The Church of Scotland
Stewardship & Finance Department

‘Finance in Unions’ Webinar
20 June 2024
Questions and Answers

This handout has been prepared following the online webinar held on 20 June 2024. This event was recorded and is available to watch via this link to YouTube.

Around 330 people joined the event. Questions were submitted before and during the live event, all of which have been answered and published below. The presentation slides have also been circulated.

SECTION A: BROAD	
Q1	We will be entering a Union with one other congregation in September. Our church building is closing, and the other congregation’s building is being kept, but our congregation’s OSCR number is the one being retained. I am wondering what are the implications of this with regard to the accounts, etc?
Answer	The implications for the continuing and ceasing charities in terms of accounting were covered in the presentation. However, regarding the specific point about the retained charity's building being closed (and presumably sold) and how that is presented in the accounts, it depends on whether the asset is vested locally or with the General Trustees. If held locally, it would remain on the balance sheet of the continuing charity until it was sold. If vested in the General Trustees, it wouldn't be held on the congregational balance sheet. Once the church had been sold, the net sale proceeds would be transferred to the consolidated fabric fund, which is presented as an appendix to the accounts. When deciding which charity remains on the charity register and which is removed, locally held properties (and other assets) should be considered. It is our recommendation that the charity with the greatest net assets remains on the register.
Q2	Is there a step-by-step guide or checklist with key points that treasurers need to address and a timeline of when key things need to happen?
Answer	There is a guidance note on unions available on the Church of Scotland website at the following link. It sets out the key points treasurers should address and when these should be done. https://churchofscotland.org.uk/__data/assets/pdf_file/0003/107436/Guidance-notes-on-unions-30.08.24.pdf
Q3	Does a brand new charity for the new united congregation have to be set up with OSCR or can the new union use one of the existing charity numbers from one of the churches that are uniting? Does OSCR permit changing the existing charity name?
Answer	As covered in the presentation, the way a union takes effect is for one charity in the union to remain on the register and to change its name to that of the new united charity.
Q4	Who will be responsible for the July payroll for our Hall cleaner? There are only two cleaners on our payroll, the Hall cleaner/convenor who is to remain and the Church cleaner who will no longer be

	required after our last service on 30th June. Who should deal with the formalities to end her employment?
Answer	We advise that in the case of a union a new contract of employment should be issued to employees who are remaining employed, as their employer is changing. The new contract should note the continuous service. A meeting should be held with individual employees to explain why this change is necessary. Consideration may be given to aligning all terms and conditions if these now differ in the united congregation (e.g. salary for comparable work, weekly working hours, annual leave, sick pay, pension provision etc). Legal advice on redundancies should be sought from our law department who are able to support local congregations through this and are able to provide template letters and guidance on the process. The trustees of the united congregation are responsible for ensuring that the hall cleaner is paid following the union. However as explained in the presentation it is appropriate to keep the existing bank accounts open for a short time following the union. It would therefore be possible to run the payroll in July as normal, if more time is required to change payroll to the united congregation's bank account.
Q5	Is a cleaner or an organist who continues to do the same job in the united congregation classed as being in continuous employment (e.g. for pension or redundancy purposes)?
Answer	Whilst the employer changes, the service should be treated as being continuous and the new contract should state that.
Q6	Is there a standard format of employment contract for cleaners that we can use?
Answer	Styles of contract for a range of positions, including cleaners, are available to download from the resources section of the Church of Scotland website: https://churchofscotland.org.uk/resources/law-circulars#employment_law
Q7	Do we get a vacancy allowance for the vacancy in our ministry team?
Answer	Yes – currently vacancy allowance is provided for each Minister of Word and Sacrament post that is vacant.
Q8	Is there an independent advisory service available to congregations contemplating union to make clear the financial implications to each congregation?
Answer	No, there is not, but Presbytery and the national offices can provide individualised guidance and support on this.
Q9	What are the requirements for congregations with regard to holding their Stated Annual Meeting - whether the ceasing or continuing congregation?
Answer	The Stated Annual Meeting (SAM) should be held by 30 June each year. If the congregation has united before this date and has not already held their Stated Annual Meeting then it will be the responsibility of the united congregation to hold the Stated Annual Meeting before 30 June. If the union takes place after 30 June then the Stated Annual Meeting should be held as usual prior to that date.
SECTION B: BANK ACCOUNTS	
Q1	How do we set up a new bank account for the new united church which will have a new name? (At present, one of the current congregations deals with the Bank of Scotland, and the other two deal with the Royal Bank of Scotland.)

