

General Assembly, 22 May 2024

General Trustees' Report: Speech

Good afternoon, Moderator and Commissioners.

I wish to begin by thanking my fellow Trustees and our staff for their hard work and dedicated support for congregations. Special thanks are due to the Trustees and Advisory Members listed in section 9 of the Report as retiring at this General Assembly all of whom contributed greatly to the operation of our committees. I also wish to thank the staff in the Law Department and Stewardship & Finance with whom we work very closely.

Accompanying me today are Rev Scott Rennie, our Vice-Chair, and members of the senior staff team including Brian Waller, our Chief Executive. Scott and I will form a “double act” as we did at last year’s Assembly with Scott focussing on questions raised about Presbytery Planning.

Before I highlight aspects of the formal report, I will provide some background to the General Trustees within the Church of Scotland for those less familiar with our role.

“The General Trustees of the Church of Scotland” is a body that was incorporated by Act of Parliament in 1921. The Trustees are answerable to the General Assembly but, as a separate registered Scottish Charity, we have the duties, responsibilities and liabilities of charity trustees and that includes operating the restricted funds that we are responsible for in line with their governing regulations.

The Trustees’ Mission Statement is:-

“The General Trustees support congregations and Presbyteries in maintaining and developing appropriate flexible, robust and sustainable facilities capable of supporting local mission and worship.”

The staff use their expertise to provide advice and practical support to congregations so they can use their buildings and glebes effectively and safely. Areas of support include Church Law, Planning & other Legislation, Conservation, Buildings & Land Surveying & Valuation, Health & Safety (including Fire, Hygiene and Environmental), Architecture Heritage & Listing and Construction Management. This support has been enhanced by the appointment of further Presbytery Buildings Officers.

I now turn to the content of the Report of the General Trustees. It covers a range of topics several of which are highlighted in the Deliverance. My comments follow the order in which they appear in the report.

Section 1 refers to the Annual Report and Financial Statements for 2023. This has been audited and signed and can be found on the Church website.

Section 3 covers governance initiatives including an external review about the operation of the Board and its committee structure and a Review of the Trustees' Investment Policy that is also referred to in section 5.5.4.1.

I consider Section 4 to be our "report card" as it describes progress and developments arising from Deliverances relating to the Trustees from last year's Assembly. This list is kept under continuous review and is on the agenda of each Board meeting. For several of these topics, cross references are provided to further details that appear in later sections of the report.

Section 5 comprises reports from our committees.

The Fabric Committee is anticipating increased activity as the approval of Presbytery Plans means most congregations and presbyteries know which buildings would now benefit from professional advice and financial assistance. Working groups dealing with Manses and Health & Safety report to the Fabric Committee.

The report of the Glebes Committee highlights the involvement of the Trustees in the provision of affordable housing on Barra.

The report of the Presbytery Support & Buildings Committee provides details of its activities and projects, most of which arise out of Presbytery planning. It was also involved in the completion of the Bertha Park Initiative. The recruitment and future funding of Presbytery Buildings Officers is dealt with in section 7.3.

The Audit & Assurance Committee, in conjunction with the Nominations Committee, is responsible for the implementation of the recommendations of the external governance Review.

The report of the Finance & Resources Committee refers to Energy Procurement.

As indicated at last year's Assembly, the average cost of both gas and electricity roughly doubled when the contracts were renewed. The increase partly reflects the low rates enjoyed previously and partly the impact of the increase in global energy costs in recent times. Staff have also had to deal with the highly regrettable billing problems caused by the systems failings of the previous gas supplier. We can only apologise to the congregations and treasurers who were affected. Section 5.5.2.5 refers.

CrossReach is making progress with the rebuilding of Gaberston House and the first tranche of loan finance from the Trustees is about to be provided. Section 5.5.4.3 refers.

Section 6 describes matters relating to manses in considerable detail and I would encourage you to read this in full. The two main topics are:-

The Condition of Manses in section 6.2.

Manse Provision for Ministers in section 6.3.

