

CHAPTER

4

GOVERNANCE - CHOOSING THE RIGHT ORGANISATIONAL STRUCTURE

TEAM PRAYER

Father God, thank you for the gift of life,
love and your Son, Jesus Christ.

We acknowledge Your Lordship over all
that will be spoken, thought, decided
and accomplished within these walls.

We thank you for the gifts you have given
us, and commit to using them responsibly.
Anoint our creativity, ideas and energy so
that even the smallest task may bring you
honour. Blessed be God forever. Amen

(Most of the information covered in this chapter is Church of England specific. Churches from other denominations and the Church in Wales, Church of Scotland and Church of Ireland are advised to consult with their own church authorities for specific advice.)

In order to help ensure that grant money is spent on approved purposes, grant funders prefer to deal with **properly constituted organisations**.

As discussed in Chapter 3, it is vital for the success of a project to have a formal structure that ensures decisions get taken and recorded properly and that finances are fully accounted for. This is important for the development and implementation of the project itself. Usually, the development and implementation of a project is managed within the existing local church structures. For small projects, it may be sufficient for the PCC/Trustees to run the project. For larger projects, it will be necessary to set up a project team as a sub-committee. (See Chapter 3).

It is important to think ahead as to how any new activities are going to be managed in the future, after any building work or other changes have been completed. This may just be about how and by whom your church building will be managed when it is being used by more groups and for more activities. Most churches are used to hiring out space in their buildings for one-off activities or regular weekly half-day sessions.

However, if your project is about setting up a more ambitious venture, it may be necessary or beneficial to form a separate company. This could include setting up a support group in partnership with another organisation aimed at a particular target group e.g. the homeless where the group will be taking up permanent space, or a project that involves some form of trading e.g. a community café, shop or a community energy project.

Overall you must ensure that you choose the right vehicle i.e. the right organisational and legal structure that allows you to do what you want to do and importantly to retain the right level of control over what happens within and to your church building. You will need to decide when it is the right time to set up the new legal structure.

The structure should reflect your values and principles, or in other words, 'the culture of your organisation'. How are you going to make decisions? Will you be a member-based organisation and who will you be accountable to? Who develops and decides upon policy and strategy? Do your users get a say?

It may be that the working group developing the project works within one structure and sets up another to run the building and the new activities in the long-term.

Most of this chapter is about looking ahead to how your building and the new activities will be managed in the long-term.

CASE STUDY

ST GERMANS PRIORY, DIOCESE OF TRURO

www.stgermansparishes.com/st-germans // www.facebook.com/StGermansPriory

Population: 4,301 (2011 Census)

This Grade 1 medieval priory church, classed as a major church, is on the site of the first Saxon cathedral of Cornwall and close to the River Tamar, the border with Devon. It's a challenging site on the side of a steep slope in a large village, sharing a boundary with the stately home of Port Eliot. The house and church used to be a flourishing monastic port in the middle ages, occupied by Augustine monks.

Popular as a venue for a variety of cultural, musical and community events, it is still the local parish church in St Germans in South East Cornwall, but its rebirth into the Priory was formalised in January 2013 when it came under the stewardship of the St Germans Priory Trust.

In 2011, the future looked bleak for St Germans Parish Church and the church was threatened with closure. With a dwindling congregation, the PCC was struggling to keep up with maintenance and repairs, let alone make it a warm and welcoming resource for the local community and visitors alike. There was a significant danger that it would eventually deteriorate to the point that it became unfit for use. This was averted with the support of the Bishop of Truro, The Rt. Revd Tim Thornton, and the Church Buildings Council (CBC), who backed local volunteers in developing a project, through a novel lease arrangement, to adapt it into a sustainable resource for wider use. The aim is, over time, to develop the building into a welcoming visitor attraction and a centre for education, culture and community as well as retaining it as a place of worship.

It is currently run by the St Germans Priory Trust in close cooperation with the local PCC. The Trust has leased the Priory from the Diocese of Truro and the PCC retains specific responsibility for the chancel. The two organisations work together to manage the day to day requirements of running such a large resource.

The Trust took charge of the capital works programme and aspire to make the Priory 'fit for purpose'. They were successful in obtaining two small grants in 2015; from the Listed Places of Worship Roof Repair Fund to undertake some emergency work on the extensive roof and from the Headley Trust to repair the South Porch. Work remains ongoing to maintain the building in a stable condition. St Germans Parish Council also provided funding for a part-time development officer for a limited period which has been instrumental in securing a greater number of events. With the help of the PCC, the Trust also invested in toilet facilities; providing 2 compostable external 'woodland' toilets as a temporary measure which has proved to be very popular.

The congregation numbers remain small. The Trust still has a number of risks and are finding it very challenging to raise funds for the major project that they wish to develop. This sees the introduction initially of basic facilities like running water, sewerage, kitchen facilities and heating and then high quality resources to enable events to be 'staged'. The Trust remain undeterred in working towards their goal.