Answer	As mentioned in the presentation we would recommend that one of the bank accounts is kept and the name of that account is changed to match the name of the united congregation. The other accounts can be closed once trustees are confident that all regular payments and income have been transferred.
Q2	Do all bills have to be paid from the new united congregation's bank account (once it is renamed) and direct debits from our current bank cancelled? Or can we continue to pay bills from our separate accounts initially, given that these accounts need to stay open to allow time for fresh Freewill Offering standing orders to be put in place and direct debits changed?
Answer	There should not be more than one current account in operation indefinitely. We recommend that bank accounts remain open for a short period following the date of the union, until the administration of transferring regular income and payments to the new bank account has taken place. Don't cancel standing orders or direct debits until they have been transferred to the new account.
Q3	Where a union is taking place on 1 July 2024, will it be okay for June 2024 hall let invoices to be paid into existing bank accounts, and let invoices from 1 July to be paid into the new bank account for the united congregation? (Lets are normally invoiced monthly at the beginning of the following month, but the June ones will be sent out on 27th and dated 28th, rather than at the beginning of July.) There are regular weekly payments made direct to the Hall account by regular hirers. Should we continue to use the existing bank account or will there be a new bank account from the date of union?
Answer	The congregations uniting should decide which bank accounts need to be retained following the union and which should be closed. However, it is perfectly acceptable to use the bank account that has always been used to receive hall let income into, for a short time after the union, to allow the transfer of income and payments to the new (retained) bank account(s) and invoices issued with the new bank account details on them.
Q4	With regard to closing a church bank account: • How long is the "short period" for the account remaining open before final closure? Is it until the closing church building is sold and all income and expenditure are settled, or at an earlier agreed date after which the continuing church receives all income and pays all expenditure? • Until the closing account is closed, should it receive all FWO envelope donations and gift aid receipts, and pay all the bills e.g. Giving to Grow, insurance, electricity?
Answer	"Short period" will differ for different congregations, but we would expect the bank accounts to remain open until the trustees are confident that all regular income and regular expenditure (which are mentioned in the question) have been transferred to the new bank account. It does not have to wait until a church building is closed and sold. From the date of the union there is only one charity – so any transactions form the accounting records of the united congregation from that date.
Q5	When should the name on the continuing bank account be changed?
Answer	The bank will require evidence of the change of the name – for example an extract from the charity register. So, this should happen following the union and once the name change has appeared on the register (there can be a week or so delay following notification after the date of union)
Q6	Should we be advising our Church members to cancel their standing orders for offerings before the date of union? When are we likely to have the new union's bank details to give as an alternative?
Answer	We would not advise church members to cancel standing orders until you are able to share the new bank details because of the risk of losing income. If you are entering into a union and you don't know the bank details of the account that is being kept, then please get in touch with the treasurer of the congregation.

Q7	Our bank accounts are Business Accounts with RBS. The RBS website says that when changing a business account name, since we are not a limited company, we are required to include a "Certificate of Incorporation" in our written request. Does the Church of Scotland supply an equivalent document to a "Certificate of Incorporation"?
	OSCR advises that when a charity is asked for a certificate of registration or incorporation that you should send a link to your charity's entry on the Scottish Charity Register or print the entry webpage. You can search the register here: https://www.oscr.org.uk/search/register-search/
SECTION C: FUNDS	
Q1	We have six congregations that will be uniting on 1 July. Our funds number around 56 (a mix of unrestricted General Funds, designated, restricted, and funds with the Investors' Trust - one of which is designated, one endowment and the others are restricted). • Presumably we can combine the unrestricted General Funds, and the designated Fabric Funds? • Can we merge designated funds with a similar purpose? • What about all the Restricted ones? Do we need permission from OSCR?
Answer	Unrestricted general funds can be combined, as can designated fabric funds. Designated funds are a matter for the Trustees. We suggest that the Trustees of the united charge consider the designated funds and what to do with them. They can be retained, combined, released to general funds or you can come up with new designated funds which are relevant for the united charge. Restricted funds can only be combined where the restrictions are identical and you do not need OSCR's permission to do this. You should also take care that there is no geographical restriction which would prevent merging two apparently identical funds.
Q2	We have five restricted funds, some of which date back to 1911. These funds were given to the Church for specific purposes including the upkeep and maintenance of family graves within the cemetery which surrounds the Church. One of the other funds was given specifically for mission purposes in our congregation or within its parish. What is the position regarding these funds once our building closes and we become part of a union?
Answer	The fund for upkeep and maintenance of graves must remain restricted to that purpose. The funds for mission within the congregation or the parish could be used in the new larger parish following the union. In each case it will depend on the specific wording used by the donor and the law department can check and advise if necessary.
Q3	If we have a legacy or funds for work in a particular parish do those funds stay for that purpose in united congregation?
Answer	Yes, unless you were to reorganise them through OSCR and widen the purpose to include the new larger united parish.
Q4	A few of our funds have separate bank accounts. Is it OK for them to be retained, renaming where appropriate, and audited with the rest of the funds as has been the case so far?
Answer	Yes, but it should be noted that there is no requirement to have separate bank accounts for funds.
Q5	The congregation with the building which is closing receives regular donations from an endowment trust administered by local solicitors. These donations were thought to be "building linked", though OSCR's wording for the endowment trust charity indicates that these donations are for the "congregation". Who should deal with this situation to ensure transfer to the united church?

Answer	It will depend on the specific wording and circumstances in each case, but we have successfully applied to OSCR on several occasions for a restricted funds reorganisation. This allows funds which are to be used for a specific building that has been closed to be used to support the congregation's remaining buildings. If a donation is made to a specific congregation which is uniting and changing its name then it should be possible for the donation to continue to be paid to the united congregation. The law department can write to the local solicitor on behalf of the congregation if required.
Q6	Is it possible to access our Church of Scotland Investors Trust deposits online, and if so how can this be done?
Answer	Not yet – but this something we are working towards. If you require information on your funds held with Investors Trust please contact investorstrust@churchofscotland.org.uk
SECTION D: ACCOUNTS	
Q1	We note from the Guidance Notes on Unions that in preparation of the 2024 accounts the comparative year figures are those of the retained charity number; no consolidation is required to include the ceasing charity. Presumably that implies that when the ceasing congregations prepare their accounts up to 30th June, they don't need to include comparative figures for 2023.
Answer	This is correct if you are using the acquisition method of accounting. The comparative figures are just those of the congregation with the retained charity number. The ceasing congregation will prepare accounts for the period to date of union (30th June) and will include the comparatives from its previous set of accounts. Care should be taken in the headings to show that for income and expenditure the current period is shorter than the comparative ('For the six months ended 30 June 2024 / Year ended 31 December 2023') and that the balance sheets are at different dates ('As at 30 June 2024 / 31 December 2023')
Q2	Can a treasurer of one congregation which is uniting ask the treasurer of the other congregation for a copy of their last annual accounts simply for information?
Answer	Yes. Trustees should be aware of the finances of the congregations with which they are uniting. A good way to do this is to ask for a copy of their annual accounts. The Charity & Trustee Investment (Scotland) Act 2005 requires a charity to provide a copy of its accounts to anyone who makes a reasonable request.
Q3	Should treasurers try to get a congregation's annual OSCR return (re the 2023 accounts) submitted before the date of a union? If so, are Presbyteries in a position to attest these? Now that OSCR has been informed of the new church union can I still report 2023 figures under our current OSCR reference once Presbytery has approved the 2023 accounts?
Answer	If you are the ceasing charity, the charity number will be removed from the register following the date of union. This means that you will be unable to submit your annual return and accounts. Therefore, we advise that if you are uniting in 2024 and your 2023 annual accounts have been prepared, approved and attested you should try to submit these to OSCR before the union. (If this is earlier than the standard timescale it would be for Presbytery to determine whether they are in a position to attest the accounts). If you don't submit your accounts before the date of union, and your charity number is subsequently removed from the register, then there is no requirement to submit accounts. So, whilst you wouldn't be breaking any laws or regulations, it would be best practice to submit these before the date of union. The accounts do still have to be submitted to the Stewardship and Finance Department at sfadmin@churchofscotland.org.uk and a copy should also be submitted to Presbytery.

