



## **CHURCHES' LEGISLATION ADVISORY SERVICE**

Registered Charity No 256303

### **ANNUAL REPORT FOR THE YEAR ENDING 31 DECEMBER 2009**

#### **DESCRIPTION OF TRUSTS**

The Churches' Legislation Advisory Service came into existence on 8 March 2008 as the successor to the Churches Main Committee when the Charity Commission for England and Wales sealed the Scheme approving the changes.

The object of the charity is to advance the religious and other charitable work of its members by promoting their common interests in matters relating to the delivery of their work.

In pursuance of the object of the charity, its Governors have the following powers:

- (1) to provide information and general advice to members on issues such as those relating to property, finance, tax, employment and charitable status and, when appropriate, to arrange meetings for this purpose;
- (2) to co-operate with churches, other faith groups and secular bodies and to exchange information and general advice with them;
- (3) to act as a liaison body between members and government in the UK and Europe and other statutory authorities, to conduct negotiations with those authorities relating to matters within the charity's object and to take such action as may be thought fit in response to these negotiations;
- (4) to delegate the performance of any act, including the exercise of any power or discretion, to a sub-committee consisting of any two or more of the governors. The governors must exercise reasonable supervision over the sub-committee and the sub-committee must promptly report their acts and proceedings to the governors;
- (5) to appoint staff (who must not be trustees) and pay them reasonable remuneration, including pension provision for them and their dependants; and
- (6) to make rules and regulations consistent with the scheme for the management of the charity, including rules relating to membership and the conduct of elections.

## DESCRIPTION OF THE ORGANISATIONAL STRUCTURE

The membership of the Committee comprises some 40 different Christian denominations and organisations in the United Kingdom, together with representation from the Jewish community, as Members and Associate Members, together with a group of Professional Members consisting of solicitors, accountants and chartered surveyors who advise religious organisations. It operates through a group of elected Governors who meet three or four times a year under the chairmanship of a senior Bishop of the Church of England. It is serviced by a part-time secretariat supplied under contract by Central Lobby Consultants Ltd, which discharges its day-to-day responsibilities, subject to policy control and guidance by the Governors.

## GOVERNORS & TRUSTEES

The Rt Revd George Cassidy, Bishop of Southwell and Nottingham (Chairman *ex officio*) (until 24 September 2009)

The Rt Revd Michael Langrish, Bishop of Exeter (Chairman *ex officio*) (from 24 September 2009)

Mrs Sheila Duncan (United Reformed Church) (co-opted from 10 June 2009)

The Revd Mark Fisher (The Free Churches' Group)

The Revd David Gamble (Methodist Church)

Mr Philip Putman (Baptist Union of Great Britain)

The Rt Revd Mgr Nicholas Rotherham (Roman Catholic Church)

Mrs Janette Wilson (Church of Scotland)

George Cassidy relinquished the Chairmanship on his retirement as Bishop of Southwell and Nottingham. The Governors would like to record their thanks to him for his energetic leadership and sound judgment during the transition of the charity to its new format from its previous guise as the Churches Main Committee.

David Gamble was elected President of the Methodist Conference for 2009–10. During his presidential year, The Revd Gareth Powell, of the Governance Support Cluster in the Methodist Connexional Team, has been attending Governors' meetings as a non-voting observer.

## PUBLIC BENEFIT

Under the provisions of section 2(2)(c) of the Charities Act 2006, a purpose which is for the advancement of religion and is for the public benefit is regarded as charitable. The activities of the Churches' Legislation Advisory Service support the advancement of religion by bringing to the attention of member churches issues of legislation and policy that might affect their activities and, where appropriate, by engaging with Government in relation to such issues. In doing so, they benefit the public indirectly by helping to promote the work of member churches, thereby assisting them to provide the wide range of benefits which they, in turn, confer on the public.

## REPORTING SERIOUS INCIDENTS

*In pursuance of the Charity Commission's guidance on reporting serious incidents, the Governors & Trustees hereby declare that during the reporting year there were no serious incidents that they failed to bring to the Commission's attention.*

## MEMBERSHIP

During the year we welcomed into membership the Evangelical Presbyterian Church of England and Wales as a Full Member, The Mission to Seafarers, and Stewardship (Stewardship Services (UKET) Limited, registered charity no. 234714) as Associate Members, and the Association of Church Accountants and Treasurers, Birketts LLP, Biscoe Craig Hall, Dawsons LLP, Farrer & Co, and Haysmacintyre as Professional Members.

