

THE CHURCH OF SCOTLAND GENERAL TRUSTEES ADMINISTRATION OF CONSOLIDATED FABRIC FUND MONIES GUIDANCE

1. Introduction

This guidance document replaces the document entitled “ADMINISTRATION OF Consolidated Fabric Fund MONIES” previously circulated and approved by the General Assembly of 2003. The previous version had further background information relating to the fund, which has been removed from this version.

Capital within the Consolidated Fabric Fund derives from the sales of redundant properties. The types of property involved are (a) those which are vested in the General Trustees (b) those which are not vested in the General Trustees but are held under titles which contain an Assembly control clause and (c) properties which are subjected to Assembly control by virtue of Section 3 or Section 4 of the Church of Scotland (Property and Endowments) Amendment Act 1933.

The Consolidated Fabric Fund includes monies held in both the Capital and Revenue accounts. The Revenue Account balance is held on deposit and the Capital Account is invested by the General Trustees.

2. Application of Funds

Monies in the Consolidated Fabric Fund are to be used for purposes which have been laid down by the General Assembly and which are set out in Appendix A annexed.

3. Investment of Funds

Revenue Account balances are held in the Deposit Fund but if a substantial balance has built up there is scope for transferring part of it to the Congregation’s Capital Account to obtain the advantage of possible capital growth.

Dividends on growth units and deposit fund interest on Capital are normally credited to Revenue Accounts, half yearly, in May and November and dividends on income units are credited in May and September. Interest is also credited to the Revenue Accounts in February, May, August and November, calculated on month end revenue balances.

4. Release of Funds

Requests for the release of monies held in the Consolidated Fabric Fund should be directed to GTFinance@churchofscotland.org.uk and the following general points should be noted:

- (a) All requests for release of capital from the Fund must be accompanied by the relevant vouchers (or copies) such as contractors’ invoices, tradesmen’s bills, professional fee-notes, Interim and Final Payment Certificates and the like. Requests for the release of Capital should relate to works previously approved by the Presbytery and General Trustees. Further information on the approvals process can be found in the quick guide to approvals document.
- (b) Revenue may be expended on any Congregational property regardless of the vesting of that property. Capital can be released in respect of expenditure only on properties which are either vested in the General Trustees or under Assembly control. If, therefore, a request is being made for the release of capital in respect of work at a property, the titles to which are not held in the Church Offices, the titles should be sent in with a view to the position being checked.

- (c) Requests for the release of capital require the support of Presbytery and should be accompanied by an appropriate Extract Minute. It should be noted that while so far as the General Trustees' administration is concerned requests for the release of revenue do not require the support of Presbytery this general rule in no way affects the responsibility of a Congregation to comply with any rule laid down by its own Presbytery on the level above which Presbytery approval for expenditure is required.
- (d) The General Assembly of 2024 provided for the possibility of accrued revenue being released for non-fabric purposes which are aligned with the Five Marks of Mission and are focused on the maintenance of the Church of Scotland in the parish. All requests for the release of revenue for non-fabric purposes must be supported by a statement from the Kirk Session detailing how the funds will be used.
- (e) The General Assembly of 2024 provided for the possibility of accrued capital being released for non-fabric purposes in certain circumstances which are set out in Appendix B.

5. **Review of Funds**

Legislation approved by the General Assembly of 1995 provided for balances held in the Consolidated Fabric Fund being reviewed on the basis that if the amount held was in excess of the reasonable fabric requirements of the Congregation there might be an allocation for the benefit of that Congregation's stipend requirements and if these also were fully provided for then to assist the Central Fabric Fund. Reviews are carried out by Presbyteries in the first instance and the base figure which has been set by the General Trustees as that which has to be exceeded for the case to be reviewed is £60,000. If new capital comes to hand the case will normally be reviewed only if the amount of the new capital exceeds £5,000. The mechanics for such reviews are operated by the General Trustees.

