

## Church of Scotland Trust speech—General Assembly 2022

### Thomas C Watson, Chairman

Moderator, I have pleasure in presenting the report of the Church of Scotland Trust. The activities of the Trust are, perhaps less well known than some of the Kirk's other statutory bodies, so for the benefit of Commissioners I think that it is necessary to briefly describe what we do.

The Trust's remit covers four distinct areas of work: Third Party Trusts, Pakistan, The Holy Land and the International Presbytery.

### Firstly, Third Party Trusts

The Church of Scotland Trust is trustee of some 50 trusts set up to benefit in one way or another, the work of the Kirk. The size of these trusts range from quite small funds of a few thousand, to some with six or seven figure capital sums. Income and in some cases capital too from these funds is then available to meet the charitable objective of that trust.

Trust objectives vary, ranging from providing educational grants to divinity students study grants to ministers, various welfare purposes for existing and retired ministers and their families, financial support for specific congregations or presbyteries and support for the work of the Unincorporated Entities in particular Faith Nurture Forum, Faith Impact Forum, and CrossReach.

Our over-riding responsibility is to make sure that charitable funds are properly applied for their designated purposes. There are occasions where there have been changes in circumstances and in these cases we consider whether some reorganisation of a trust is appropriate. This may be possible with the consent of The Office of the Scottish Charity Regulator, (OSCR).

We are responsible for overseeing the investment of fund capital, which is mainly in one or more of the Church of Scotland Investors' Trust funds, while ensuring that there are sufficient cash resources available to meet claims or grants made for each trust.

This is a very efficient and cost-effective way of managing trust and endowment funds, as very often small trusts can be burdened with substantial administration costs. While the General Treasurers' and Church Law departments do receive a fee for the work they carry

out on behalf of the Church of Scotland Trust the individual administration fee charged to each trust is very small.

It is therefore worth mentioning that for anyone considering creating a legacy to benefit some aspect of the Kirk's work, the Church of Scotland Trust would be a cost-efficient trustee. The Trust's clerk, Madelaine Sproule, would be happy to advise on this.

Generally, there is a satisfactory stream of well-qualified applications for funds. Investment income has been somewhat reduced in the last couple of years principally as result of the economic impact of COVID, but there are signs of recovery. Throughout this period we have continued to be able to make awards to qualified applicants.

## **Now I would like to deal with Pakistan**

Much of what I have to say about Pakistan has been repeated at previous General Assemblies, but for the benefit of Commissioners unfamiliar with this issue please bear with me if I give a brief summary of the situation.

Commissioners may not be aware of the scale of the Christian community in Pakistan. While Christians represent a very tiny minority of the population of Pakistan, there are still between 2 and 3 million. Compare that to Scotland. Church of Scotland interests are located in Sialkot District which is in the north-east of Punjab Province.

Church of Scotland properties in former Colonial lands throughout the world have, many years ago, been successfully transferred to local National Churches; however Pakistan is a notable exception.

In Sialkot, The Church of Scotland Trust continues to have a large property portfolio comprising land, Church buildings, residences, and other buildings but is under an obligation to divest itself of these interests.

The Trust continues in its endeavour to transfer its property interests to an appropriate body in terms of the Church of Scotland Trust Order Confirmation Act 1958. However, the Pakistan question is both complex and time-consuming.

We have been in negotiation with the Church of Pakistan over many years to establish such a trust without much success. Hampering our efforts has been a long series of court cases concerning disputed property title, illegal occupancy, and even the legitimacy of Church appointments.

The Trust works closely with Faith Impact in a Pakistani Strategy Group, ably supported by the Asia Secretary, Sandy Sneddon and our own Clerk, Madelaine Sproule. We also continue to enjoy the long time support of our attorney, Dr Peter David, whose knowledge and local contacts in Sialkot have proved invaluable over the years.

However, in 2019 we were able to agree the creation of a new Succession Trust, which was signed by local (Pakistani) nominated trustees and then duly signed by members of the Trust, and the then World Mission Council during the General Assembly of that year. It was returned to Pakistan for registration with the Court. And that is where it remains. So it has not yet been registered, and even when that is accomplished, the next task, and it will be for the succession trust trustees, is to formally transfer all properties to the new trust within a maximum period of 10 years.

