

TRUSTEES OF THE CHURCH OF SCOTLAND HOUSING AND LOAN FUND FOR RETIRED MINISTERS AND WIDOWS AND WIDOWERS OF MINISTERS MAY 2023

Proposed Deliverance

The General Assembly:

1. Receive the Report.
2. Appoint Rev Dawn Anne Laing as a Trustee of the Fund.

Report

1. AIM OF THE FUND

1.1 The Fund exists to support retired Church of Scotland ministers, and widows, widowers, separated or divorced spouses and separated or former civil partners of Church of Scotland ministers, in need of help with housing. The Trustees endeavour to provide assistance by way of either a house to rent or a house purchase loan in accordance with guidelines set, and regularly reviewed, by the Trustees. Guidance Notes incorporating these guidelines are available on the Church of Scotland website or can be requested from the Secretary at the Church offices. The Secretary may also be contacted by potential applicants to discuss their particular situation, and the assistance which the Trustees may be able to provide to them.

1.2 Help from the Fund takes one of two forms. A beneficiary of the Fund is either provided with a house to rent or with a loan to assist with a house purchase. Rents are charged at concessionary rates and loans are provided on favourable terms. Loans are granted up to 70 per cent of a house purchase price, subject to an overriding normal maximum of £25,000 for Standard Loans and, since January 2023, £175,000 for Shared Appreciation Loans.

2. HOUSING TRANSACTIONS: 2022

2.1 Assistance provided during 2022 to ministers, widows and widowers, and separated and divorced spouses, is detailed in Appendix 1 annexed to this Report. The property market continued to be buoyant with a supply and demand issue created by Covid-19. A more challenging mortgage market in the latter months of the year has contributed to signs of a settling of the market.

2.2 The Trustees owned 185 houses at the end of 2022. The houses purchased and those sold by the Trustees during that year, are detailed in Appendix 2, which also shows the average price of the houses purchased, and the average price of the houses disposed of. At the end of 2022, 6 houses were being marketed or prepared for sale.

3. RENTS AND RENTAL REVIEWS

3.1 At the start of a tenancy the Fund obtains a professional assessment of the Market Rent. Rents are charged at 50% of the Market Rent for Ministers, and separated or divorced spouses and separated or former civil partners of ministers and at 25% for widows, widowers and bereaved civil partners of ministers.

3.2 The Trustees considered carefully the level of annual rent increase. In light of the good financial position of the Fund, the Trustees decided that rents should not be increased in 2023.

3.3 Rental income has been sufficient to cover maintenance and repairs. Since the easing of Covid-19 restrictions, it has been possible for routine visits to rental properties to resume and to catch up with the maintenance work not able to be carried out because of the restrictions.

4. LOAN TRANSACTIONS: 2022

4.1 The Fund provides loans by way of Standard Loans, Shared Appreciation Loans, and Short Term Bridging Loans.

4.2 Standard Loans are granted up to a normal maximum limit of £25,000 at a rate of interest of two per cent for ministers and separated or divorced spouses and separated or former civil partners of ministers and one per cent for surviving widows, widowers or bereaved civil partners of ministers.

4.3 Shared Appreciation Loans, which link loan repayment values over their term to the value of the property concerned over the same period, were granted up to a normal maximum limit of £154,000. Currently rates of interest for such loans are one and a half per cent for ministers and separated or divorced spouses and separated or former civil partners of ministers and three quarters of a per cent for widows, widowers or bereaved civil partners of ministers. Visits by the Secretary to borrowers due their 5-yearly visit were resumed after the easing of Covid-19 restrictions.

4.4 Short Term Bridging Loans are granted for a specific period, and in specific circumstances, at the discretion of the Trustees. Interest is charged at a rate equivalent to that permitted by HM Revenue & Customs without liability for benefit-in-kind taxation. At the time of writing this was two and a quarter per cent.

4.5 Details of each of the three types of loan outstanding as at 31st December 2022 are given in Appendix 3.

5. DONATIONS, BEQUESTS ETC.

5.1 The Trustees are gratified to report that during 2022 they received a total sum of £25,300 by way of donations, bequests and gifts and a property was bequeathed to the Fund.

6. FUNDS

- 6.1** The amount realised from sales of houses, less the expenditure on house purchases, during 2022 was £894,088. The net increase in long-term loans during 2022 was £191,000.
- 6.2** Investments at market value, and cash deposits, at 31st December 2022 amounted to £26,227,209.