The Priory already provides:

- a unique tourist and visitor destination in Cornwall. Groups of all types regularly book tours;
- a unique learning environment for schools, colleges and all types of groups and individuals;
- a focus for historic and archaeological research;
- remarkable acoustics; it is a regular venue for concerts and recordings;
- opportunities to learn about the origins of Christianity in Cornwall and the chance to start the newly launched, 125 mile Cornish Celtic Pilgrims Way through Cornwall to St Michael's Mount;
- regular Church services, baptisms, weddings, funerals and memorial services;
- a community space. It is in regular use as a venue for concerts, craft fairs, auctions, cinema nights and theatrical events. It is used by the local community and school for gatherings. It has strong potential as a location for film and TV productions.

Port Eliot hosts a major art and literary festival every summer and the Priory is fully engaged with this, hosting a number of spectacular concerts in the evenings of all music genres. In 2016 and 2017, St Germans Priory hosted a number of diverse events including a choral evening by a Dutch Choir, a well known local Jazz Quartet, a 3-day Christmas Market, performances by the East Cornwall Bach Choir, the Megavissey Male Voice Choir, Burraton Male Voice Choir and the Truro Cathedral choristers. The annual History and Archeological Group Conference was held in the Priory and a number of local fund-raising initiatives.

Speaking on behalf of the CBC, Dr Joseph Elders said he had been “amazed” at the church’s beauty, adding: *“The CBC’s involvement is to catalyse community spirit and to help provide a focus for spirituality, culture and art, tourism and community use. St German’s Trust should be shared by many – not just the worshipping community – and put back at the centre of the community where it belongs.”*

With support from researchers including the CBC, St Germans Priory Trust have written up their story so far. The process is about maximising their learning as well identifying insights and approaches that could be useful and transferable to other churches in rural, suburban and urban settings. Trustees are happy to offer their model and approach alongside their insights and learning as part of training and support to colleagues across England at a diocesan and parish level. Please do be in touch.

CASE STUDY

HOLY TRINITY, PARR MOUNT (FINGERPOST CHURCH), DIOCESE OF LIVERPOOL, COFE

www.stpaulsblackbrook.wordpress.com/holy-trinity-parr-mount // www.facebook.com/FingerpostChurch

Built in 1857 and known as the “Giraffe Church” due to the distinctive polygonal blocks of copper slag used for the exterior, by 2011 Holy Trinity was facing closure and demolition due to congregational decline and serious structural problems caused by the use of an inappropriate cementitious mortar when the building was repointed in the late 1970s.

When St. Helens Council refused permission to demolish the listed church, the congregation, under the leadership of Interim Minister Rev. Glyn Thomson, spent time in prayer and reflection, seeking God’s vision for the church’s future. In an economically depressed area which was gradually being abandoned by banks, retailers and other institutions, it became clear that God was calling the church to be a hub for social action within the community.

The congregation realised they could not “go it alone” and so put together a coalition of stakeholders including representatives from the Diocese of Liverpool, St. Helens Council, Helena Partnerships (the local housing association) and FINTRA (the Fingerpost Tenants and Residents Association). First Choice Day Opportunities, a local business which rents a room in the church, and the church’s architect, Anthony Grimshaw, also joined the group which became known as the Fingerpost Regeneration Project Committee – a name chosen to recognise that the

regeneration of the church would ultimately prove to be a catalyst for the regeneration of the community. Support and advice was also provided by the Cathedral and Church Buildings Division, London.

The Fingerpost area is not short of problems including: drug and alcohol misuse, debt, unemployment, single parenthood and child poverty. It was the very detailed statistics on the local health crisis, provided by the Council’s Public Health Department, which were really startling, however. The average life expectancy in St. Helens (80.7 for women / 76.0 for men) is some way lower than the national average (82.3 / 78.3). In Fingerpost, it is just 73 / 68. Roughly 1 in 5 people in Fingerpost lives with a chronic condition such as COPD or diabetes with the root cause being poor diet and lack of exercise. Mental health problems are rife, particularly among working-age men as unemployment leads to anxiety, depression and worse.



A programme of activities was devised to start tackling some of these problems. The church bought eight laptops, funded by Awards for All, to host CV-writing and computer literacy classes and to help benefit claimants apply for benefits using the new online system. It also hosted a Jobs Fair. The nave was used for light exercise classes and the NHS “iVan” mobile screening unit visited. However, there were still serious building problems to deal with and the church was added to the Heritage at Risk Register in 2014.

With the generous funding of the HLF, the National Churches Trust and Garfield Weston Foundation, the first phase of repairs was carried out in 2016. As well as repairs to the walls and roof, a new heating system was installed (meaning the church can be used all year round), as well as a new kitchen, café area and WCs and an office was created within the north transept to be used as a permanent base for FINTRA.

The new kitchen was designed so that it can be used to host healthy cookery demonstrations, particularly aimed at young mothers who learn how to produce nutritious meals for their families on a tight budget. The kitchen can also be used by wheelchair users. The café hosts regular drop-in events aimed at tackling social isolation.

There is still another phase of repairs to be done and internal redecoration is desperately needed, but Fingerpost Church is definitely “on the up” and becoming recognised as a beacon of God’s love in an area which needs all the love it can get.