Q4	I was advised that the ceasing congregation's accounts be sent to Stewardship & Finance, which I have done. I was told it wasn't necessary to send to Presbytery but see this advice has changed in the presentation. Do Presbytery require a copy?
Answer	Yes, this is best practice.
Q5	Once our accounts are finished up to 30th June 2024 prior to the union do they need to be examined by an Independent Examiner before being sent to the Stewardship and Finance department at 121 George Street? What format should they be in?
Answer	The congregation whose charity number is being removed from the charity register should produce accounts up to the date of the union. Stewardship and Finance only require the accounts section (in the usual format) and don't require the Trustees' annual report (TAR). Submission of the accounts ensures that the final position is known for incorporating into the united charity's annual accounts and they are also used for Giving to Grow purposes. However, whilst we don't need the TAR, the Independent Examiner might, because OSCR's guidance for independent examinations advises to check for inconsistencies between the annual report and the accounts. It is best to check with the Independent Examiner in advance.
Q6	Will the continuing charity submit 2023 accounts to OSCR as normal, even after the union date, if attestation has not been possible before it?
Answer	Yes, that's correct.
Q7	If a union is taking place on 1 January 2025, do full accounts for year to 31st December 2024 need to be produced for each congregation, as would have been the case if they were not becoming a union - i.e. include trustees reports etc?
Answer	Each congregation should produce annual accounts for the year. Full accounts in the usual format for submission to OSCR should be produced for the continuing charity. Stewardship & Finance only require the actual accounts part and not the Trustees' annual report (TAR) for the ceasing charities. However, the Independent Examiner might require the TAR because OSCR's guidance for independent examinations advises to check for inconsistencies between the annual report and the accounts. It is best to check with the Independent Examiner in advance. The accounts should be submitted to Stewardship & Finance and Presbytery after they have been independently examined.
Q8	Observations: - a) It is noted that the Accruals template available does not reflect the Transfer of Union Balance unlike the R&P Sample. b) Exceeding the £250,000 limit has a high probability of being a once only event i.e. • Prior Year-R&P Accounts • Union Year-SORP Accrual • Post Union Year-R&P Accounts c) The Prior Year attested R&P Accounts will have to be reworked to SORP Accrual in order to provide comparative figures. d) It is also to be recognised that in most instances Church Treasurers are volunteers who may not have the appropriate experience/knowledge of SORP. To use professional accountants as an alternative will incur a substantial cost to the Church. Questions: - 1) When will Church of Scotland provide a SORP Accrual sample which complies with the references and observations above;

	2) Can OSCR/Church of Scotland confirm (or otherwise) that the SORP Prior Years comparative figures will only be required for the "congregation with the retained charity number" i.e. not the combined values of the two Churches. This would apply to R&P Accounts also; 3) What exactly is "the merger method of accounting"; 4) If a Church is "forced" to use professional accountants are the costs to be deducted from the Assessable income calculation for Giving to Grow?
Answer	a) The 'transfer of union balance' in the SORP accounts template is within the Other Income note found on page 10 of the accounts – it's harder to find than the Receipts & Payments template which is on the face of the Receipts and Payments Account. b) We are aware that there is a high probability that a one-off event can push income above the audit threshold. This threshold is contained within The Charities Accounts (Scotland) Regulations 2006 and thus out with the control of the Church of Scotland. However, we have participated in the Scottish Government's review of charity regulation, advocating for an increase in the audit threshold for charities as well as a 'year of grace' for breaching the threshold. c) Yes, that's correct. SORP accounts are required if income is more than £250k which means that the prior year would also need to be put into SORP format to obtain prior year comparatives 1. The current template is compliant for the acquisition method and the merger accounting template will be made available shortly. 2. If the acquisition method is used (net assets transferred) then yes, the prior year comparatives would only be for the charity whose charity number is retained. If merger accounting is used then prior year comparatives need restated. 3. Merger accounting was covered in the presentation – there is no transfer of assets from one charity to another because the accounts are presented as if the congregations have been united for the whole year, with balances consolidated for the whole year. This means that the prior year balances are restated in the same way. Book values of assets are required, compared to fair value in the acquisition method. 4. Giving to Grow is an income-based system and there is no allowance or deduction for using professional accountants.
Q9	Can you please explain the rationale for the instruction in the guidance notes that "The accounts should show the funds being received from the ceasing charity as income; this income amount should be disclosed separately as 'the transfer of union balance'". As these funds were balance sheet items in the ceasing charity accounts, why are they appearing in the income statement of the continuing charity? [Note: Our union took place at the end of the accounting period for all charities involved]
Answer	This is the acquisition method of accounting for the union which takes the net assets of the ceasing congregation and donates/transfers them to the continuing charity – that's why they show as income. If the union took place at 31 December then you would take the net assets from the balance sheet of the ceasing congregation and have that transfer of union balance within income of the continuing congregation's accounts for that year.
Q10	Are you still recommending treating the "ceasing" congregation's funds as income (acquisition method) or mentioning the possibility of merging the two (or more) charities' accounts, as recommended by OSCR?
Answer	The acquisition method, where the ceasing charity's net assets are treated as income, is still the method which has been agreed with OSCR. Merger accounting really requires an accountant as it is more complicated and may only be appropriate if the united charity's income will exceed the audit threshold of £500k.
Q11	Where do we find details of the merger method of combining finances from the previous individual parishes? It is not mentioned in the guidance document.