## COMPLETING THE TRANSITION TO THE NEW ORGANISATION

As noted in the Annual Reports for 2007 and 2008, much of 2007 was taken up with preparatory work for the transition from the Churches Main Committee to CLAS: principally, drafting the new Scheme and negotiating its details with the Charity Commission. The new Scheme was sealed on 8 March 2008 and considerable efforts have been made since then to establish appropriate systems in response to the changes brought about by the reorganisation of the charity. The final issue to be settled during 2009 was the move from deficit funding underwritten by the Church Commissioners for England to funding in advance from members' subscriptions. On 1 December 2009 the charity paid £35,000 in partial settlement of its debt to the Commissioners: the final payment will be made in March 2010 and, from that point onwards, the charity should be self-sustaining.

Because, traditionally, the charity was financed by donations and its financial liabilities were underwritten by the Church Commissioners, it had never needed to hold funds in reserve. This was clearly inappropriate in the new situation and the Governors have therefore agreed that, in future, the charity will build up a modest reserve from subscription income.

## SECRETARIAT

Central Lobby Consultants Ltd was originally appointed to provide secretariat services for three years from 1 May 2007. The Governors agreed on 10 June 2009 that the contract should be extended for a further three years from 1 May 2010.

## PRINCIPAL ACTIVITIES FOR THE YEAR ENDING 31 DECEMBER 2009

The Governors of CLAS met on four occasions, prior to general meetings of CLAS: on 10 March, 10 June, 24 September and 1 December.

### *General Meetings*

The purpose of general meetings is partly to enable representatives of member institutions to focus on particular current issues as they affect the churches and partly to provide an opportunity for them to exchange views informally. Keynote speakers at the meetings have included specialists from within the Churches themselves and officials working on the relevant policy areas within Government.

10 March: *Tax issues and the churches.*

10 June: (Annual General Meeting) *Pandemic 'flu; and Safeguarding.*

24 September: *Extended and alternative use of church buildings.*

1 December: *Immigration and social cohesion.*

### *Formal consultations:*

CLAS responded to various formal consultations during 2009:

- the Office of the Third Sector's consultation on issues arising from the so-called 'voluntary sector Summit', with particular reference to meeting demand for public services especially in deprived areas, contracting and commissioning, and funding issues arising from the economic recession;
- the Department for Communities & Local Government's consultation on Changes to Building Regulations Parts L & F (Conservation of Fuel & Power/Mean of Ventilation);
- DCLG's consultation on the Recast of the Energy Performance of Buildings Directive;
- DCLG's consultation on the draft Regulations on the charitable exemption from Community Infrastructure Levy – a continuation of the consultation process in which CLAS had participated in 2008;
- copyright and music licensing;
- the draft Flood and Water Management Bill, with particular reference to charges for surface water drainage and the House of Commons Environment, Food and Rural Affairs Committee's inquiry into Ofwat's Price Review 2009;
- the Payments Council's proposal to end the cheque-clearing system in 2018;
- the EU proposal for a Union-wide Directive on succession and wills and the subsequent consultation by the Ministry of Justice; and
- the continuation of Ofcom's consultation on the 'digital dividend' insofar as it relates to the use of radio-microphones in churches.

### *Informal consultations*

In addition to the above, the Secretary has continued to have informal contacts with the Home Office and the UK Border Agency on the operation of the Points-Based System for immigration so far as it affects churches. Together with the wider voluntary sector, the Secretariat has continued to have regular discussions with HM Treasury and HMRC about taxation issues and their effects on churches as charities: the reform of Gift Aid and the impending demise of the Listed Places of Worship Grant Scheme at the end of March 2011 are particular concerns. CLAS has also been involved informally in discussions on certain aspects of the Equality Bill currently before Parliament. In particular, some member Churches are concerned that the Bill narrows the current exemptions for employment under the Employment Equality (Religion or Belief) Regulations 2003.

In November the Secretary took part in a Ministry of Justice focus-group consultation, held in Newcastle, on the Green Paper published in March 2009: *Rights and responsibilities: developing our constitutional framework*. The Secretary is also actively involved in the activities of the Charity Law Association and the Community Sector Law Monitoring Group. He took part in two Charity Law Association working parties in 2009: on the Charity Commission's consultation on Risk and Proportionality and on the Charity Commission for Northern Ireland's consultation on its draft guidance on the public benefit test under the Charities Act (Northern Ireland) 2008. He attends meetings of the Community Sector Law Monitoring Group and, though the Group, has been involved in negotiations over charging for surface water drainage and on music licensing and copyright.

### *Outcomes of recent consultations*

In 2008 CLAS had responded to HMRC's consultation document on *Benefits in kind and expense payments* with the request that the proposal be reconsidered, on the grounds that removal of the *de minimis* £8,500 income threshold for taxing benefits in kind would cause severe administrative problems for the voluntary sector where there had been none before: to general relief, the proposal was dropped.

Similarly, the proposal by the Ministry of Justice on the possible designation of additional public authorities under the Freedom of Information Act 2000 concluded with a decision not to extend the categories of public authorities for the present.

