



NEWCASTLE  
DIOCESE

I have tried to give you as much up to date information as possible on subjects that I know many of you are concerned with.

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# Money Matters

A quarterly newsletter for PCC treasurers

Volume 1 - Issue 4 June 2010

## Welcome to issue number four.

When we started these quarterly newsletters I really was unsure if we would have enough items to bring to your attention every three months. Well here is Money Matters number 4 and once again we have a full issue for you.

As many of you asked for items on the Diocesan budget I have taken information printed in the Diocesan Link and hopefully put it in a format that will be of particular use to you as a parish treasurer. Please do use this information to open up conversations about income and expenditure, both at parish as well as at Diocesan level.

This leads me on to saying a big thank you to all those parishes that have sent in their 2009 parish returns, and also to say to those of you who so far have been unable to do so, please do contact us, we may just be able to help you. These returns are so vital if we are going to be able to produce an accurate and fair parish share request for the future and not estimate the increase in income they have achieved. I understand that the Diocese hopes to be able to have preliminary figures on parish share out this summer and full details before

Synod in the autumn. It is your figures that make this a reality, every time the Diocese has to guess or calculate parish figures the final outcome is less accurate.

Finally, yet another plea for items to put in Money Matters. Many of you all have such a wealth of knowledge about running

the finances of a parish that it would be so helpful to new treasures if you could share your good practice.

What you may feel is unimportant or common sense may well be a revelation to somebody new to the role. Inside I have specifically asked for information and stories from those of you who have made successful switches to and from utility companies, but I would be so pleased to also print your other tips. So come on, let's make the next issue one that is full of helpful advice from those of you working at parish level.

Best Wishes  
Richard Gascoyne, Parish Giving Officer.



## Gift Aid

In the 2007 budget the last Government announced a 2p cut in basic income tax. You may recall the discussions that we had on how this would affect Gift Aid income and we were all relieved when Her Majesty's Revenue and Customs agreed to a period of transitional relief when they in effect topped up the gift aid we received.

The agreement was this would run until April 2011 (10 short months away) and at present we have no way of knowing what the present Government will do in respect of this policy.

There are discussions going on at present between the top receivers of Gift Aid (including the Church of England) the Treasury & HMRC. The discussions have looked at the following two ideas:

*Redirection*, under which higher-rate taxpayers (HRTs) would no longer be able to reclaim the additional 25 pence higher-rate relief; instead charities could reclaim 50 pence for every £1 donated out of net-of-tax income by HRTs through a mechanism such as a tick box for higher-rate donors. For basic-rate taxpayers, charities would still reclaim 25 pence for every £1 donated. We would find this hard to work in local churches, and have not been broadly favourable as it is also hard to police, and for some donors to know whether they will be HRTs until the end of the year.

A *composite rate*, under which higher-rate relief would be eliminated and charities could reclaim at some rate (anywhere between 25 pence and 50 pence per £1) that would apply equally to higher-rate and basic-rate donors: the research focused on two composite rates of 30 pence and 37 pence per £1 pound donated out of net-of-tax income. This has been our favoured option, and builds on the "accounts based" method. In the past, the accounts-based method has not been considered to be a "tax" option, but rather an "spending" option, so it will be key to understand whether the composite rate is sufficiently different to be a "tax" option, or whether there is room for re-opening discussions on accounts-based Gift Aid.

The discussions and conclusions are still ongoing and as soon as I have further information I will let you know. However, I really do feel that now is the time for us all to be thinking about how next year we will talk to our congregations about Gift Aid and possible reductions in our income.

If I use the 2008 figures for our Diocese as the most recent and up to date they show that the parish unrestricted total income was £6,136,154. The total unrestricted Gift Aid claimed was £751,993 or 12.25% of the total income. A 2p cut in income tax with no HMRC relief would mean a cut of over £80k, reducing gift Aid claimed to £671,530. The only way I can see of making this income up, is therefore to encourage everyone to review and increase their giving. We know we are in for a period of financial hardship it is therefore paramount that we keep explaining to our congregations that during this time the parish Church will suffer just as much as any one else.

## Help Please

In the past I have written about buying Gas & Electricity. The five steps for successful utilities management are:

- Know your present situation. Contact your present supplier and find out exactly what deal you have with them. What is the notice you need to give to your present supplier before switching?
- Review the market. This should be done annually well before the present supplier holds you to a new contract, use the previous year's bills to gain an accurate picture of your consumption
- Determine your environmental strategy. Having the correct tariff and ensuring your buildings are well insulated etc is the best way to start to reduce your carbon footprint. Whilst "green, renewable" energy suppliers are at present more expensive they do help keep our carbon footprints down.
- Decide whether to switch. If you are going to do so the key word is plan. Ensure you are within all time frames for switching so you do not incur penalties.
- Ensure you are paying no more VAT than necessary. Ask the question with your supplier, it isn't their money and they have a duty to charge correctly.

**So help please:** those parishes which have successfully switched/saved money/reduced the carbon footprint/reduced VAT will you write to me and let me know your stories. We need to hear about good and bad situations so I can let every parish know. It is only by hearing what has happened to others that we can all benefit. Contact me on 0191 2704136 or on [r.gascoyne@newcastle.anglican.org](mailto:r.gascoyne@newcastle.anglican.org)

## Freehold and Leasehold

Graham Barnard has brought this to my attention: You should notify your auditors and report in your annual accounts any freehold or leasehold property you own, and it is good practice to add the HM Land Registry number. If you do not know this we can for a very small fee obtain these for you as we have an account with the Registry. We expect that such properties should be shown as fixed assets, but you will need to check any relevant trust documents and contact your auditor about valuations.

## Ricky G's Top Tips

This page gives you snippets of useful information. Please let me have your top tips for the next issue.

**Richard Gascoyne**  
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### From Nigel Foxon, DAC Secretary

Nigel reminds us that the Diocesan Chancellor asks parishes each summer to ensure that their heating systems are in good order in good time for the winter. This avoids emergency action later. Please bring this up for him at your PCC and DCC meetings, cheers.

### From Archdeacon Geoff Miller

Beware that there are a group of workmen trying to sell parishes cheap tarmac etc. to patch up church drives. Typically they will knock on the Vicarage door and suggest they have got some tarmac left over from a bigger job and they could use it to patch up some of the potholes that they have noticed in church drives. This seems like a good deal yet some have been presented with hugely inflated bills. My advice is to avoid these people at all costs. Again would you be kind enough to flag this up at your PCC & DCC meetings.

### Rain Tax finally abolished

The controversial and punitive rain tax that Ofwat and some water companies have imposed on charitable, community and faith groups has finally been abolished by the passing in Parliament of the Flood & Water Management Bill.

Martin Dales, campaigner and spokesman for the Church of England and for DontDrainUs.org said, "This is a major victory for commonsense. It is a rare achievement for ordinary people to get a government to listen and to act against unfair interpretation of the law in this case by Ofwat and some water companies. This is good news for everyone involved in community activities across the country."

[http://www.dontdrainus.org/index\\_Page366.htm](http://www.dontdrainus.org/index_Page366.htm)