Answer	It is still our recommendation that the acquisition method is used – this method has been agreed with OSCR. Merger accounting is more complicated (with the need to convert to SORP accounts and restate comparatives). We plan to put more guidance on merger accounting on the website soon.
SECTION E: BUILDINGS	
Q1	When former buildings are sold, where are the funds held by the Church of Scotland and how does the newly united church access these funds?
Answer	The costs incurred during the sale are first deducted from the sales proceeds. These could include survey fees and costs associated with the marketing and conveyancing. A 10% levy is also applied. If the title of a property is vested with the General Trustees, when the property is sold the remaining sale proceeds are transferred to the Consolidated Fabric Fund. These funds are invested and generate revenue. This is also the case if it is locally vested with the Assembly Control Clause. Since 1 June 2024, Revenue may be drawn down by congregations for any purpose that is aligned with the Five Marks of Mission. It's no longer limited to fabric work or utility costs and receipts will no longer be required. Revenue can be drawn down by completing a simple form. Please email gtfinance@churchofscotland.org.uk for a copy of the form. Capital can also now be released for non-fabric projects with Presbytery and General Trustees approval. This would be considered on a case-by-case basis and would require consideration of how much Capital is likely to be required for future building works, maintenance and fabric-related costs in coming years. A Reallocation of Funds Schematic can be found on the General Trustees section of the Church of Scotland website: https://www.churchofscotland.org.uk/__data/assets/pdf_file/0018/124623/Reallocation-of-Funds-Schematic-July-2024.pdf
Q2	Is the 10% levy still applied where the congregation is about to embark on a major fabric expenditure?
Answer	Schedule 3 of the 2024 Act: "17. (a) States; When approving the sale of property, the Presbytery may recommend to the General Trustees that, prior to the operation of the levy, part or all of the net proceeds of sale shall be applied in the first instance towards the cost of a fabric project already approved. So, if there is a project already established at a building within the congregation, the whole proceeds may be applied to that project, subject to Presbytery support and at the discretion of the General Trustees.
Q3	Can any of the net proceeds from the ceasing congregation's building sales be used to fund improvements to the remaining building(s) of the new union? If more than one building remains can the sale proceeds be specified for use on a particular building?
Answer	Yes. Net proceeds from sales of buildings will be held in the Consolidated Fabric Fund for properties vested with the General Trustees (or locally held with Assembly control clauses). If these are held individually these will be combined following a union and held for the benefit of the united congregation. The congregation can apply the proceeds of sale towards repairs and improvements to their buildings as they deem appropriate, subject to Presbytery and General Trustee approval where required.

Q4	Once a union has taken place, can monies held in the Consolidated Fabric Fund be used for expenditure on buildings which are to be disposed of prior to their sale/disposal e.g. insurance premiums, heating, lighting, maintenance etc?
Answer	Yes, the revenue funds can be used for essential repairs and ongoing costs until the property is sold. It is unlikely that approval would be given to withdraw the capital for more substantial building work on buildings which are to be sold but could be used for more substantial building works on the building(s) to be retained, subject to the normal approvals.
Q5	What advice, funds or grants are available to the newly formed church for maintenance of its buildings?
Answer	For advice speak to your Presbytery Buildings Officer and Presbytery. A Faith in Maintenance Checklist Calendar can be found on The Society for the Protection of Ancient Buildings website: https://www.spab.org.uk/sites/default/files/SPAB-FiM-maintenance-calendar.pdf The 'Funding Sources for Churches' list, which was updated in May 2024, can be found in the General Trustees section of the Church of Scotland website: https://www.churchofscotland.org.uk/__data/assets/pdf_file/0008/3014/Funding-Sources-for-Churches-Updated-May-2024.pdf
Q6	Three congregations are uniting, and we are keeping two of the church buildings, plus three halls and a manse. Will we have separate energy accounts etc? Will we have separate insurance and separate fabric funds?
Answer	There will be a single energy account holder for the united congregation with individual accounts based on the individual meters. There will be one insurance policy and one Consolidated Fabric Fund per congregation.
Q7	We have six congregations that will be uniting on 1 July. All six buildings are being retained for the time being. What happens with Business Stream and the exemption from paying water rates? Are we all exempt for 2024/25? We've all submitted our 2023 accounts to OSCR so presumably we could individually now apply for exemption for 2025/26? Presumably Business Stream will merge their records with the separate supply points listed?
Answer	Yes, that's correct. The rate years runs from 1 March – 31 April and charities are exempt from water rates if their gross annual income is less than £300k, based on the most recent set of annual accounts. So, if gross income is less than £300k in the 2023 accounts then the exemption (applied for in 2024) would be given for each charity for 2025/2026. If the union in 2024 results in gross income exceeding £300k then the first year that water rates would be payable would be 2026/2027 for the united charity.
Q8	We went into a Union at 1 April 2024. As there was not time to get Presbytery to attest the 2023 accounts before the Union, they were not sent to OSCR. Therefore, there are no accounts for the "sleeping" congregations for Business Stream to look at for relief from water rates for 25/26.
Answer	In this case the accounts of the continuing congregation should be used.
Q9	Will the vacant premises become liable for Business Rates once they are vacated as they might no longer be deemed "Places of Worship" and would therefore lose any exemption to Business Rates?
Answer	The General Trustees advise that services continue until the property is sold. Section 22 of the Valuation and Rating (Scotland) Act 1956 gives a rating exemption to "buildings occupied by a religious body for the purpose of religious worship or related administration, and