WORKING IN PARTNERSHIP WITH OTHER ORGANISATIONS

Working in partnership with others can bring huge benefits in the form of specialist knowledge and skills, additional funding and the sharing of resources. Churches are able to offer a building, volunteers and a wish to help their communities and support those in need.

This could include hosting an outreach Post Office® two mornings a week, where all the equipment is brought in at the beginning of a session and taken away at the end of each session, or supporting the homeless in partnership with an experienced homeless charity by providing space and volunteers. Many projects are a partnership between the church and the local authority which may want to deliver a statutory welfare service to a specific locality. Such partnerships are especially vital in rural or deprived areas where the church can provide facilities, have links to hard-to-reach communities, and contribute knowledge of local circumstances.

It will be important that both sides have something to offer and to gain from the partnership and that you both share the same objectives and values. It is important to understand how each organisation works and its core objectives.

SHARING SPACE WITH OTHER ORGANISATIONS

Consideration must be given not only to the legal mechanics of how you will work together but also to how you will share the space in your church with another group or organisation. You may want a licence to allow the group use of your space or, if you are planning to collaborate on running the new activities, you may want to set up a legally separate entity. In any case, you will need a licence under faculty for the other group or your newly created organisation to occupy part of the church and run your new activities.

All churches are charities, whether registered with the Charity Commission or exempt from registration. Both charity law and the Church of England regulations require a group using a space in church premises to pay the going commercial rate unless its objectives are the same as or similar to those of the PCC. It is really important that your Mission Action Plan and the goals the PCC established at the beginning of the project reflect this. Otherwise, your ambition may be defeated by having to charge more for your space than an organisation can afford.

Within the Church of England, **Section 68** of the **Mission and Pastoral Measure 2011 (MPM)** (which replaced the Pastoral (Amendment) Measure (2006)), allows for a lease to be granted under faculty of part of a consecrated church building, provided that taken as a whole the building continues to be used primarily as a place of worship. Prior to 2006, if a Church of England church wanted to grant a lease they had to make that part of the building redundant and it then came under the secular planning system. The new measure means that the whole church remains under one planning system and it also offers greater security to potential leaseholders as well as enabling them to meet the conditions of some of the major funders which require proof of security of accommodation. (There is more on leases and licenses at the end of this chapter.)

LONG-TERM MANAGEMENT OF YOUR BUILDING AND/OR NEW ACTIVITIES

Over the last few years, models have emerged that provide new ways of sharing the space and the responsibility of managing a building that is being used as a place of worship and also a community space. These are not going to be appropriate for everyone, but they will encourage you to consider different options.

Some are about finding ways for congregations and their communities to work together ‘to share the burden’ of looking after a building. This is more than simply bringing the community into the building to enjoy it and use it; it is about setting up structures **which enable people from outside the congregation to help look after it.**

There are two ways you can approach this. You can either continue to use the local Parochial Church Council (PCC)/or your ruling body or committee which is already a legally constituted body, or you can set yourself up as an independent, legally constituted community group.

Key issues:

- You must be very clear about the degree of control you want to retain over your building. This will include both the type of secular uses allowed and also the priority given to church activities. While you may want to delegate overall management and responsibility for maintenance and a proportion of the fundraising, you may also want to retain responsibility over any future proposed physical changes to the building. Do you want to remain under the Ecclesiastical Exemption rules or are you happy for part of the building to be closed and for that part to come under secular planning jurisdiction (with the possibility of some overlap), and possibly different taxation regimes?
- You need to be aware that different arrangements will have different implications:
 - Listed churches can claim for the repayment of VAT through the Listed Places of Worship Grant Scheme. Applications can only be made by the PCC/church body. As this will amount to 20% of the cost of the building works including professional fees, it should not be disregarded.
 - As charities, whether registered or exempt, churches enjoy a mandatory exemption from business rates. A community group, even if it is a charity, will not benefit from this exemption. If the group is a registered or exempt charity, it should enjoy an 80% reduction but will be obliged to apply for exemption from the other 20%. A commercial operation such as a village shop will pay full business rates. This can present problems for the church in ensuring that its portion of the full exemption continues to apply.
- There will need to be a written agreement whether it is a **licence** or **leasing contract** or a Memorandum of Understanding between the PCC and community group formalising their mutual responsibilities and use of the space. It will need to be carefully worded and will require a faculty/permission. You are advised to seek legal advice from your diocese/denominational authority.
- Whichever route you choose, it is important that the clergy and/or an appropriate number of people who are there as representatives of the PCC (or ruling body or committee) are included in the new organisation as a member of the management committee or ruling body of the new organisation. The governing document (constitution) of the new organisation should specify how many representatives of the church body must be included.

CASE STUDY

ST JOHN THE BAPTIST, STADHAMPTON, DIOCESE OF OXFORD, COFE

www.stadhampton.org/village/village-hall-at-st-john-s

Population: 832 (2011 Census)

A joint project between the Parochial Church Council, St John the Baptist and the Stadhampton community resulted, in October 2013, in the creation of Stadhampton's Village Hall at St John's. Situated about 8km north of Wallingford, in South Oxfordshire, the village needed space for community events and the PCC wanted to broaden church activities and outreach.

