

FOR CHURCH LEADERS AND OFFICERS TO PULL OUT AND KEEP

Safeguarding News

Compiled by Rachel Stone, BUGB Safeguarding Officer

New safeguarding materials for churches available on the website

Safe to Grow, our key guide on safeguarding children and young people, is now available as a free download on our website. This means you can either read it on screen, or can print out the whole document or the sections you need to refer to.

An updated **example safeguarding policy for Baptist churches**, including the safeguarding of children, young people and adults at risk, can also be downloaded in both Word and PDF format to help your church implement, develop and/or review your existing provisions.

Recognising the important work of the Designated Person for Safeguarding in each Baptist church, a new **short guide to the DPS role** is available, providing an example of a job description for the role and a guide for people new to the role.

Finally, we are glad to announce that a new version of the **Level 1 safeguarding video** will be available before Christmas 2017. The new video is suitable for use in all age services, and more detail will be sent out to each church nearer to the launch date. All of these resources are available free of charge in the Safeguarding section of the Baptists Together website. www.baptist.org.uk/safeguarding

Finance Matters

2018 Home Mission Stipend

The Trustees have fixed the Home Mission Stipend for 2018 (next year) at £22,750 - an increase of 1.11% on the 2017 Stipend. The Manse Value used in the pensionable income calculation for ministerial members of the Baptist Pension Scheme remains at £6,000pa.

Pension Scheme News

Compiled by Mark Hynes, on behalf of the Baptist Pension Scheme

Registering on the Employer Hub

If your church has still not registered on the Employer Hub, please do so as soon as possible by contacting LCP at BaptistAdmin@lcp.uk.com. Not only is the Hub fast and secure, it is the best way to ensure your church is fully informed on pension developments and plays a key role in helping the scheme and its employers to manage administration costs.

Automatic Calculation of Employer Debts

The Automated Monthly Debt Estimate (AMDE) figures have been published on the Employer Hub monthly since the end of March 2017, under the 'Employer Documents' section at <https://hub.lcp.uk.com>. Thank you to all the churches who have checked and confirmed the data with us.

The monthly user statistics received by the scheme do not tell us which churches are accessing their AMDE figures, but they reveal that only around half do so each month. Given the potential financial importance of the AMDE, we would recommend that every church with an AMDE number monitors the position on a monthly basis.

Changes to your church's legal structure (such as becoming a CIO or formally amalgamating two or more existing churches)

Under pensions regulations, a change in legal structure may lead to a cessation event. This can be avoided by following a legal process for managing the pensions implications of such a structural change. However, the process is quite bureaucratic and cannot be applied retrospectively, so it is essential that you consider any pension implications at a very early stage in your planning. **The Baptist Pension Scheme (BPS) guidance notes have recently been updated and can be found on the website www.baptistpensions.org.uk.**

Income Protection Claims

The BPS Income Protection cover is an important benefit for both churches and members. It is a requirement of the Income Protection insurers that your church notifies Lane, Clark and Peacock LLP (LCP) immediately if a member of the Ministers or Staff Sections of the DC Plan is off sick for four weeks. Failure to notify may

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adversely impact the validity of a potential claim. You can find the Income Protection guidance notes on the BPS website.

Automated process to apply for a 'Period of Grace'

We have had very positive feedback on the new Employer Hub module which allows churches to apply for a Period of Grace at the same time as informing LCP of a member leaving the Scheme. The online application is simple and quick and you will receive immediate automatic confirmation that a Period of Grace is in place. The module can be accessed using the 'Notify us of a leaver' module on the Employer Hub.

Auto Enrolment

Please ensure that you are doing everything required of you under the pension Auto Enrolment regulations. In particular, ensure you understand which employees must be auto enrolled and that you comply with the Certification and Declaration of Compliance requirements. Recently updated Auto Enrolment guidance notes are available on the BPS website.

Employer Covenant 2017 online questionnaire

This year's online questionnaire is now available via the Employer Hub. Please complete the return as soon as possible. The information the churches provide is an essential part of the assessment of the financial strength of the pension scheme and is of particular importance in helping the pension Trustee in its discussions with the Pensions Regulator.

2017 BPS Newsletters

The 2017 Newsletters were issued in August. This was later than the June date we indicated in the Spring 2017 issue of *Transform*. Please accept our apologies for the late publication. We hope that you have found the information in the newsletters helpful. If for some reason you did not receive your 2017 Newsletter, or want additional copies, then please refer to the Scheme website where it has also been published.

Baptist Pension Scheme Employers' Group

Compiled by Malcolm Broad, moderator of the Employers' Group

Pension Roadshows

During the autumn the Employers' Group (EG) will be running a series of Pension Roadshows in each Association and details are available on the Baptists Together website at www.baptist.org.uk/pensionroadshows. Please sign up through your local Association. Whilst the roadshows are primarily aimed at church treasurers, the EG wants to encourage other trustees to attend, given the importance of the subject matter. The roadshows will cover in some detail the following:

- 1 an update on the 2016 actuarial valuation
- 2 a family solution for a family problem
- 3 individual church employer debts - what does your church do next?
- 4 the new draft employer debt regulations involving cessation events

- 5 the employer covenant - what is it?
- 6 recording pension information in your church accounts
- 7 answering your questions

Do make sure your church is represented at one of the roadshows. If you would like to attend a roadshow that is in an adjacent Association, just contact the appropriate Association and register your interest with them.