7. THE FUTURE

7.1 Those Ministers who are within five years of retirement are encouraged to contact the Fund if they feel they may need to avail themselves of the Fund's assistance. Similarly, the Trustees always welcome an initial approach from those who are within five to ten years of retirement. Such approaches not only assist the Trustees with financial forecasting, but can help to alleviate some of the anxieties which ministers and their spouses may experience in respect of housing as they contemplate their future after retirement. 17 new and 13 updated applications were approved in 2022. Details of commitments for the provision of either a house to rent or a loan during the next five years, and approved at 31st December 2022, which will require to be met from funds, can be found at Appendix 4. The number of ministers planning to retire with assistance from the Fund within a five to ten year period from 31st December 2022 and the number placed on the Preliminary Applications List for assistance can also be found at Appendix 4.

7.1.1 The Trustees would like to make clear that the Fund can be of assistance beyond the point of retiral. Already retired Church of Scotland ministers, widows, widowers, bereaved civil partners, separated or divorced spouses and separated or former civil partners of Church of Scotland ministers who find that their circumstances have changed and would now like to be considered for assistance from the Fund are welcome to speak to the Secretary at any point. This can include those already in receipt of assistance from the Fund who may now wish to seek further assistance.

7.2 In December 2022 the Trustees considered carefully the parameters for granting assistance with housing to rent, and assistance by way of housing loans, taking into account the current state of the housing market, the numbers of ministers due to retire, and equally the Fund's obligations towards the Church and the proper and appropriate stewardship of its resources. Particular note was taken of the sale prices of properties returning to the Fund which were often exceeding the Fund's maximum price. The Trustees agreed that the house purchase price limits for 2023 be increased so that the maximum price for a house to rent increased by £30,000 to £250,000 and the maximum price, or value, of a house in respect of which a loan would be given increased to £250,000. The Trustees are satisfied that such parameters will enable appropriate housing to be purchased for rental, or with the aid of Fund loans, in the current housing market for those who are eligible for assistance from the Fund.

8. CONSULTATION WITH ASSEMBLY TRUSTEES

8.1 The Trustees continue to work on a Strategic Review of the Fund to identify how, in compliance with the Fund's purposes, assets which currently outstrip the Fund's anticipated obligations can be best applied for the benefit of the Fund's Beneficiaries and the wider benefit of the Church.

8.2 Over the last year significant effort has been expended in progressing the Review, including liaising with the Chief Officer and Assembly Trustees about how any surplus funds might be deployed in a manner that is in keeping with the Fund's purposes. This included taking both internal and external legal advice on how best to bring this matter to a conclusion.

8.3 The Fund's Trustees hope to complete the Strategic Review in time to bring a detailed report to the General Assembly in 2024. In doing so they will continue to consult with the Assembly Trustees, who have remitted their future input in this matter to the Chief Officer to take forward on their behalf.

9. DILIGENCE

9.1 The Trustees confirm that the Staff have monitored their stock of rental housing, and housing over which loans have been secured, and have continued to support their tenants and borrowers. It continues to be challenging to find trades people and contractors to carry out maintenance and repair work.

9.2 Any empty property held by the Fund presents challenges as the Fund follows good practice by ensuring that they are all checked regularly and heated during cold weather, a practice underlined by the Insurers' requirement for such precautions. Garden upkeep and payment of council tax add significantly to the costs of maintenance for such properties. Efforts are made to try and relet such properties but, for a variety of reasons, this is often not practicable. Commercial rental of such properties is only undertaken rarely, where the prospect of a sale, is for market reasons, highly unlikely. Empty properties are offered to potential tenants in the first instance and if not suitable are marketed for sale as soon as possible.

9.3 The Trustees endeavour to maintain the properties owned by the Fund at a high standard and to comply with all legal requirements.

9.4 During 2022 safety procedures for visits and repairs were followed as appropriate as a result of Covid-19.

10. STAFF

10.1 The Trustees wish to place on record their indebtedness to the work of the staff of the Fund, and in particular the care and support afforded by staff to all those who apply to, or have been assisted by, the Fund.

10.2 The Property Assistant’s hours were doubled in late 2022 to assist with the increased administration and increase maintenance capacity.

