



Financial Policy for the Parochial Church
Council of the Parish of St Leonard, Wollaton in
the Diocese of Southwell and Nottingham

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1 Version control

| Version | Date issued | Changes since previous version |
|---------|-------------|--------------------------------|
| 1 | July 2020 | 1 st issue |
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2 Purpose

This document outlines the financial principles that the PCC follows, and the accountabilities of the clergy, Treasurer and others.

3 Background

St Leonard's PCC has income, expenditure and liabilities to meet. It must manage its finances on an annual and a longer term basis. It has a fiduciary duty to the congregation and the Church of England.

St Leonard's constitutes a public benefit entity as defined by FRS102. St Leonard's is registered with the Charity Commission.

4 Budget and accounts

The Treasurer will propose an annual budget to the Standing Committee and Resource Team (SCART) before the end of the financial year taking into consideration expected income, planned expenditure, liabilities, investments and prudent reserves. The PCC will approve or amend the budget.

The Treasurer will prepare annual statements for presentation and adoption at the Annual Parochial Church Meeting (APCM). The accounts will be subject to independent review prior to presentation. The statements will include a summary of risks faced in the next financial year.

The financial statements will be prepared in accordance with the Church Accounting Regulations 2006 together with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) issued on 16 July 2014, and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102) and Charities Act 2011. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

The PCC will match commitments to mission and ministry activities with income generation.

5 Income

5.1 *Planned giving*

The Treasurer and Planned Giving Secretary will lead an annual review of planned giving. The PCC will arrange a major "Promise Programme" at least once every five years to help increase the base of those who give regularly to the church. The PCC will also encourage people to consider making provision for mission of St Leonard's in their wills.

5.2 *Occasional offices fees*

St Leonard's will charge according to the Church of England's published schedule of charges. Fees are accounted for on an event by event basis and are net of amounts due to the Southwell and Nottingham Diocese.

5.3 Ad hoc

Income tax recoverable on covenanted or gift aid donations is recognised when claimable.

Grants to the PCC are accounted for when received as soon as the PCC is notified of its legal entitlement, the amount due is quantifiable and its ultimate receipt by the PCC is reasonably certain.

Funds raised by social and similar events are accounted for gross.

5.4 Restricted, Endowment and Unrestricted Funds

Restricted funds are those which may only be used for the specified purpose. The following restricted funds are in place:

- Community Centre equipment fund
Restricted to equipping the community centre
- Youth fund
Restricted to youth expenditure
- Monuments fund
Restricted to the care, maintenance and upkeep of the various church monuments
- Special projects fund
Restricted to the specified project and fund limit. At 1 January 2018: Bell Tower; AV/PA project
- Ministry capital fund
Restricted to the care, maintenance and insurance of church goods and ornaments, and ministry expenses.
- Middleton Trust
Restricted to the care, maintenance and insurance of church goods and ornaments, and ministry expenses.

The Russell Trust is unrestricted but permission is required from the diocese prior to any expenditure therefrom. The income is paid into the General Fund.

Unrestricted funds may be used for any purpose in accordance with this policy.

Legacies may be restricted or unrestricted as specified by the legator.

5.5 Grants

The PCC may apply for and receive grants from time to time for specific or general purposes. The PCC will abide by any terms upon which the grant is contingent.

6 Expenditure

6.1 Planned

The Treasurer shall make a proposal of the Parish Share to be paid which will be ratified by the PCC. The PCC may approve an additional contribution to Nottingham North Deanery.

The PCC is committed to a continual process of identifying ways of achieving cost reductions in administration overheads and improving the efficient use of resources.

Amounts for planned building work, maintenance, overheads and missional projects will be proposed to the PCC and included in the annual budget. A specific budget will be agreed and minuted for expenditure which arises between annual budgets.

Reasonable expenses incurred by clergy, employees or trustees of the church may be reclaimed on the presentation of invoices. Expenses incurred which are not supported by an invoice will only be reimbursed under exceptional circumstances after agreement from the Treasurer and must be accompanied by a letter detailing why an invoice has not been provided. The current expenses claim form should be altered to include a specific self- declaration statement for the person requesting reimbursement as follows: 'I hereby certify that the expenses claimed are accurate and have been incurred by myself whilst undertaking activities on behalf of St Leonard's Church'.

6.2 Unplanned

The PCC will approve any necessary expenditure over £500 which is not addressed in the budget and is in excess of the authorisations outlined below.

