV37 6HX  
Telephone 01789 267575 or e mail [info@stratford-dc.gov.uk](mailto:info@stratford-dc.gov.uk)

Tamworth Council Voluntary Services  
The Carnegie Centre  
Corporation Street  
Tamworth, B79 7DN  
Telephone 01827 709657 or e mail [enquiries@tamworth-cvs.org.uk](mailto:enquiries@tamworth-cvs.org.uk)

## D. GIVING, FUNDRAISING AND INVESTMENTS

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

#### And Not Forgetting . . .

**The Listed Places of Worship Grant Scheme** provides repayment of a proportion of the VAT paid on repair work to listed church buildings, so that you effectively pay less 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.

### 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.

## **D. GIVING, FUNDRAISING AND INVESTMENTS**

### **FUNDRAISING FOR CHURCHES (Cont ..)**

#### ***Some fundraising ideas***

- Concerts – with local or visiting performers
- Sponsored walks or bike rides – round the parish?
- 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
- Using e bay to sell donated items
- 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                                 | • £50 Verdon Smith Trust          |
| • £1,800 interest free loans (possible gifts) | • £300 Mary Webb Trust            |
| • £10,000 Bath & Wells Fund for Church Growth | • £1,000 Society of Somerset Folk |
| • £1,000 Leonard Laity Trust                  | • £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.

## **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).

Birmingham has also produced new local information to compliment this. Copies are available from [Jayne@birmingham.anglican.org](mailto:Jayne@birmingham.anglican.org) or telephone 0121 426 0400.

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 this Diocese, where PCC's have permanent endowments or bequests, advice should be sought from the Secretary to the Birmingham Diocesan Trustees Registered (BDTR) by telephone on 0121 426 0400 or e mail [andrew@birmingham.anglican.org](mailto:andrew@birmingham.anglican.org). The Committee Clerk can be contacted on telephone 0121 426 0400 or e mail [lynne@birmingham.anglican.org](mailto:lynne@birmingham.anglican.org).

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, the Committee Clerk to the BDTR should be contacted in the first instance. If she is unable to assist you, you may be referred to the Diocesan Registry on telephone number 0870 763 2000 or e mail [p.joyce@birmingham.anglican.org](mailto:p.joyce@birmingham.anglican.org).

## 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. Signposting and information is available from Robin Goater, Interim Finance Director e mail [RobinG@birmingham.anglican.org](mailto:RobinG@birmingham.anglican.org) telephone 0121 426 0400, or direct from CCLA. The rates of return of the various funds are published regularly in The Financial Times, in the Church Times and on the CCLA website [www.ccla.co.uk](http://www.ccla.co.uk).

Except in the case of permanent endowment, the investment of parish money can be direct with the CCLA without the need to involve the BDTR. 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. The Diocese can arrange for deposits to be made to the CCLA on your behalf though the custodial arrangements of the BDTR.

Where permanent endowments are involved, the capital is required to be vested in the BDTR as custodian trustees, the PCC being the managing trustees. In this case, please contact the Secretary to the Trustees (Mr Andrew Halstead), the Interim Finance Director (Mr Robin Goater) or the Committee Clerk (Ms Lynne Johnson).

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 twice yearly. Statements relating to those shareholdings of which the BDTR is custodian trustees are received at Church House, and are distributed to PCC Treasurers in late January of each year. Year-end statements of deposit fund holdings overseen by the BDTR on behalf of parishes are sent to treasurers at the same time.

## D. GIVING, FUNDRAISING AND INVESTMENTS

### INVESTMENTS AND RESERVES (Cont'd)

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.

**PLANNED GIFT**

to the Parochial Church Council of St Someone’s Church, Somewhere

From .....

Address .....

I promise to give until further notice

£ ..... each [week][month][quarter][half year][year]  
(Please delete as appropriate)

The first instalment to be given on the ..... day of .....2011

Signed .....

**Method of Payment**

- A. Bank Standing Order            Monthly/Quarterly/Half Yearly/ Yearly
- B. Offering Envelopes            Weekly/ Monthly
- C. Regular Cheques            Monthly/Quarterly/Half Yearly/Yearly

Please indicate which method of payment will be used and the frequency of the payment.  
(If your circumstances change you can amend your gift at any time)

For the Church to reclaim tax on your giving, you need to sign the following Declaration.  
(It is important that your address is accurate and includes the Postcode.)

**Gift Aid Declaration to allow the Church to reclaim Tax on your Giving**

I want St Someone’s Church, Somewhere to reclaim Income/Capital Gains Tax on all donations that I make after 6th April 2011.

I will inform the PCC if I cease to be a UK Taxpayer or pay insufficient tax to cover the amount to be reclaimed.

[You must pay an amount of Income Tax or Capital Gains Tax at least equal to the Tax deducted from your donations to charity. You may withdraw this Declaration on future payments at any time.]

Signed ..... Date .....

Full Name .....

Full Address .....

**ST. SOMEONE'S CHURCH  
SOMEWHERE**

**STANDING ORDER**

To the Manager .....Bank plc.,

Address .....

On the ..... day of .....2010

and thereafter at Monthly / Quarterly / ½ Yearly / Yearly intervals **until further notice**  
(please delete whichever does not apply)

Please pay the sum of :

£ ..... ( .....pounds .....pence)

to: **ST. SOMEONE'S CHURCH, SOMEWHERE**

**ACC NO 12345678**

**HSBC BANK  
SOMEWHERE**

**SORT CODE 40 - 32 - 14**

and debit my / our account accordingly.

This standing order supersedes any existing Standing Order I / we have in favour of  
the above account in respect of any payments due on or after .....2011

SIGNED ..... Name in capitals .....

SIGNED ..... Name in capitals .....