APPENDIX A

Use of Monies in Consolidated Fabric Fund

1. Subject to the provisions in paragraph 5 and Appendix B below, funds held within the Consolidated Fabric Fund for the benefit of a congregation shall be held and applied to meet fabric expenditure as defined in section 4 below.
2. Such funds will be applied at the discretion of the General Trustees who will administer the same in accordance with their existing practices or, subject to what is said herein, in such other ways as they may deem appropriate. Any significant alterations to the existing practices will not be brought into effect unless and until the same are either printed and issued in a Report of the General Trustees to the General Assembly or intimated in writing to each Presbytery of the Church.
3. The capital of funds in the Consolidated Fabric Fund shall be expended only on properties where the title is held in the name of the General Trustees, or where the title is held by local trustees but where the Assembly Control Clause applies.
4. The term “fabric expenditure” is defined as follows:
 - (a) Fabric expenditure will be primarily expenditure on the provision, repair, alteration and renewal of heritable properties and the heritable fittings and fixtures therein, the term alterations including demolition and partial demolition, extension, reconstruction, restoration and redecoration. Also included within the scope of fabric expenditure will be the acquisition of a property, repayment of a debt secured over a property and legal expenses relating to heritable subjects.
 - (b) It is stipulated, for the avoidance of doubt, that:
 - (i) Central heating systems and organs are deemed to be heritable.
 - (ii) Property includes boundary walls and fences, grounds and roads and footpaths serving or *ex adverso* the same. The laying out of a drive or a car park would thus fall within the definition as would the laying out of a new garden. The cost of maintenance work at grounds pertaining to, say, a church or hall, would qualify but ordinary maintenance work at the garden of a manse or other residence would not.
 - (iii) The cost of providing and maintaining labour saving devices including all forms of grass cutting equipment would qualify as fabric expenditure. Notwithstanding what is said in sub-clause (ii) above grass cutting equipment for manses or other residences will be covered by this sub section.
 - (iv) Furnishings generally do not qualify but floor-coverings, blinds, curtains, cookers, washing machines and dish washers are treated as coming within the scope of fabric expenditure provided they are the property of the congregation. When new church or hall accommodation is being provided the cost of furnishings such as tables and chairs will be treated as qualifying but the repair or replacement of such items will not. The cost of providing, repairing and tuning a piano will qualify provided the piano is situated in the place of worship and is the usual instrument used there for the leading of praise.

- (c) In the case of a linked charge, it will be competent for a congregation for whose benefit funds are held to apply for the release of monies for fabric expenditure on the linked congregation's buildings.
 - (d) It will be competent for a congregation for the benefit of which funds are held to apply, with the support of the Presbytery, for the release of monies for fabric expenditure on buildings of another congregation within the Presbytery.
 - (e) With regard to the costs of heating and lighting and cleaning (including the provision of equipment relating thereto), the premiums on insurance cover over heritable subjects (but not premiums in respect of moveables or liability cover) and the cost of hiring heritable subjects such will be treated as fabric expenditure but only to the following extent:
 - (i) Such expenditure will qualify for the possible release of revenue but not capital.
5. In the event of a holding in the Fund, held for the benefit of a congregation, exceeding a base figure fixed by the General Assembly, the General Trustees are empowered to release revenue for non-fabric purposes. All requests for the release of revenue for non-fabric purposes must be supported by a statement from the Kirk Session detailing how the funds will be used in a way consistent with the Five Marks of Mission and focused on the maintenance of the Church of Scotland in the parish.
6. The General Trustees are empowered to release capital for non-fabric purposes subject to the following provisos:
- (a) the purpose for which the money is to be released is one which has been approved by Presbytery as being within the spirit of the Report of the Special Commission anent Review and Reform to the General Assembly of 2001 or for non-fabric purposes aligned with the Five Marks of Mission;
 - (b) the release of capital for non-fabric purposes is focused on the maintenance of the Church of Scotland in the parish and would not be contrary to any trust conditions in the title of the property or properties from the sale of which the monies derive; and
 - (c) capital may only be released to the extent that the General Trustees consider that the congregation's remaining holding in the Fund is sufficient to meet its future fabric requirements.