	halls used in connection with such buildings and their occupier's purpose". If the building is closed then the exemption available is reduced to 50% relief for the first 3 months and thereafter the relief is reduced to 10%. There are certain circumstances where the building will continue to be exempt from paying rates (listed building; Scheduled ancient monument; building with rateable value of less than £1,700). If a building is closed for months the local authority will indeed start to charge rates if their attention is drawn to it. If their attention is not drawn to it, it is unlikely they will make a charge especially if it is being actively marketed for sale. But there is no guarantee. There is a law department circular on Rates, Water and Sewerage Charges and Council Tax Payable for Congregational properties which can be found on the Church of Scotland website: https://www.churchofscotland.org.uk/__data/assets/pdf_file/0003/32682/Rates-Water-Sewerage-Charges-Council-Tax-R.pdf
Q10	Are rates applicable per building?
Answer	If the charity no longer qualifies for the exemption, then waste and water charges are applied on a per building basis.
Q11	Scottish Water/Business Stream will consider each local congregation with separate buildings as a separate entity for exemption purposes, provided audited accounts are available for each local congregation. Orkney (union of 17 or 19 congregations) will be way beyond the exemption limit if income is considered as a whole, but most of the congregations will be below the £200K limit if considered separately. Is it possible for each congregation to be considered separately so we can meet the exemption criteria?
Answer	We queried the position with the Scottish Government regarding the union in Shetland, which is similar to the scale of the planned Orkney union. They explained that eligibility for exemption is based on a charity's gross income, as reported to OSCR. They did recognise that a charity may be an umbrella organisation where by one charity number may cover a number of individual churches. But to be considered as an umbrella organisation they would need to confirm that there are audited accounts for individual properties, as well as further information on why the church accounts at the level it does and whether individual churches within the umbrella organisation are largely autonomous. Each congregation is a separate charity, with trustees at charity level and accounts submitted at that level. The trustees are responsible for all individual buildings (and other assets) and so they are not largely autonomous. This means the exemption would be lost for Orkney.
Q12	If the exemption for water rates is lost, could the union apply for metering of water consumption if this is beneficial?
Answer	Yes, a water meter enables water usage to be tracked and bills to be managed. Scottish Water encourage their installation.
Q13	Scottish Water are seeking water rates for a disused church which is now for sale. They maintain that the charity no longer exists as it is no longer registered with OSCR. They take no account of the fact that the ceasing charity has gone into the new union
Answer	We would advise providing Scottish Water with evidence of the union – basis of union and extract from Scottish charity register with the name change. Please also contact the law department who can write to Scottish Water to confirm the position.

Q14	Our redundant manse is presently rented under General Trustees' supervision. Would this automatically transfer over to the accounts of the united congregation?
Answer	Yes – but the General Trustees would prefer the manse to be sold as soon as possible.
Q15	Our Church hall is hired daily and is to remain operational from our Union date of 1st July 2024 but our Church is to close. The treasurer is resigning from 1st July 2024 and a replacement treasurer is still to be found. Who will be responsible for the financial management of the hall from 1st July?
Answer	Every trustee shares responsibility for overseeing the charity's finances, even if one person is appointed as the treasurer. Therefore, the trustees of the united charity will be responsible. If you have concerns around this then raise them as soon as you can with the respective trustees ahead of the union so plans can be put in place.
Q16	When do I cancel Wi-Fi in church? Does the insurance for the Church continue to be paid by direct debit?
Answer	If the church building is closing then the Wi-Fi provider should be contacted to cancel the contract when it is no longer required. Church of Scotland Insurance Services say that where you have been able to change the name of the account but retain the bank details, the primary location will continue to be paid from the direct debit but that new mandates will be required for all other locations and policies.
Q17	I have been advised that it may be a condition of a grant application for future building work that we guarantee the buildings have a life of at least 15 years. Is this likely to be the case, and if so would the Church of Scotland centrally be in a position to provide such a guarantee, given that future ministries are likely to be on a rolling five-year fixed term contract basis?
Answer	You have correctly identified the risk – there is a misalignment between the duration of our Presbytery Mission Plans and the length of the monitoring periods associated with heritage grants. This is an area which the General Trustees have given much consideration to. The General Trustees will have to take a view, based on their knowledge of the building and experiences during the planning process and in consultation with Presbytery, on the risk associated with supporting an application to a heritage funder. Financial viability of the congregation may also be considered. This may mean that category A buildings are not supported in their application. This is not expected to be a regular occurrence; however, the General Trustees have had multiple instances of grants being awarded to buildings which then turn out to be surplus to requirements. This results in the Church of Scotland having to manage unwanted and unoccupied buildings for prolonged periods.
Q18	In agreeing to enter a union (i.e. a different charity) can the trustees (Elders + Board members) place restrictions upon the other charity's future application of those assets, for which they are legally responsible? e.g. Congregation A have £25,000 in fabric and B have £250,000… can B specify united A&B cannot divert all £250,000 onto A's building? My question is particularly relevant to where there will be large or geographically broad unions of numerous congregations.
Answer	Yes, trustees can place additional designations on restricted funds so long as the restriction is met.
Q19	In a three-way union where one charge was previously covering the cost of their ministry but the other two were not, is there any assistance available during the period of transition when the new united congregation is still responsible for the insurance and maintenance of buildings which are to be sold, but where income has not increased significantly to allow these extra costs to be funded?