7 Liabilities

7.1 Buildings, land and furnishings

The church and churchyard are "consecrated and beneficed property" which are therefore not assets owned by the PCC. They are excluded from the accounts by section 10(2)(a) of the Charities Act 2011. Expenditure incurred during the year, whether maintenance or improvement, is written off as incurred.

Moveable church furnishings are held on special trust by the churchwardens for the PCC. They require a faculty for disposal. The PCC considers them to be inalienable property. Expenditure incurred during the year, whether maintenance or improvement, is written off as incurred.

The St Leonard's community centre is not consecrated or beneficed property. It is owned by the PCC but has its own accounts and is reported separately. Building costs are depreciated at 2% per annum for each full year on cost.

7.2 Equipment, other fixtures and fittings

Equipment for church purposes is depreciated on a straight line basis over the estimated useful life of each item, which varies between 4 and 12 years. Individual items of equipment with a purchase price of £1,000 or less are written off in the period in which the asset is acquired.

Equipment for use in the community centre is depreciated on a straight line basis over the estimated useful life of each item, which varies between 4 and 12 years.

7.3 Employees

Staff employed by St Leonard's will be paid at least the Living Wage (as defined by the government). Pay increases will be in line with Diocesan guidelines, which are communicated to the churches following decision by the Bishop's Council, but as a minimum will meet the Living Wage. St Leonard's will auto-

enrol eligible employees in the Pension Builder Scheme of the Church Workers Pension Fund and will contribute as specified by the scheme.

Salaries and pension contributions will be reviewed annually after Diocesan decisions have been communicated to the PCC. The Treasurer will propose a salary increase, expressed as a percentage, and propose it to SCART and then the PCC at the next possible meeting each year. The PCC must agree the salary proposal in the last PCC meeting before the end of the financial year. Pay increases will be implemented at the beginning of the financial year.

8 Reserves

The policy of the PCC is to hold a sufficient sum in reserves to cover 6 months' normal expenditure in accordance with Charity Commission guidance. Based upon current turnover this is a sum of around £100,000.

9 Investments

The PCC wishes investments to be in line with Diocesan guidance on ethical investments.

The PCC will hold sufficient funds to covers its projected liabilities. Excess funds, and those not required in the near term, will be invested on deposit with the Central Board of Finance of the Church of England.

10 Grant Making

At the discretion of the PCC it may from time to time make donations to other charities which have the same objectives as the PCC.

11 Authorisations

Expenditure which is in line with that shown in the annual budget and for activities which have been approved by the PCC up to a limit of £300 does not require advance approval. Expenditure over this limit, or which exceeds £100 and does not fall within the approved annual budget should be approved by the Treasurer in advance. The Treasurer will seek guidance from other trustees (including if appropriate the full PCC) if he/she has any concerns about the appropriateness of approving such expenditure.

Expenditure on non-budgeted items which falls below £100 is allowed if essential but notification should be given to the Treasurer or in his/her absence another member of the Standing and Resources team as soon after expenditure is incurred as possible.

12 Bank accounts

The PCC shall maintain a current account and a savings account each with a recognised bank or building society regulated by the Financial Services Authority.

12.1 Current account

The current account shall normally have 5 signatories:

- Rector
- Treasurer

- Finance administrator
- Churchwardens

The current account may be operated via cheque book, post or in branch. All cheques require two signatures; no signatory can authorise payment to themselves or a close family member. Equivalent arrangements will be instituted for internet banking before the account may be operated in this manner.

The current account is to be used for routine expenditure. It shall be funded to an appropriate level to meet the projected expenditure without incurring overdraft charges. The finance administrator and/or treasurer will monitor the current account and arrange transfers from savings as required to keep it adequately funded.

12.2 Savings account

The savings account shall normally have 5 signatories:

- Rector
- Treasurer
- Finance administrator
- Churchwardens

The savings account may be operated via cheque book, post or in branch. All cheques require two signatures; no signatory can authorise payment to themselves or a close family member. Equivalent arrangements will be instituted for internet banking before the account may be operated in this manner.

The savings account is to be used to top up the current account. It may be chosen to pay a higher interest rate and/or to require notice to access funds.

13 Date for policy review

Members of the Policies and Procedures Working Group and the Parochial Church Council will review this Policy within 12 months of the date on which the policy is signed.

14 Review date and signatures

This policy document and guidelines were last reviewed and agreed by the Parochial Church Council on 13th July 2020

Signed by the incumbent:

Signed by the Lay Chair of the Church Council or a Churchwarden:

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15 Appendix

Useful documents and resources:

- ACAT guidance
- Pension guidance <https://www.churchofengland.org/more/pensions>