We very much regret to be reiterating much of what was reported last year about the condition of manses and the lack of information forthcoming about their condition. Staff therefore undertook two actions in support of the Manse Working Group in order to proactively improve the information to hand.

Firstly, a survey was issued to ministers as described in section 6.2.6 and the response rate was an excellent 50%. Further analysis is required however an initial review indicates that the main issues facing ministers are the cost of heating, dampness, maintenance not being carried out, there not being enough flexibility in the manse standard for accommodation and gardens being too large to maintain.

Secondly, as stated in section 6.2.7, they trawled through an online database for Energy Performance Certificates and found data for 75% of manses. Presbyteries had been instructed to provide these and the missing ones are now urgently being sought.

Regarding the provision of manses to ministers, the investigation and discussions held led to the outcome reported in section 6.3.6.1; namely that the current model of manse provision should be retained as the default position unless or until HMRC changes the taxation rules.

Section 7 deals with the financial resources of the General Trustees.

Consolidated Fabric Fund

In 2023, the Trustees were asked to review the rules relating to disbursements from the Consolidated Fabric Fund that is a Restricted Fund. The Solicitor set out the limitations that restrict what the Trustees are allowed to do and also explained what flexibility was already permitted.

The current rules about the Revenue Account are complicated and limiting and so, in section 7.1.4.1, it is proposed that, from 1 June 2024, congregations will be able to draw down those monies in full for any purpose aligned with the Five Marks of Mission. That will continue to include meeting fabric costs, utility bills and insurance premiums.

The operation of the Capital Accounts has to be more tightly controlled. Using non-legal terminology, “fabric monies” can only be applied for non-fabric purposes if the congregation’s future fabric needs are already well catered for. Similar rules already exist permitting transfers from the Fabric Fund to the Stipend Fund though they are rarely used. This proposal will provide greater flexibility by allowing disbursements to be made for other

purposes aligned with the Five Marks of Mission albeit only if future fabric costs have been conservatively allowed for.

As a result of these changes, the Trustees have not taken forward proposals about changing the levy applied to the disposal proceed of buildings. Section 7.4 refers.

Fund Charges

The Trustees' report to the 2023 Assembly showed the estimated cost of operating each of the Trustees' restricted funds and compared that with the very limited support costs that the Trustees' General Fund charge each fund.

As is described in section 7.2, it is not sustainable for the General Fund to continue to subsidise the restricted funds to this extent and the Trustees will work with Stewardship & Finance to determine a more appropriate level of support costs to be applied to the funds from 1 January 2025.

Presbytery Buildings Officers

When PBOs were first introduced, the Trustees agreed to fund 50% of their employment costs for a three-year period.

As the Trustees consider their appointment to have been a great success, they considered extending the 50/50 approach to funding. However, an alternative model was agreed upon under which the Trustees will pay 100% of the cost of employing the PBOs from the start of 2025 so long as the General Fund receives the more realistic level of support costs that I just mentioned.

Section 8 deals with legislation.

Section 8.1 introduces the consolidating legislation that can be found in the Supplementary Report that I will refer to shortly.

Section 8.2 shows that significant progress has been made on interpreting the registration requirements under the Land Reform (Scotland) Act 2006. As stated in section 8.2.5, congregational buildings vested in the General Trustees do not need to be registered. The Law Department has provided guidance for congregations on the registration requirements for buildings that are held in the name of local congregational trustees.

Supplementary Report

This contains a Deliverance seeking Assembly approval of "The Church of Scotland General Trustees (Properties, Funds and Endowments) Act 2024.

The Act consolidates much of the accumulated legislation applicable to the Trustees and guidance will be issued in due course.

The first page highlights the fact that, in addition to consolidating the existing legislation, the opportunity has been taken to make some changes.

Moderator, I have much pleasure in presenting the Report and the Supplementary Report of The General Trustees of the Church of Scotland to the General Assembly and I would ask the Principal Clerk to move the Deliverance.

Thank you.

Alan Kennedy
Chair of The General Trustees