Answer	There is no specific assistance. Please remember that any funds held within any of the Consolidated Fabric Funds (which will combine on union) can be used for these costs.
Q20	How long is the continuing charity responsible for the costs of an unsold building from the ceasing charity?
Answer	Until it is sold. All assets transfer to the united congregation and so it is their responsibility from the date of union.
Q21	If we have had our final service is our building likely to be considered unoccupied for insurance purposes?
Answer	Yes, if you have had a final service and there are no other organisations making regular use of your property then it is likely that it will be considered no longer in use and therefore unoccupied. Individual circumstances should be discussed with COSIS.
Q22	Will our building being closed/unoccupied affect our insurance premium?
Answer	Yes, if a building is unoccupied for more than 45 days there is likely to be a significant increase in the insurance premium. For buildings which are to be sold congregations are encouraged to think about coordinating the closure of their buildings so it happens later in the disposal process if possible. If you have a potentially unoccupied building It is very important that you notify Church of Scotland Insurance Services (COSIS). It should be noted that where a building is unoccupied cover is restricted and there are requirements regarding how the property must be managed if it is to remain insured. The insurance basics for unoccupied buildings can be found on the COSIS website at https://cosic.co.uk/empty-church-buildings/ If a congregation finds that their increased insurance premium for a Presbytery Mission Plan Category B building has become unaffordable they should contact the General Trustees for advice at gentrustees@churchofscotland.org.uk Guidance for Buildings Categorised B in Presbytery Mission Planning can be found on the General Trustees section of the Church of Scotland website: https://www.churchofscotland.org.uk/__data/assets/pdf_file/0019/124624/Guidance-for-Buildings-Categorised-B-in-Presbytery-Mission-Planning-July-2024.pdf
SECTION F: GIVING TO GROW AND SHORTFALLS	
Q1	Our Giving to Grow contributions are significant, at over £63,000 per annum. The figure was arrived at by combining the former two churches' contributions, but not all former members have transferred to the new Church. Is there any scope for a reduction in the Giving to Grow contributions next year?
Answer	Yes – the Giving to Grow regulations permit that where an adjustment results in a significant reduction to Charge income, the General Treasurer may on application apply a further decrease to the contribution. We would need to see this in the full annual accounts for the year, to demonstrate that the reduction in income was caused by the union.
Q2	Just to clarify, if one church within the Union has outstanding Giving to Grow issues, then is the united church required to bring these shortfalls up-to-date?
Answer	Yes, that's correct.
Q3	What happens with any shortfalls which exist at the point of union, where there are no funds which can be applied to pay these down?

	There is a related issue of how these shortfalls are dealt with in the context of the release of the Call, in accordance with the Vacancy Procedures Act (depending on the positions of the individual parties to the union).
Answer	Existing liabilities which include shortfalls would transfer to the united congregation on union. However, if there was property to be disposed of as part of the union process and the title was held with the General Trustees, the shortfall could be paid from building sale proceeds before the balance is transferred to the Consolidated Fabric Fund. We share shortfall reports with Presbytery on a monthly basis and we are looking to update these to include information relating to property where this is identified for disposal in the Presbytery plan. Presbytery should look into the shortfalls and determine if they are justified. This is because the Vacancy Procedure Act sets out that any unjustified shortfalls must be resolved (such as through an agreed payment scheme) before permission to call a minister is granted.
Q4	How does the Stewardship and Finance team calculate figures for three revised statements when only two sets of figures are produced per the accounts?
Answer	There would be three revised statements for two congregations uniting because each congregation would be issued with a statement showing Giving to Grow payable 1 January to the date of the union and a third statement would show Giving to Grow payable from date of union to 31 December for the united charity.
Q5	If funds received from the ceasing charity are treated in the accounts as income, do these form part of the income for the calculation of future Giving to Grow contributions?
Answer	These are not included as assessable income for the Giving to Grow calculation.
Q6	Is there any route for appeal on Giving to Grow? We are 17 congregations coming into one but will have one £10K allowance to cover all the halls we have.
Answer	This issue has been raised by others and we will include it within the scope of the Giving to Grow annual review. The process for appeals can be found on the Giving to Grow pages of the website: https://www.churchofscotland.org.uk/__data/assets/pdf_file/0019/121276/Appeals-Procedure-Giving-to-Grow-March-24-final.pdf However, the grounds are limited to where paragraphs 13 and 14 of the regulations have not been correctly applied.
SECTION G: STEWARDSHIP	
Q1	What stewardship advice is available from the Church of Scotland and what are your top three tips for increasing income?
Answer	The Church has a team of four stewardship consultants who each cover specific presbyteries to work with congregations offering bespoke stewardship advice for each situation. The team has a range of resources available on a variety of stewardship themes, including worship material, Bible studies, personal devotions, conversation starters, intergenerational activities, webinars, videos and information leaflets. We have produced a resource specifically for congregations entering into union. We can offer specialist advice in areas such as personal giving, worship and learning resources, digital giving, Gift Aid and the Gift Aid Small Donations Scheme, fundraising, legacies, income generation and much more. We don't promote a single programme or solution, but can instead work with your congregation to support your particular circumstances. In terms of our top three tips for increasing income, these could broadly be described as enable, encourage and enhance.