The church building (Grade II) was basically sound, but had no mains water or drainage, was damp and cold and stood empty for six days a week. Initially the village Building Project Team was intending to build a new hall, but gradually an idea formed which was tested through consultation and public meetings that by creating a community space within St John's, two problems would be solved.

Between 2008 and 2013, at a cost of £380,000, the church was reordered to provide new comfortable and flexible seating and underfloor heating and a new lighting system was installed.



© Jola Reczynska September 2013

A small extension was added to the west end to house the boiler and fully accessible toilets. A fully equipped kitchen was built in the north aisle. A new audio system was installed and a digital projector, screen and DVD player are available for use.

There is a service every Sunday. In addition, it is now available for hire from Monday to Saturday and Sunday afternoons. It has become a popular venue with a booking calendar on the village website. Currently regular events include a book club, parent and toddler club, Pilates classes, a ukulele group and a cinema night.

During the building phase, the project team started out as a sub-committee of the Parish Council as it had initiated the need for a village hall. Once the decision to modify the church had been agreed, for administrative reasons, it changed its accountability to the Parochial Church Council (PCC) but continued to provide regular reports to both organisations. To ensure a broad range of views, the membership of the project team included church-going and non-church going members of the community along with a Parish Councillor, the Vicar, and a Churchwarden. The chairperson was elected from the membership.

A number of options for managing the new hall were considered for its operational phase from sub-letting it from the church to handing over total responsibility to the PCC. Finally, it was decided to opt for a similar model to the project phase as it had successfully balanced the interests of both the secular community and the church.



Completed kitchen at Stadhampton © Mike Peckett June 2013

At the time of writing, key roles on the management committee include a Churchwarden, a Parish Councillor and the Booking Clerk; the rest of the committee (of eight) is made up of people largely involved in the hall's user groups and the Vicar has an open invitation to attend any meetings. The management committee is guided by a document defining roles and responsibilities. These include: how running costs are shared; fundraising and apportionment of any profits and the maintenance of the fabric of the building, etc.

However, it is becoming increasingly difficult to recruit new volunteers to join committees.

"We are not there yet but I can see a time where we will need to revisit the traditional 'committee' model. At present, people's lives seem to be busier than ever and whilst it is possible to get volunteers to take on occasion tasks, people tend to be reluctant to give their precious leisure time to ongoing commitments. One idea would be to use new technology to run meetings, another might be to have one person running the hall who is accountable to the PCC but perhaps this would have to include a paid honorarium or a salary which would have a knock-on effect on hiring fees and hall usage. As the accountable body, the default position would be for the PCC to take on full responsibility but this approach would lack the spirit of community partnership we have enjoyed thus far. So giving a great deal of thought to how your new facility will be managed in future is very important. You cannot assume that your building project team will morph into the management committee. The successful management of the new facility is a very different but equally essential role."

Ann Stead, Chairman, Management Committee, Village Hall at St John's, Stadhampton

www.stadhampton.org/village/village-hall-at-st-john-s

The range of models looks like this:

Option 1 – continuing to use the Parochial Church Council/or your ruling body or committee

The benefit of this option is that you are continuing to use the existing PCC/ (or your governing body or committee) as your constituted body. This is a perfectly good way of managing a project and it does cut down on some paperwork.

It may be that in order to bring new people, ideas and energy on board or because it is felt important to delegate the task – whether managing the building project or managing the building into the future that you decide to set up a **sub-committee** of the PCC. This should include members of both the church/PCC and the community. It will, though, be necessary to lay down some ground rules and set Terms of Reference, outlining the levels of authority and responsibilities.

The functions and the level of responsibility of the sub-group will need to be defined. For example, will the sub-committee be entitled to make decisions, or should they merely make a recommendation to the main PCC?

Your Terms of Reference document should set out the roles and responsibility of the PCC and the sub-committee and how the relationship between the two parties should operate. Funders will be content to enter into a grant contract with a PCC or church committee, but a Terms of Reference document will offer confidence that you have a structure in place for managing the project in the future.

A PCC is a corporate body. This means that the Chair or another authorised member can sign documents such as a licence or a contract with builders on behalf of the PCC but it is the PCC as a whole

that is responsible for honouring the licence agreement or paying the builders. If your governing committee is not a corporate body, each individual member will be personally liable for ensuring your church complies with the licence agreement or for paying the builders. You should check with your denomination's authorities if you are unsure of the legal status of your governing body.

Option 2 - establishing a separate Constituted Community Group

This could be a charitable corporation or a form of co-operative (see below). The benefit of this option is that the community group is an independent group, which could go on to implement other community projects in the village or neighbourhood in the future. Because it is a separate organisation from the PCC, a funder will expect there to be some written agreement between the community group and the PCC – perhaps in the form of a formal partnership agreement – just to clarify the relationship and responsibilities.