Date ..... Address .....

**Account No** .....

**Sort Code** .....

**DONATION**  
**to the Parochial Church Council of**  
**St Someone's Church**  
**Somewhere**

From .....

Address .....

.....

£ .....

Date .....

For the Church to reclaim tax on your giving, you need to complete the following Declaration.  
(It is important that your address is accurate and includes the Postcode.)

---

**Gift Aid Declaration to allow the Church to reclaim Tax on your Giving**

**I want St Someone's Church, Somewhere to reclaim Income/Capital Gains Tax on all donations that I make after 6<sup>th</sup> April 2011**

**I will inform the PCC if I cease to be a UK Taxpayer or pay insufficient tax to cover the amount to be reclaimed.**

[You must pay an amount of Income Tax or Capital Gains Tax at least equal to the Tax deducted from your donations to charity. You may withdraw this Declaration on future payments at any time.]

Signed .....

Date .....

Full Name .....

Address .....

..... Postcode .....

## 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 refers to national guidance and you should access HMRC's website to ensure you have the latest data. Within Birmingham there is also the possibility to use a Bureau arrangement at Church House as outlined in the handbook.

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

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

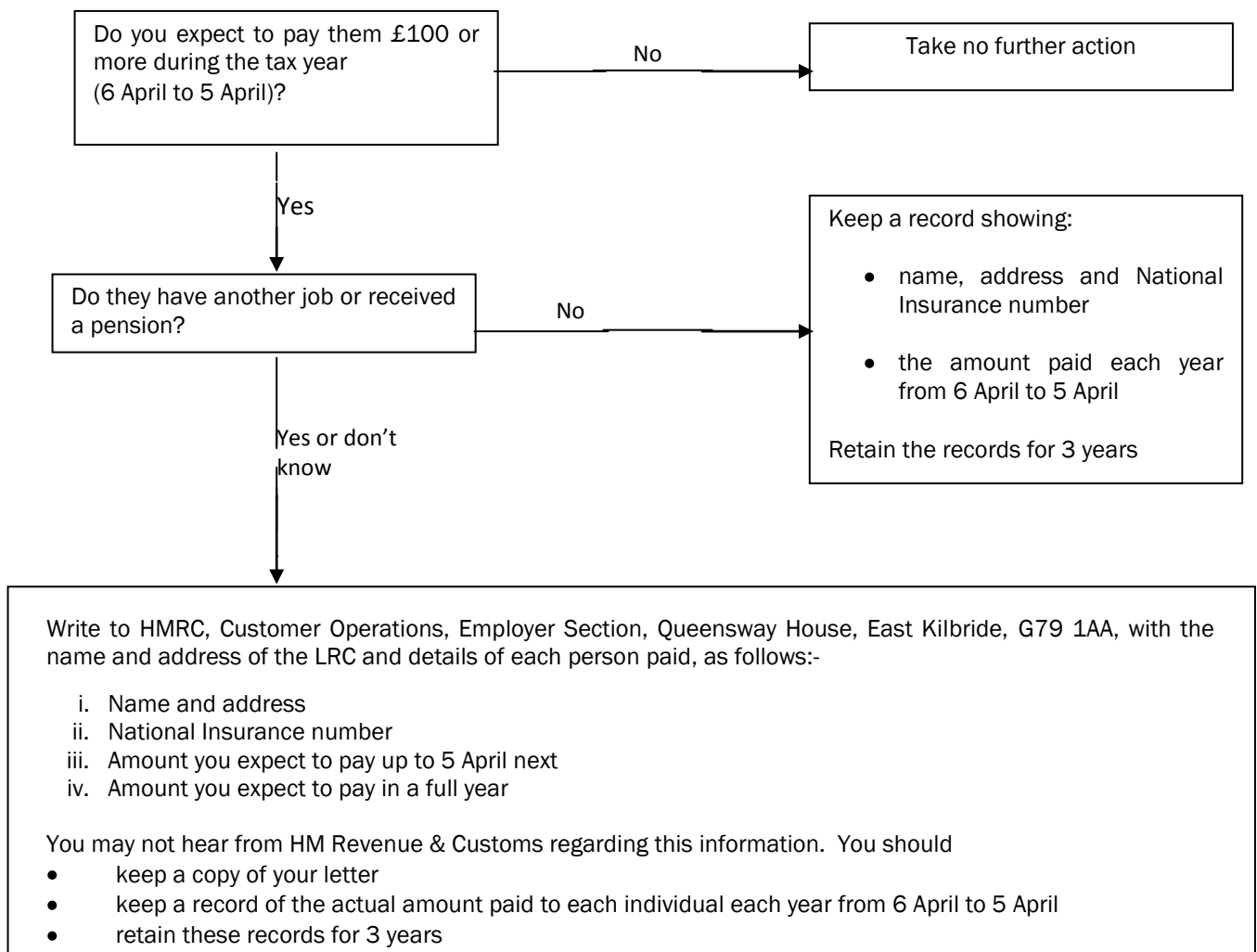
Earnings Threshold for National Insurance Contributions (NIC) and Income Tax – Pay As You Earn (PAYE): **£110.00 per week or £476.00 per month.**

- 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.

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

### **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 church house.

### **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.

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

#### 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 0121 426 0400. 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 ISBN 0-7151-8064-9

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

By Joan Pitchford

Published by: Mowbray ISBN 0-264-67280-1

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

By Kenneth M MacMorran and Timothy Briden

Published by: Mowbray ISBN 0-264-67411-1

### **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@acat.uk.com](mailto:treasurer@acat.uk.com)

### **Parish resources**

Resources for Treasurers: [www.parishresources.org.uk/treasurers/treasurers.htm](http://www.parishresources.org.uk/treasurers/treasurers.htm)