	First, enable people to contribute. Key to this is including a time of offering as part of worship, but it can also involve ensuring there are mechanisms to enable people to give, such as digital options for those who do not carry cash or a gift day for people who wish to make a lump sum donation. Adopting a legacy policy and making use of our Faith Will legacy materials produced with Christian Aid and others can enable people to make a lasting gift to the church. It is also important to look out, and see fundraising and income generation not as a way to balance the books, but as a missional opportunity to invite people to be part of what God is doing through your church community. As well as enabling, we need to encourage. Churches which talk openly about money almost always see increased giving. The stewardship team can help you to explore this in an engaging way which helps people grow in discipleship. Never underestimate the value of simple encouragements like thank you letters, regular financial updates, easy to understand information about how money is put to use and sharing good news stories. The third tip is to enhance – make sure you are getting the most out of your finances. Ensure everyone who can has signed up for Gift Aid and make full use of the Gift Aid Small Donations Scheme. Explain to givers the benefits of a regular, committed means of giving such as by standing order, including regular encouragements for people to review the amount they give if their income has gone up or down. Explore whether areas of your work could be eligible for grant funding and additional income streams such as events or social enterprise. For more information: Visit the stewardship pages on the Church of Scotland website: https://www.churchofscotland.org.uk/resources/stewardship Email the Team at stewardship@churchofscotland.org.uk Sign up to the periodic stewardship newsletter to keep informed of new resources, funding opportunities and future webinars: https://churchofscotland.org.uk/news-and-events/newsletters 'Living Generously – a whole response to God's love' is a new accessible resource written by the Stewardship Team and is available to purchase at Saint Andrew Press: https://standrewpress.hymnsam.co.uk/books/9781800830493/living-generously
Q2	On our union there was no indication given as to the financial implications for the new union. As very few people came into the union from the congregations whose buildings were closing, the additional income only just matched the income which was lost through those leaving or dying. We have to meet the full cost of ministry, and the manse is no longer shared in a linkage, plus there have been huge increases in insurance and maintenance of what are now closed church buildings. This has turned a formerly viable congregation into one with a budgeted deficit of around £10,000 per annum. No indication of this was given in the meetings leading to the union. What advice do you have?
	We would advise the trustees of all uniting congregations to make enquiries into the financial status of the other congregations and to be aware that liabilities transfer on union as well as assets. For those already in this type of situation, as mentioned in the presentation, it is possible to adjust Giving to Grow if there has been a significant reduction in the united congregation's income following the union. If you find yourself in a position where you cannot meet your Giving to Grow contributions or other obligations, then please get in touch with the Congregational Finance Team at sfadmin@churchofscotland.org.uk and Presbytery to see what support may be available. It's also worth mentioning that the Stewardship Team can work with uniting congregations to help with them to 'do it well' and minimise the risk of members not getting on board. *(A related handout 'Stewardship and Unions' is being circulated with this document).*
Q3	Is there a standard format available to advise members of new bank account details for standing orders (like the form we get for our Giving to Grow standing orders)?

Answer	Blank standing order mandate forms can be downloaded from the Stewardship section of the Church of Scotland website: https://churchofscotland.org.uk/__data/assets/pdf_file/0016/66211/Generic-Standing-Order-form-April-2020.pdf
SECTION H: GIFT AID AND GIFT AID SMALL DONATION SCHEME (GASDS)	
Q1	The "Church of Scotland Guidance Notes on Practical Steps" says 'New declarations for Gift Aid should be prepared in the name of the united congregation. It is not necessary to update existing declaration forms.' Surely, because the united congregation is a new entity although using the charity number of one of the existing congregations, new Gift Aid declarations should be completed?
Answer	The HMRC guidance states: Where a charity changes its name (for example because of a merger) the charity will not need to obtain a new declaration from a donor so long as the charity can show beyond doubt that the name of the charity on the existing declaration is a name previously used by the charity. The guidance can be found on the HMRC website in section 3.9.2 at https://www.gov.uk/government/publications/charities-detailed-guidance-notes/chapter-3-gift-aid#chapter-39-further-information-on-the-contents-of-the-gift-aid-declaration Existing Gift Aid declarations don't need to be renewed as the charities' legal entities continue within the united charity. The name change can be evidenced, if required for audit purposes, by any of the union documentation.
Q2	How is the change of congregational name intimated to HMRC for Gift Aid recovery purposes?
Answer	As per Leanne's presentation HMRC have advised that the united charity needs to register as a new charity by completing form ChA1. This can be accessed and completed online by using this link: https://www.gov.uk/charity-recognition-hmrc?step-by-step Supporting information which will be required: 1. Bank account details and financial accounts – a bank statement in the united congregation's name and most recent version of the retained charity number's accounts 2. Officials' details, including dates of birth and National Insurance numbers 3. Registration number if you've registered your charity with a regulator – OSCR charity number 4. Charitable objectives (sometimes called purposes) – Please add: The advancement of religion 5. Governing document (sometimes called a rulebook) - this explains how your charity is run – This is the unitary constitution which your minister or interim moderator should have a copy of. If you do not have this a copy can be requested from the law department by emailing LawDept@churchofscotland.org.uk 6. Government Gateway user ID and password - you can create an account when you register your charity's details
Q3	Can the ceasing charity claim GASDS for the partial year before they cease to exist at the date of union?
Answer	GASDS can be claimed at any point within the tax year. All Gift Aid and GASDS claims should be made for each separate charity using their pre-union details as soon as possible after the date of union but BEFORE registering the united charity with HMRC.