There would have to be a Memorandum of Understanding (MOU)/ formal contract between the PCC and the Group and in some cases it might also be a three-way MOU and include the Diocese Board of Finance (or the equivalent in other denominations.) The MOU would set out the opportunities and expectations to be gained from each of the two/three parties. It would also set out the delegated functions e.g. overall management of the building and maintaining the building fabric, the fundraising for a proportion of all repairs and maintenance costs. And it would also have to set out how the use of the building would be shared e.g. priority for church services and festivals, weddings and funerals etc.

Ecclesiastical Exemption would be retained in respect of future repair projects and adaptations.

It would still be essential for someone from the PCC and/or members of the church to be members of the new organisation. They should be, if not in a majority, then present in sufficient numbers to carry weight if any decision looks like going against church interests.

This option might be suitable for a project that it is envisaged will be of short duration, but if you anticipate it carrying on into the foreseeable future, then bear in mind there is bound to come a time when personnel may have changed and people on both sides may have lost sight of what originally bound the two groups together.

Option 3 - Lease to a Community Group by the PCC

This is an extension to Option 2 where the PCC retains ultimate responsibility for the parish and the church building while the local community, via a legally constituted community group, takes on clearly defined responsibilities for parts of the church building and activities in those areas. Because the PCC (or management committee in other denominations) is the licensor and the community group is the licensee, Ecclesiastical Exemption would be retained. The licence would reserve rights for church activities, including services. This is a good option if the intention is for the church building to become a more-or-less full-time community centre or part of the building is going to be used for a specific other purpose e.g. a community shop.

In the Church of England this would be undertaken using **Section 68** of the Mission and **Pastoral Measure 2011 (MPM)**.

Option 4 - Partial Closure of the church building

This is when the local PCC/church ruling body is prepared to retain responsibility for the parish, but does not have the financial capability to maintain the whole building. The regular congregation no longer require the whole building for worship and the local community has identified additional uses for part of the building. The relevant part of the building is closed for public worship and Diocesan Board of Finance/church authority is empowered to lease the building to a charitable organisation. This option is attractive where the funding bodies require the applicant to hold leasehold or freehold interest in the building. The closed part of the building would lose Ecclesiastical Exemption and the care and maintenance of the building would be shared by the charity and the PCC.

In some areas with large populations of recent immigrants, the option of transferring the ownership of some church buildings to denominations such as the Indian Orthodox Church is being explored. In one case under discussion in the Diocese of Liverpool this would involve the Anglican congregation retaining the right to worship in the church once a week while giving the new owners the opportunity to develop facilities for the community.

ChurchCare has set out the legal options and implications for the complementary use of church buildings

www.churchcare.co.uk/images/Legal_options_chart_-_updated_05.pdf

CASE STUDY

ST JOHN'S, FERNHAM, DIOCESE OF OXFORD, COFE

Population: 245 (2011 Census)



“We have not only provided a building for the community, which needed one, but provided a mechanism by which the church building, which remains a place of worship, is managed and supported by the community, and that is a really significant development.”

Neil Sutherland, former Chair of Project Inspire

St John's Church, Fernham, doubles as the village hall offering a high quality space with state-of-the-art audio-visual and sound equipment and accessible kitchen and toilet. It can seat 100 comfortably.

The village, situated about 2 miles south of Faringdon in the Vale of White Horse, faced a big problem when its village hall burnt down and an alternative space became unavailable.

At the same time, regular services at St John the Evangelist, the Grade II listed parish church, were only attracting an elderly congregation of about half a dozen. The PCC was increasingly concerned about rising maintenance costs, a high repair bill and future usage.

Led by the village in close association with the church, it was decided to extensively reorder the interior of the church. A Project Team was largely responsible for making the building conversion happen while in parallel, the Church Warden ran a separate project to gain funding for the new roof.

The Project Team set up Project Inspire, a charitable trust set up as a company Limited by Guarantee to manage the conversion, and cover the running costs for the building's use for community activities, services and other church activities.

After long and careful negotiations with the Diocese, an agreement was reached on the management of the building post-conversion.

Project Inspire took on the repairing lease from the Diocese and responsibility for the routine maintenance of the building with an expectation, written into the lease, that if there are major works, Project Inspire will pay 60%, while the church community and PCC will contribute 40%, a ratio of 60:40 reflecting the split between chancel and nave areas.

In June 2010, the building reopened. While still used for church services, it can also now be hired to host a wide range of activities and events, including concerts, anniversaries, birthdays and Annabelle's Nursery which opened in September 2016.



The refurbished space offers an attractive and well-equipped refreshment area including a hot plate, sink and dishwasher; flexible seating options and a fully accessible toilet. Its zone controlled underfloor heating ensures that the building is kept warm throughout the winter.

At a meeting of villagers in May 2012, it was agreed that Project Inspire and another group, the Fernham Events Committee, should join forces to become the Fernham Village Trust. This charitable trust, set up as a company limited by guarantee to limit the liability of the Trustees, runs village events and now manages the use of St John's and Fernham Village Hall by the community and the church and covers the running costs. The management committee is elected every year at the Trust's AGM and members serve for a year.