Automated Monthly Debt Estimate (AMDE)

By now, if your church is in the Baptist Pension Scheme, your nominated contacts for the pension scheme will have received details of how to access the 'Estimated Employer Debt' for your church, otherwise known as the AMDE. The estimated debt figure is only available to churches with a current active member or in a Period of Grace. If no active member, but there is a historical Cessation Event, then the debt needs to be calculated manually. The AMDE explanation document is available from the Employer Hub and includes a paragraph highlighting whether a church also has a previous historical Cessation Event.

The figure quoted represents your individual church liability to the Scheme. It's really important that church treasurers not only have access to the Hub, but also they make sure the information is shared regularly with deacons and church members. In future annual accounts churches will be expected to state what their individual estimated debt is in the Baptist Pension Scheme.

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- Lynn Green, General Secretary

On the LCP Hub there is a letter addressed to your church which comes out every month which explains in a lot more detail the subject of your estimated debt. Please ensure your church understands that the letter is not a demand for payment. Further information about this and the other topics referred to above will be covered in depth at the roadshows.

Legal Matters

Compiled by the BUGB Legal and Operations Team

BUGB Legal and Operations Team and the Solicitors Regulation Authority

Since July 2017, Peter Evans and Caroline Sanderson have been regulated and authorised to practise by the Solicitors Regulation Authority ('SRA') and are subject to the Solicitors' Code of Conduct. This affects the members of the BUGB Legal and Operations Team who are involved in the provision of legal services. A new Guideline Leaflet is available for churches, which sets out our regulatory requirements as required by the SRA and details about for whom and when we can act.

Constitutions, CIOs and Charity Registration

All of our member churches are charities and they should all have a constitution that meets the requirements of modern charity law and Charity Commission best practice. The Baptist Union offers two model constitutions to our churches that have been agreed

with the Charity Commission; these are known as Approved Governing Documents. The first was agreed back in 2008 when those churches with an annual income over £100k had to register with the Commission for the first time. It is suitable for any church, whether their income level requires them to register or not, and can be found on the Baptists Together website in guideline leaflet C04 in the Resources section.

The other approved governing document is a constitution for churches that want to convert to the new CIO (charitable incorporated organisation) legal structure. This is available free of charge from BUGB's solicitors, Anthony Collins (email Esther.Campsall@anthonycollins.com). Any church that wants to incorporate as a CIO will need to instruct solicitors to assist them. Further information can be found in guideline leaflet C11 Churches, Charities and Incorporation. Since this new legal structure first became available in 2012 about thirty of our churches have incorporated as CIOs. All CIOs have to be registered with the Charity Commission, whatever their income level.

Any church with an annual income over £100k must register with the Charity Commission. This is a legal requirement. Churches with an income under £100k are 'excepted from registration' by law until March 2021. At that time the income threshold for registration will be reduced and many more of our churches will have to register but we don't yet know what the threshold will be reduced to.

Further detail on all these topics and associated charity law issues can be found in the Resources section at www.baptist.org.uk under Legal and Operations (BUC) Guidelines – Charities.

Incorporation of BUGB as a Charitable Incorporated Organisation (CIO)

At the Baptist Assembly in May it was agreed that BUGB should pursue incorporation as a CIO and prepare a draft Constitution to be brought to Assembly in 2018. Work on the new Constitution has commenced and it is anticipated that the members of BUGB will be consulted on the new governing document towards the end of 2017.

Property Matters

Compiled by the BUGB Legal and Operations Team

Redeveloping Church Buildings: a training session - Tuesday 17 October

This training session on redeveloping church buildings will be held at Baptist House in Didcot. This is being run by Anthony Collins solicitors and Rapleys surveyors. More information will be available on the Baptists Together website www.baptist.org.uk/rcb

Metal Theft from Historic Buildings

Historic England has produced a new guide, *Metal Theft from Historic Buildings: Prevention, Response and Recovery*. This advice note is for charity trustees who care for historic



Baptists Together Loans (BULF)

Baptist Union member churches can apply for loans to:

- Help enlarge, improve or redevelop church buildings
- Help to buy a new Manse or refinance existing loans
- Help to buy new land and or premises
- Help with Baptist Union Pension Debt refinancing
- Help with Bridging Finance which is at a higher rate of interest depending on circumstances

The BUC is only able to enter into a loan that is a relevant credit agreement (as defined by the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005) as lender for the purposes of the business of a church (or, if the church is unincorporated, the business of the church trustees) and not for any other purpose.

The Baptist Union Loan Fund (BULF) gives loans above £25,000 with a variable rate of interest (currently 3.1% above base rate) over 10 to 15 years with manse loans considered up to 20 years.

For more information visit

www.baptist.org.uk/loans

church buildings, especially places of worship. Preventing metal theft, especially from roofs, is the priority.