Q4	Our congregation will become part of a union of two congregations and we will take on the other congregation's charity number. When we go to union we will still have to claim Gift Aid on a few months of donations received prior to the date of union. Should we use our old charity number, or the charity number of the new union?
Answer	For claims relating to donations made prior to the date of union the ‘old’ charity number should be used.
Q5	Does the closing congregation require to claim Gift Aid up until the date of union or until the date of their bank account closure? Can the continuing congregation claim Gift Aid on all contributions for both congregations from 6th April in the year of union?
Answer	All Gift Aid and GASDS claims should be made for each separate charity as soon as possible after the date of union but BEFORE registering the united charity with HMRC. Gift Aid claims are not related to the bank account closure date but the account should remain open until all reclaimed tax has been received. Gift Aid should be claimed separately by each congregation for all donations made up to the date of union then jointly as the united congregation from then on (after registering with HMRC) regardless of when the date of union is.
Q6	We are a union of three congregations. One has closed their bank account before submitting their final claim for Gift Aid. The former treasurer of that congregation would like the new union to submit that claim as part of ours. Can we do this?
Answer	The advice we have had suggests that the closure of that bank account makes it difficult to claim Gift Aid relating to the pre-union congregation. Had the old bank account still been open, then it would have been possible to submit unclaimed Gift Aid relating to before the date of union using the old HMRC references. Those references are closed by HMRC when the final Gift Aid claims on pre-union donations have been submitted and paid into the related bank account. We would, therefore, advise congregations to keep open the old bank accounts until all of the related Gift Aid payments have been received. In situations where those bank accounts have already been closed, please contact HMRC for guidance.
Q7	For Gift Aid and GASDS, if there is a gap before registering the new charity, is there a risk that we could lose tax on donations received early in the union?
Answer	No, claims can be back dated (within Gift Aid or GASDS limits) to the date of the union regardless of the date of registration.
Q8	Where there is more than one building retained in a union, what are the implications for GASDS claims? Can we only claim on a maximum of £8,000 of these donations across the whole united congregation?
Answer	There are two ways in which you can claim on eligible donations under the Gift Aid Small Donation Scheme providing your GASDS claim is no more than ten times your Gift Aid claim for the same period: 1) If you have a single building or no building at all, you should claim under the ‘Main Top Up’ element of the scheme. You can claim on a maximum of £8,000 of eligible donations per tax year collected anywhere in the UK. 2) If you have or use more than one building, you could be eligible to claim on up to £8,000 per building under the ‘Community Buildings’ element if you can meet the following criteria: • Your buildings are not on adjacent land. The building does not require to be a church building; it can be a public building which is used by the church for a range of purposes. • For each building for which you are claiming, there have been at least six services/events per year, each with ten or more people attending.

	Small donations received at any time out with an eligible building but within the same Local Authority area as that building can also be included within the maximum GASDS claim for that community building. If you have more than one building but have been unable to meet the 'Community Buildings' criteria, you can claim under the 'Main Top Up' element instead. It is advisable to think about which claiming option will be best for your congregation before submitting the first GASDS claim for each tax year, as it is not easy to switch to the alternative method mid-year. If a claim does have to be amended, you are required to contact HMRC in writing within twelve months from the date of the claim, providing details of any claims made in the relevant tax year and the amendments you'd like to make. Section 8.4 of the HMRC website outlines the full guidance: https://www.gov.uk/government/publications/charities-detailed-guidance-notes/chapter-8-the-gift-aid-small-donations-scheme#chapter-84-community-buildings
Q9	Our Union has created a Mission Church. In the guidance for Mission Churches all income from the Mission Church is to be used firstly for the Mission Church. Does Gift Aid attached to Freewill Offerings for the Mission Church have to be isolated to allocate to the Mission Church? If members move between the Mission Church and the Main Church, how are FWOs treated in those instances?
Answer	Section 4 of the Local Mission Church regulations say: The Kirk Session shall: (c) administer all offerings and other monies collected at or in relation to the Local Mission Church; (d) apply such monies in the first instance to meet the costs of the Local Mission Church for as long as it exists, after discussion with the Leadership Team, and thereafter as the Kirk Session determines Gift Aid associated with the FWO for the Local Mission Church (LMC) would fall into the 'monies collected at or in relation to the Local Mission Church' category and should be applied to meet the costs of the LMC in the first instance. When members move between the Mission and the Main Church it would be for the Kirk Session to determine where the related FWO monies are directed. A simple method of apportioning would be appropriate. E.g. if 30% of donations are collected at the LMC then the LMC would also receive 30% of the reclaimed Gift Aid. The Local Mission Church regulations can be found on the Church of Scotland website: https://www.churchofscotland.org.uk/__data/assets/pdf_file/0008/81836/Local-Mission-Church-Regulations-final-as-at-4.6.21.pdf
Q10	When congregations unite, does the GASDS limit, which allows claims on up to £8,000 of donations each tax year, start afresh or are our pre-union claims taken into account by HMRC?
Answer	We took up this matter with HMRC, as there was no written guidance to follow. The advice we received from them is that the prior claims of the uniting congregations in that tax year will be factored into the new congregation's GASDS allowance for the remainder of the tax year. Here are two worked examples: <u>Example 1</u>: Congregation A and Congregation B united on 1/11/24 with the new name of Congregation C. Both A and B had one building each, both of which have been retained for use following the union. Both A and B had claimed Gift Aid and GASDS for the period from 06/04/24 to 31/10/24, with Congregation A claiming GASDS on £3,000 of donations made by the date of the union and congregation B claiming GASDS on £4,000. Under the 'Community Buildings' rules for GASDS, congregations can claim on up to £8,000 for each building for each tax year.

	The united congregation in this example would be permitted to make further GASDS claims on donations made from 1/11/24 to 5/4/25 i.e. within the remaining current tax year, as follows: In relation to the building which came with congregation A, claims could be made on further donations of up to £5,000. In relation to the building which came with congregation B, claims could be made on further donations of up to £4,000. <u>Example 2</u>: Congregation A, Congregation B and Congregation C united on 1/2/24 with the new name of Congregation D. Congregation A had two buildings (building 1 and building 2), and Congregations B and C had one building each. The only building being retained for use following the union is Congregation A's building 1. Congregations A, B and C had claimed Gift Aid and GASDS for the period from 06/04/23 to 31/01/24 as follows: Congregation A had claimed GASDS on donations of £6,000 (building 1) and £5,000 (building 2) by the date of the union; Congregation B had claimed GASDS on £7,000; and Congregation C had claimed GASDS on £5,000. The new united congregation in this example would be permitted to make a further GASDS claim on £2,000 of donations made from 1/2/24 to 5/4/24, thus taking them up to the limit of £8,000 for their one remaining building.

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