The PCC pays to hire the building for its services and other church activities, such as weddings and funerals. It also raises funds for its annual parish share, which goes towards clergy costs, and helps to cover the mission and outreach of the church.

The Village and church share the same website www.fernham.info which includes an online booking system.



Watching the Royal Wedding 29th April 2011 © Neil Sutherland

Within Options 2, 3 and 4, there are two broad models of organisation that you can consider – a registered charity or a social enterprise. We will look at each of these in turn.

REGISTERED CHARITIES

- a. **Charities** can have four different legal structures: unincorporated association, trust, company limited by guarantee, charitable incorporated organisation (CIO). A CIO can have members or be restricted to those on the management committee. All charities with an income over £5,000 are required to register with the Charity Commission to demonstrate that they have been established for public benefit.

Charities must submit an annual report and accounts to the Charity Commission and notify the commission of changes in the management of their organisation. If expenditure exceeds £25,000, they must have their accounts independently examined. Where gross income exceeds £250,000, their accounts must be audited.

Confusingly, the people managing a charity are called trustees, even when the organisation they manage is not a trust.

The Charity Commission provides model governing documents for each different legal structure. Using one of these saves time and makes it more likely that the commission will agree to register your organisation. These documents and much other advice are available at www.charitycommission.gov.uk.

- b. **An Unincorporated Association** is the least demanding structure. The governing document (constitution) sets out the objects – the purpose of the group – and says how members are to elect the management committee. You provide the name of the organisation, the objectives and other details such as how many votes are required to pass a resolution but the basics are included in the Charity Commission's model document. As its name implies, an unincorporated association is not a corporate body – a company – and is therefore not a legal person. Each member of the management committee is legally responsible for honouring any licence with the PCC or any contract for the maintenance, repair or alteration of the church building. This structure might be suitable for a short-term project but you need to think carefully about the risks if you envisage your community group being responsible for managing significant amounts of money.
- c. **A Trust** is generally the legal structure used when a large amount of money is available to be disbursed. It was commonly used in the past as the vehicle for distributing substantial bequests from wealthy people. A trust is not a corporate body, so carries all the risks outlined in a) above. Generally speaking, this is not the most appropriate structure for a community group wanting to provide a service in a church building.
- d. **A Company Limited by Guarantee** was, until recently, the preferred structure for most charities. While commercial

companies are limited by shares, those limited by guarantee are controlled by their members who guarantee to pay an agreed sum should the company be wound up and need to pay off debts. The guarantee is generally £1.

Because this type of organisation is a company as well as a charity, it is necessary to first register with Companies House (www.gov.uk/government/organisations/companies-house). Annual reports and accounts must be submitted to Companies House as well as the Charity Commission and Companies House must be notified about changes in the management committee within two weeks. There are financial penalties for the late filing of accounts. Members of the management committee are directors where Companies House is concerned but trustees where the Charity Commission is involved.

On first sight, this legal structure is complex and can be difficult to grasp but it does provide much greater security for the trustees than either of the two options above. If your community group anticipates having to borrow money or undertake an expensive building project, this could be your best option (but see CIO below). On the other hand, the security is no greater than that afforded a PCC which is also a corporate body.

The Charitable Incorporated Organisation structure was established to get around the complexities of the Company Limited by Guarantee structure. A CIO is a corporate body, as its name indicates and so it offers the same level of security as a company limited by guarantee or a PCC. It only reports to the Charity Commission. There is no minimum income requirement before the Charity Commission will register qualifying organisations.

The Charity Commission offers two different model governing documents, one for membership organisations and one where the only members are the people on the management committee. If your community group chooses to become a CIO, it will have to decide whether it wants its users, for example homeless people, to have a say in how it is run and have the opportunity to stand for election to the management committee or whether you prefer to appoint people to the committee without having elections. You will need to consider how you are going to ensure that your church retains sufficient control.

SOCIAL ENTERPRISES

A social enterprise is a business which has primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners. They can involve a traditional community-based activity or can operate in a commercial arena. Social enterprise isn't for everybody, but it can provide a valuable model. The government offers tax relief on investment in social enterprises which would place investment in a social organization on the same footing as investment in a for-profit enterprise.

Social enterprises are not charitable and consequently some funders will not offer them grants. You should be confident that you can raise sufficient funds to accomplish your goals within your community before committing to this kind of legal structure.

There are probably four different types of social enterprise, as it depends on what you are trying to achieve and in what context. The most common are:

- **Community Interest Companies (CICs)**

CICs are limited companies, with special additional features, created for the use of people who want to conduct a business or other activity for community benefit, and not purely for private advantage. This is achieved by a “community interest test” and “asset lock”, which ensures that the CIC is established for community purposes and that the assets and profits are dedicated to these purposes. The Business Link website has guidance here www.businesslink.gov.uk/bdotg/action/detail?itemId=1077476109&type=RESOURCES

- **Co-operative Societies**

Co-operatives are not-for-profit organisations that are jointly owned and operated by a group of people/its members who share the profits or benefits. They are democratic enterprises, operating with a one member, one vote policy. The Co-operatives UK website offers a comprehensive (free) set of resources for community enterprises covering legal, financial and governance issues.

www.uk.coop

- A variation on this are **Community Benefit Societies** (BenComs) which are incorporated industrial and provident societies (IPS) that conduct business for the benefit of their community. Profits are not distributed among members, or external shareholders, but returned to the community.