APPENDIX B

Use of Consolidated Fabric Fund Capital for Non-Fabric Purposes

1. The General Trustees' report to the 2024 General Assembly provided for the possibility of accrued capital being released for non-fabric purposes in certain circumstances. This document provides guidance on the application process.
2. **Principles:**
 - (a) Previously Consolidated Fabric Fund Capital had been restricted for expenditure on Fabric items only. The Reallocation Schematic, issued following the 2024 General Assembly, noted that the following information would be required in support of an application for the release of capital funds for non-fabric purposes:
 - (i) Number of buildings in the congregation.
 - (ii) Condition of each building – including items identified in the most recent Building Survey or Quinquennial Report and their status.
 - (iii) Probability of significant repairs including comment from the Presbytery Building Officer.
 - (iv) Availability of alternative means of executing fabric repairs.
 - (b) The above information should also be provided for any building that will be part of a future of adjustment, detailed in the approved Mission Plan. Survey reports and EPC certificates for manses should be provided as an appendix to the application. A summary detailing the missional aspects of the project should be included in the submission.
 - (c) The General Trustees will seek to ensure that sufficient funds are retained in the Consolidated Fabric Fund Capital Account to cover any potential future fabric costs over a ten-year period and as such, reserve the right to request more information than detailed above before responding to a request. It is expected that the Consolidated Fabric Fund Capital Account should contain over £400k, **or** more than £300k per ecclesiastical building and £100k for residential property before funds would be released for non-fabric purposes. For the avoidance of doubt, this does not mean that applications for the release of Capital, where the balance exceeds these thresholds, will automatically be successful. In addition, it is asked that funds held in the revenue account be exhausted before capital is released for non-fabric purposes.
 - (d) Applications should first be sent to Presbytery and then to the General Trustees, following the same process used for accessing the Fund for fabric purposes. The application form has been updated to accommodate non-fabric applications.
3. **Process:**
 - (a) **Stage 1:** Application is submitted, via Presbytery, to the General Trustees, for consideration by the Fabric Committee. Based on the information, detailed above, the Fabric Committee will determine if the purpose of the expenditure meets the requirements set out in Section 6 of Appendix A above and if the amount requested can be released without compromising the ability of the congregation to meet its future fabric requirements. The General Trustees will also have to ensure that the release of capital for non-fabric purposes would not be contrary to any trust conditions in the title of the property or properties from the sale of which the monies derive. A summary of the proposed use of the funds should be included in the submission.

- (b) **Stage 2:** The Presbytery work with the congregation in assessing the missional value of the project or proposal. The Presbytery should determine whether the purpose for which the money is to be released is within the spirit of the Report of the Special Commission on Review and Reform to the General Assembly of 2001. Where Presbytery supports a project, it is asked that a rationale be provided for doing so. It is also asked that details be provided of the process the Presbytery undertook in considering the application.

- (c) **Stage 3:** Application is re-submitted to the General Trustees, with the approval of the Presbytery, for final decision. The General Trustees will assess the full submission.

APPENDIX C

Extract from

THE CHURCH OF SCOTLAND GENERAL TRUSTEES (PROPERTIES, FUNDS AND ENDOWMENTS) ACT 2024 (Act 5 2024)