As well as damage to historic buildings, metal theft causes expense, distress and frustration. Replacement and subsequent insurance can be costly.

The note deals mainly with theft of lead roofs from historic churches but the information applies to other types of building and traditional metal. It can be downloaded from the Historic England website: <https://historicengland.org.uk/images-books/publications/metal-theft-from-historic-buildings>

Taxation Topics

Compiled by Philip Cooke FCA, our Honorary Tax Adviser

Gift Aid Relief

It is incumbent on treasurers to ensure that donors understand that gift aid relief can only be recovered on their donations if they have paid sufficient tax (income tax and/or capital gains tax) to cover the gift aid relief which is being claimed on ALL the donations which they have made in a tax year to ALL the charitable organisations they are supporting. If it transpires that gift aid relief has been recovered when it ought not to have been, HMRC will look to the donor to make good any amount overpaid. However, whilst liability will fall upon the donor, treasurers have a responsibility to remind donors of this potential liability since, following the change in the tax treatment of interest (which is now paid gross by banks and building societies) and the annual rise in the tax personal allowance, some donors may no longer be bearing sufficient tax. An annual reminder or an updated gift aid declaration may therefore be appropriate; see the specimen form of declaration at: www.baptist.org.uk/giftaiddeclaration

Lease to church of minister-owned property

Churches and ministers should note that the explanatory notes relating to the lease to the church of a minister-owned property for use as a manse in circumstances where a church-owned manse is either not available or suitable, have recently been updated along with the specimen form of agreement. Since it appears to be the more usual practice for repairs and decoration of a property to rest with the minister (and

spouse if a joint owner), the specimen agreement now reflects this and will therefore need to be amended in the event of any variation in this or any of the other provisions. Ministers or churches wishing to explore the use of the leasing arrangement should get in touch with me.

Manse carpets

Many years ago I endeavoured, unsuccessfully, to persuade HMRC that carpets should be regarded as part of the *landlord's fixtures and fittings*, which would have avoided a taxable benefit. Since that time the provision of carpets or other floor coverings has tended to become an expectation on the part of tenants seeking rented accommodation, and this has led me to approach HMRC once again. Whilst not being too hopeful, I will let it be known if there is a change of attitude on the part of HMRC. In the meantime, churches are reminded that if manse carpets are in need of renewal, then the best time to do this is during an interregnum. Failing this, it may be possible to contribute towards the cost of new carpets as part of the *relocation expenses* of a new minister, provided total relocation expenses do not exceed the permitted £8,000 tax-free limit.

In circumstances where there is a taxable benefit, treasurers should bear in mind that the 20% annual benefit is computed by reference to the initial market value of the carpets. As explained in section 1.10 of *Taxation Guidance Notes for Churches and Ministers* (document F06 on the Baptists Together website) the *initial market value* is unlikely to be more than one-third of the actual cost, and may be even lower. The minister would also be entitled to claim in his/her tax return a deduction of 25% of the benefit in respect of church-business use.

Ministers' expenses

Following the removal of the form P11D dispensation, treasurers are reminded that they can continue to pay, free of tax, expenses incurred in the performance of a minister's duties of a kind that would previously have been covered by a dispensation. Such expenses do not have to be reported on form P11D. Where a church is unable to pay or reimburse a particular expense then it may be claimed by the minister in the appropriate boxes (21-26) of the *Minister of Religion pages* of the tax return.

Provided accommodation

Treasurers will be aware that subject to meeting the criteria set out in sections 1.1 to 1.3 of *Taxation Guidance Notes for Churches and Ministers*, manse accommodation can be provided for a pastoral minister of religion for the 'better performance of his/her duties', without this giving rise to a taxable benefit. However, HMRC has made clear that the S.99(2) exemption, as it is known, does not apply to the likes of children's, youth, family and similar community workers, though a duly appointed and inducted minister undertaking such roles should qualify. The accommodation may take the form of a church-owned property or one rented directly by the church, including a property owned by the minister and leased to the church. It will not, however, apply where the tenancy agreement is in the name of the minister.

In conclusion... please remember to check from time to time the Treasurers' Area on the website to see whether new material has been added to the existing guidance notes - see www.baptist.org.uk/treasurers.

If you have any further questions, Philip Cooke FCA (Honorary Taxation Adviser) is happy to respond to tax questions of a general nature. Please email him at philipjcooke@aol.com

These notes are offered to provide general information for Baptist churches. We hope they will be helpful in highlighting new guidance and providing reminders about other important matters relating to the life of a local Baptist church. Although every effort is made to ensure that the information is correct at the time of publication, we make no representations, warranties or guarantees (whether express or implied) that the information is accurate, complete or up-to-date. Further, these summary notes are not intended to amount to advice on which you should rely and cannot be a substitute for formal professional or specialist advice. We do not assume and will not be liable to any party (who has either taken or refrained from taking action in reliance on these notes) for any loss or damage caused by errors or omissions, whether resulting from negligence or any other cause. If you want to ask detailed follow-up questions, please contact us through the Baptist Union website.