In both cases, a Society will have Members (Shareholders), a Management Committee and a Secretary. The Management Committee ensures that the society is working for the benefits of its members (Co-operative Society) or the community (Community Benefit Society). Members are encouraged to attend and speak and submit motions at Members' Meetings and are entitled to stand, vote and elect representatives to the Management Committee.

- **Community Shares**

A community share scheme enables people to invest in their own community and take ownership of a project. Instead of turning to the private sector and wealthy individuals for support, community investment is about engaging communities to invest in themselves. The Community Shares website profiles current examples as well as providing guidance and toolkits which can all be downloaded from www.communityshares.org.uk. (There is more information in Chapter 10).

TAX AND TRADING

Individual churches of most denominations enjoy charitable status and therefore may only conduct activities falling within the charitable purposes of the church. When you are considering activities which fall outside these purposes and will amount to ‘trading’, you need to check the legislation to see what the implications are. Any doubts about the effect of this aspect of the law on a local church should be discussed, in the first instance, with the appropriate person in your diocese or denomination. You should also check with the relevant department in your local authority as to whether you would now be liable for Business Rates.

Also check with your Insurance Company if you are undertaking activities which bring in an income, i.e. you are starting to trade.

You need to get legal and financial advice to ensure you fully understand the different options and their implications. Spend time on this and talk to other projects and your church’s legal advisers. If you get this wrong, it can cause pain and expense in the long run. Talk to your Diocesan Secretary or the equivalent in other denominations, for advice.

Licences and Leases – if you are going to offer leased space to a tenant, or your project is going to have a licence or lease arrangement with the church, remember this is a specialised area and you will need sound legal advice. Each scenario will need to be negotiated on a case-by-case basis. Don’t be afraid to talk about money – get this right and it can ensure your sustainability and remember, it has to be viable for both parties. The document should clearly set out what each partner is responsible for and cover details such as cleaning responsibilities as well as who is going to pay for what e.g. servicing of equipment and maintenance and what proportion of the utility bills. You should also make provision for special church services and festivals and what will happen if there are weddings and funerals. At this point, it is worth saying that from a church point of view, it doesn’t do to be so grateful that you are going to get a toilet and a kitchen that you then negotiate away any financial gain when it comes to sharing space. You both have something the other needs – so be sensible. There are one or two known examples of the church being tied into peppercorn rent agreements, and struggling financially, while the community group using their space is thriving and financially sound.

You may want a Memorandum of Agreement which is a written understanding of the agreement between the parties setting out how they will work together on an agreed project or meet an agreed objective. NB a lease can’t be easily changed, but a Memorandum of Agreement can.

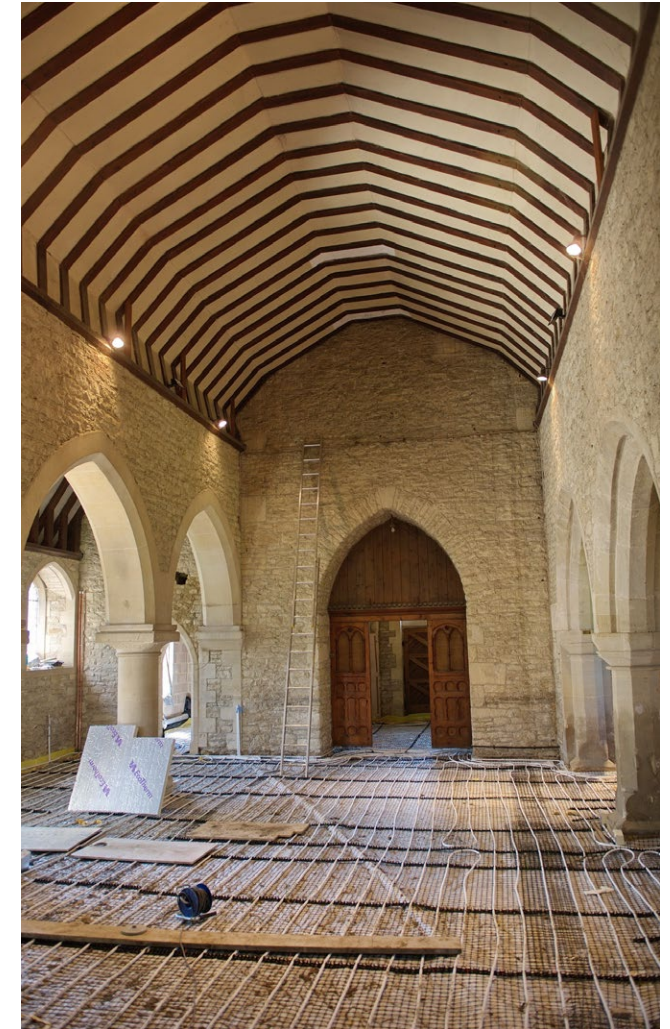
Make use of the templates that are available, but do take legal advice from your diocese or denomination. You will also need to obtain a Faculty/Consent/or Permission from your church authority as you are, in effect, giving rights of access to part of your building to another organisation. You may be able to get advice from a friendly solicitor in your community or if not you should consider getting paid advice. Initially ask for advice from your church authority.