Schedule 2
Consolidated Fabric Fund

General

8. (a) The Consolidated Fabric Fund was created in 1995 in terms of the Consolidated Fabric Fund Regulations (as amended). It is held by the General Trustees for the benefit of individual congregations and consists of:
- (i) Capital Accounts holding funds derived from the sale of heritable properties where title is held in the name of the General Trustees or where title is held in the name of local trustees but is subject to the direction and regulation of the General Assembly as regards to management and disposal; and
 - (ii) Revenue Accounts holding rental receipts from heritable properties and investment income.
- (b) The Consolidated Fabric Fund also holds all congregational heritable properties vested in the General Trustees.
9. The Consolidated Fabric Fund shall be administered by the General Trustees who shall receive donations and bequests directed to it. The net sale proceeds of properties referred to in section 8(a)(i) of this Schedule 2 shall be transferred to the Consolidated Fabric Fund as assets thereof and in terms of this Schedule 2 and shall form additions to existing accounts or the initial amounts to be credited to new accounts as appropriate.
10. The General Trustees as administrators of the Consolidated Fabric Fund shall be bound to meet as and when required the amounts standing at credit from time to time of the accounts.
11. **Management of Funds**
The funds and assets of the Consolidated Fabric Fund shall be managed by the General Trustees in the following ways:
- (i) for meeting the expenses of administration of the Consolidated Fabric Fund, declaring that the General Trustees may, for this purpose, charge an appropriate fee at a rate to be determined by them;
 - (ii) for meeting their liabilities in connection with the accounts; and
 - (iii) in respect of any balance of funds, not required for the preceding purposes, for investing in any investment permitted to them in terms of the Church of Scotland (General Trustees) Order Confirmation Act 1921 (as amended) and the Church of Scotland (Properties and Investments) Order Confirmation Act 1994.
12. **Introduction of New Capital**
New capital arises from the sale of heritable properties or from a transfer from the Consolidated Stipend Fund if so permitted under section 36 (ii) of this Schedule 2.

It may be introduced at any time and placed on deposit. It may be introduced to share-based Capital Accounts at the beginning of each calendar month. The applicable share price for new shares in such Capital Accounts is calculated by dividing the total value of that Capital Account by the number of shares already in issue at that date. The number of new shares issued in that

Capital Account is calculated by dividing the amount being introduced to it by the share price.

13. Dividend and Interest Administration

The General Trustees shall declare a dividend in respect of shares held in Capital Accounts that is normally credited to Revenue Accounts half-yearly. Interest accruing from both Capital and Revenue Accounts is normally credited to Revenue Accounts quarterly.

14. Withdrawal of Capital

Capital may be withdrawn from Capital Accounts subject to sections 16 to 18 below or in the event of a transfer to the Consolidated Stipend Fund being permitted under section 36 (iii) of this Schedule 2.

Capital held on deposit may be withdrawn at any time. Capital held in share-based Capital Accounts may be withdrawn at the beginning of each calendar month by the encashment of shares. The applicable share price for share encashment in such Capital Accounts is calculated by dividing the total value of that Capital Account by the number of shares already in issue at that date. The value of the encashed shares is that share price multiplied by the number of shares being encashed.

15. Withdrawals from Revenue Accounts

Withdrawals may be made from Revenue Accounts at any time subject to sections 16 to 18 below or in the event of a transfer to the Consolidated Stipend Fund being permitted under section 36 (iii) of this Schedule 2.

16. Application of Funds

The amount held in both the Capital Accounts and Revenue Accounts in the Consolidated Fabric Fund shall be held and applied by the General Trustees for fabric and fabric-related purposes and for limited non-fabric purposes as laid down in Guidance approved by the General Assembly in 1995, as such Guidance may be adjusted and approved by the General Assembly from time to time. The Guidance applies differently to Capital Accounts and Revenue Accounts.

17. New Charges

Any holding in the Consolidated Fabric Fund for the benefit of a congregation which adopts the status of and is constituted as a New Charge shall be transferred by the General Trustees to FAPLT to be held and applied by it for fabric purposes in connection with that congregation.

18. Restriction on use of Funds

Capital Funds can only be applied to buildings where title is held in the name of the General Trustees or where title is held in the name of local trustees but as regards management and disposal is subject to the direction and regulation of the General Assembly. This restriction does not apply to Revenue.