COVID might have added to the delays, but it is not the sole cause, and we remain concerned that expensive litigation necessary to defend the Church's property portfolio continues to be a drain on the Church of Scotland's scarce financial resources.

Following a period of virtually no activity in Pakistan we have in recent months been able to re-engage with the registration authorities, and I understand that our Pakistani lawyer is in dialogue with Court officials. I earnestly hope that this signals some progress, however it saddens me to admit that the conclusion may be some way off yet.

So, as in past years we have to advise the General Assembly that if matters cannot be resolved then we may have to resort to the less than ideal option of transferring the Church's property assets to the Pakistani Government.

## **I should now turn to our work concerning the Holy Land**

The Church of Scotland Trust acts as trustee on behalf of Faith Impact Forum and The Presbytery of Jerusalem, holding heritable and other assets on their behalf.

As has been usual practice, the Church of Scotland Trust is consulted by Faith Impact Forum on all major financial, land and property developments. A recent example is the renovation of the Guest House in Jerusalem. A designated Steering Group has overseen this work carried out during 2019-20. The imposition of COVID related restrictions has meant that final project sign off was held up until the end of 2021

The COVID restrictions in Israel have also continued to have a significant effect on trading results in the Hotel at Tiberias and the delayed reopening of the Guest House. The financial

situation has been managed carefully; at the time of writing with the easing of COVID restrictions throughout Israel the trading situation is much improved.

## **Lastly, let me deal with International Presbytery**

Since 2016 the Church of Scotland Trust has a broadly similar role in the International Presbytery to that of the General Trustees within Scotland.

The process is now well established, and proposals concerning property matters are being routinely reviewed by the Trust. It must be recognised that there are particular challenges in making this work: congregations and Kirk Sessions are typically very small; the area of the Presbytery is large making communication difficult; and the property portfolio includes some high value assets, many in need of costly repairs, with limited financial resources to deal with it.

A number of significant developments and transactions have been reviewed during the year including the downsizing or replacement of manse properties.

The Trust notes the changes which will be required in the International Presbytery due to the Presbytery Mission Plan Act 2021 and will work with the Presbytery to assist with the implementation of the Act.

## **Conclusion**

The membership of the Church of Scotland Trust includes two former Moderators, the Principal Clerk together with experienced accountants, lawyers and surveyors. We are ably supported by the General Treasurer and the Law Department; in particular we are indebted to our Clerk Madelaine Sproule for her first rate professionalism and dedication in keeping the Trust's business affairs functioning efficiently.

My own term of office as Chairman of the Trust will be completed on 31st May 2022 and I will return to "the back benches". It is recommended that the General Assembly appoint Mr Leon Marshall as Chairman from 1st June 2022.

The term of office of the Vice-Chairman of the Trust, Mr Stuart Lynch, will be completed on 31 May 2022. It is recommended that the General Assembly appoint Mrs Morag Angus as Vice-Chairman from 1st June 2022.

In accordance with the constitution of the Trust, the following two members retire by rotation on 31 May 2022 but are eligible for re-appointment: Mr Angus Bethune and the Very Rev John Chalmers. It is suggested to the General Assembly that they are both re-appointed as members of the Trust from 1 June 2022.

I should add that Stuart Lynch has intimated his resignation from the Trust with effect from 31 May 2022 and, as the longest serving member of the Trust, members would like to record their sincere gratitude for his dedicated contribution to the work of the Trust over 26 years. Stuart's in-depth knowledge of the work of the Trust will be greatly missed. Rev Iain Cunningham also intimated his resignation from the Trust in February 2022 and members would like to record their appreciation for his contribution to the work of the Trust since 2014.

It is suggested that Mrs Valerie Macniven be appointed as a new member of the Trust from 1st June 2022.

Finally, I take this opportunity of tabling the Trust Accounts for the year ended 31 December 2021. Copies of these accounts are available for inspection by request to our Secretary and Clerk, Madelaine Sproule.

I commend the report to the Assembly and as I am not a Commissioner, I ask the Principal Clerk to move the deliverances.