10.3 In February 2023 the new post of Project Manager was created to manage improvements to the existing housing stock for the benefit of the beneficiaries, manage work required to fulfil the Fund’s obligations in terms of expected Energy Performance Certificate Regulations and assist with the Church’s Net Zero aims.

11. MEMBERSHIP

11.1 The Trustees would be pleased if the General Assembly would agree to the appointment of Rev Dawn Anne Laing as a Trustee of the Fund.

11.2 The Rev Allan McCafferty comes to the end of his second term as a Trustee. The Fund has appreciated his faithful attendance, pertinent contributions to discussions and dedication and attention to Fund matters, and are grateful too for the support and encouragement he has given to the staff of the Fund.

11.3 The Trustees and Secretary would be delighted to speak to anyone interested in becoming a future Trustee of the Fund.

In the name of the Trustees

DOROTHY U ANDERSON, *Chair*
 BRUCE H SINCLAIR, *Deputy Chair*
 HAZEL BETT, *Secretary*

Appendix 1

Assistance provided	2021	2020	2019
Number of Ministers retiring*	38	40	29
Percentage assisted with a house to rent	3%	15%	7%
Percentage assisted with a house purchase loan	8%	8%	3%
Total percentage assisted	11%	23%	10%
	2022	2021	2020
Instances of assistance provided*			
Retiring Ministers	4	9	3
Ministers already retired	1	3	4
Widow(er)s & Civil Partners	0	1	1
Spouses	3	0	1
Total	8	13	9

* Assistance may be provided in a different calendar year to that in which the Minister actually retires

<i>Tenants as at 31st December</i>	2022	2021	2020
Ministers	111	123	123
Widow(er)s & Civil Partners	54	51	51
Spouses	11	9	9
Commercial rental	2	2	3
Vacant	7	4	11
	2022	2021	2020
<i>Borrowers as at 31st December</i>			
Ministers**	65	65	72
Widow(er)s & Civil Partners	34	34	38
Spouses	0	0	0

** 2 Ministers have dual loans

Appendix 2

Rental Housing			
	2022	2021	2020
Total number of houses owned at 1st January	189	197	203
Houses purchased during year	4	8	4
Total cost of purchases	£704,521	£1,336,621	£641,673
Average house price	£176,130	£167,078	£160,418
Houses sold during year	8	16	10
Total amount realised	£1,598,609	£2,739,438	£1,599,297
Average proceeds	£199,826	£171,215	£159,930
Houses bequeathed/gifted during year	1	1	0
Houses re-let during year	0	0	1
Total number of houses owned at 31st December	185	189	197
Average market rent of property purchased during year	£8,700	£8,250	£8,175
Average rent of new tenancies – Ministers/Spouses	£4,350	£4,125	£4,088
Average rent of new tenancies – Widow(er)s	£2,175	£2,063	£2,044

Appendix 3

Housing Loans			
	2022	2021	2020
<i>Long term loans outstanding at 1st January</i>	101	110	112
Value of loans outstanding	£6,000,250	£6,241,750	£6,337,955
New loans granted during year	3	4	4
Additional loans granted during year	0	1	0
Value of loans granted	£302,000	£377,000	£252,500
Loans fully repaid during year	3	13	6
Loans partially repaid during year	2	1	1
Value of loans repaid	£111,000	£618,500	£348,705
Long term loans outstanding at 31st December	101	101	110
Value of long term loans outstanding	£6,191,250	£6,000,250	£6,241,750
<i>Short term Bridging Loans outstanding at 1st January</i>	0	0	0
Value of Bridging Loans outstanding	£0	£0	£0
Bridging loans granted during year	2	0	0
Value of Bridging Loans granted	£117,000	£0	£0
Bridging loans repaid during year	2	0	0
Value of Bridging Loans repaid	£117,000	£0	£0
Short term Bridging Loans outstanding at 31st December	0	0	0
Value of Bridging Loans outstanding at 31st December	£0	£0	£0

Appendix 4

Outstanding Commitments at year end	2022	2021	2020
For next 5 years			
Houses to rent	20	21	23
Housing Loans	7	5	9
Value of outstanding commitments	£5,485,030	£5,183,000	£5,550,000
Preliminary Applications	2022	2021	2020
For those retiring between 5 – 10 years	4	4	2