If this seems a little daunting, don’t panic. There is plenty of help out there. Remember, there are thousands of community groups up and down the country doing something similar.

WHO CAN HELP?

In fact, getting advice and support is a sensible step to take, so go and ask for it. Try to find out as much as you can, as early as possible. People to consider approaching include:

- your local Diocesan or Denomination Community Development Worker – if there is one. Job titles vary – they may also be called a Community Funding and Partnership Officer, Parish Development Officer, or Community and Outreach Officer.
- your local Historic England Support Officer, who again go by a variety of titles.
- the Community Development Officer at your local council, or Partnership Project Officer at your local Strategic Partnership if you have one. (Search your local authority's website for 'community grants' and this will point you in the right direction.)
- your local Community Voluntary Action group/Council for Voluntary Services (CVS) offer advice to community organisations. To find groups in your area visit www.navca.org.uk
- the Action with Rural Communities in Rural England, **the ACRE Network** (previously known as Rural Community Councils). You can find details of your local organisation here www.acre.org.uk/in-your-area/network-members



Laying underfloor heating at St John's, Stadhampton © Mike Peckett June 2013

TOP TIPS



- Whether you have set up a delegated sub-group or a new separately constituted community group, ensure that representatives from the PCC/Church Committee and/or clergy are included within your group.
- Just because your project may use the church building, it doesn't mean that someone from the clergy must chair group meetings. Clearly though, the clergy and PCC must be supportive of the project and the community group!
- Establish some **terms of reference** between the community group and the church as soon as possible. It prevents later problems arising that could impact on the project.

CHAPTER 4 CHECKLIST

Have you decided how to manage your building/project in the future? Will you be a sub-committee to the PCC or establish yourselves as a separately constituted group?



Have you fully researched the different models of governance and sought the best advice so that you are able to decide which one is best for your project?



FURTHER RESOURCES

The **ChurchCare** website is maintained by the **Church of England's** Cathedral and Church Buildings Division, but is a comprehensive resource for anyone managing a church building.

A key part of ChurchCare is the section called Open and Sustainable Churches. This aims to help churches select the right legal and funding model to develop their building for uses beyond the primary role of worship; these could be community activities, cultural events or even commercial activities.

www.churchcare.co.uk/churches/open-sustainable

Section 68 of the **Mission and Pastoral Measure 2011 Code of Practice** is entitled *Wider Use of Part or Parts of a Church Building: A Guide to Section 68 of the Mission and Pastoral Measure 2011* and can be found here: www.churchofengland.org/clergy-office-holders/pastoralandclosedchurches/mpm2011code.aspx

The **Charity Commission** provides detailed guidance on setting up and running a charity. You don't have to be a charity to benefit from reading this information which is freely available on the website.

www.charitycommission.gov.uk

The **Heritage Lottery Fund** recently commissioned and published research looking at whether social enterprise can be an effective method to assist the sustainability of rural places of worship.

www.hlf.org.uk/about-us/research-evaluation/research

The **Plunkett Foundation** helps rural communities to set up and run community-owned shops and other community-owned rural services. They also offer advice on governance. www.plunkett.co.uk

Locality provides support for community enterprises at each stage of the journey. Go to www.locality.org.uk/community-enterprise

A new service for the growing number of communities wanting to raise finance for co-operative and community-owned enterprises has been launched by **Co-operative UK** and **Locality**. The **Community Shares Unit** offers information and support on a wide variety of topics relating to the operational duties of IPSs, including those of secretaries and directors. It has a number of model rules for bodies wishing to register as IPSs, including community investment model guidance and case studies.

www.communityshares.org.uk

Social Enterprise UK is the national body for social enterprises
www.socialenterprise.org.uk

Stir to Action offer community resources from setting up a Crowd Funding campaign to hosting a SOUP which is a live crowdfunding community dinner or a Map Jam ie: creating a community map.

www.stirtoaction.com/toolbox

Village SOS: Support, Outreach and Sustainability was a £1.4m campaign, funded by the Big Lottery Fund between 2014 and 2016. It offered support and guidance on all aspects of setting up a new business with the aim of regenerating rural communities. Although, it has now ended, you can read about some of the successful projects and watch short films on YouTube. A few involve church buildings.

www.villagesos.org.uk

You can find guidance on *Working in Partnership* in Funding Guide No 7 on the **Parish Resources** website under the Buildings Section.

www.parishresources.co.uk

Pro-bono support

There are now plenty of companies/organisations that will offer their services pro-bono for community projects. These include lawyers, architects and mentors for social enterprise. Websites listing companies that can offer these services can be found on the internet.