The Ofcom consultation on music licensing and copyright continues to cause considerable concern to the voluntary sector. There is no intention of removing the current exemption in relation to the use of music in religious services; however, the potential cost to charities, including churches, of using recorded music in other circumstances remains a matter of disquiet. As a constituent member of the Community Sector Law Monitoring Group, CLAS is continuing to take part in negotiations with the Performing Right Society and Phonographic Performances Limited.

Charging by utility companies for surface water drainage has had a devastating effect on the finances of churches in some parts of the North of England and this has been the subject of a sustained campaign by the voluntary sector. The Government agreed to change the law to allow the utility companies to introduce a social tariff for community buildings – which include places of worship – and has inserted a clause to that effect in the Flood and Water Management Bill currently before Parliament. CLAS has been consulted on the proposed draft Guidance under the Bill and will continue to monitor the situation very carefully.

Towards the end of 2009 it came to our attention that the European Commission was proposing a change in the law of succession under which the law of the state in which a testator died would apply to the whole of his or her estate, wherever situated. The proposal included a provision for clawback of gifts given during the testator's lifetime in order to incorporate them into the deceased's estate: a feature of several Roman law jurisdictions but contrary to the principle in English and Scots law that an estate crystallises on the death of the testator. The Commission's proposal was an attempt to simplify the law where the deceased held property in more than one jurisdiction, in recognition of the fact that people are much more mobile than they once were. Unfortunately, however, its effect would have been totally to destabilise charitable giving: under the proposal, a charity would never know definitively whether a donor might not subsequently retire to another jurisdiction and die – following which, the charity might be asked for the return of the gift. Insurance against such an eventuality would no doubt have been possible at a price; but it would hardly be a worthwhile use of charitable funds. After objections from the sector in which CLAS, it should be said, was at the forefront, the Ministry of Justice (which, admittedly, had been unenthusiastic about the idea from the outset) decided that the United Kingdom would not opt in to any such proposal.

### *Europe*

As in 2008, the Chairman and two members of the secretariat visited Brussels to maintain contact with the European Commission and Parliament, accompanied by The Revd Canon Gary Wilton, the Church of England's Representative to the EU Institutions. CLAS continues to keep in close contact with the Council of European

Churches (CEC) and the Commission of the Bishops' Conferences of the European Community (COMECE).

**PUBLICATIONS**

Twenty Circulars were issued during 2009, giving information and advice on activities in which CLAS was involved and dealing with a wide range of issues, from immigration to VAT. Individual items from circulars are posted on the members-only part of the website. In addition, as a general service to interested enquirers, the following are posted on the publicly-accessible area, as a replacement for the short booklets that were previously published in hard copy by the Churches Main Committee:

- Charity Commission visits: a report framework*
- Taxation of Ministers of religion: a rough guide*
- Fire Safety: a guide for churches (together with a standard appliance servicing and supply contract with Chubb Fire Limited).*
- VAT Guide*

*Richard Oxen;*



**The Lord Bishop of Exeter  
Chairman**

*Frank Cranmer*

**Frank Cranmer  
Secretary**

**4 June 2010**

**Annex: Current membership of CLAS at 31 December 2009**

**Members**

Archdiocese of Thyateira and Great Britain (Greek Orthodox Church)  
Assemblies of God in Great Britain and Ireland  
Association of Grace Baptist Churches (SE)  
Baptist Union of Great Britain  
Baptist Union of Wales/Undeb Bedyddwyr Cymru  
Church Communities UK  
Church in Wales/yr Eglwys yng Nghymru  
Church of England  
Church of Ireland  
Church of Scotland  
Churches Together in Britain and Ireland  
Churches Together in England  
Congregational Federation  
CYTŪN  
Elim Foursquare Gospel Alliance  
Evangelical Alliance  
Evangelical Presbyterian Church of England and Wales  
Free Church of Scotland  
Free Churches Group  
Independent Methodist Churches  
Irish Council of Churches  
Lutheran Council of Great Britain  
Methodist Church  
Moravian Church  
Presbyterian Church in Ireland  
Presbyterian Church of Wales/Eglwys Bresbyteraidd Cymru  
Religious Society of Friends (Quakers)  
Roman Catholic Church in England and Wales  
Roman Catholic Church in Scotland  
Salvation Army  
Scottish Episcopal Church  
Union of Welsh Independents/Undeb yr Annibynwyr Cymraeg  
United Free Church of Scotland  
United Reformed Church  
Wesleyan Reform Union

**Associate members**

Association of English Cathedrals  
Church of Christ Scientist  
Fellowship of Independent Evangelical Churches  
General Assembly of Unitarian and Free Christian Churches  
London City Mission  
Mission to Seafarers  
Seventh-Day Adventist Church  
Stewardship (Stewardship Services (UKET) Limited, registered charity no. 234714)  
United Synagogue

**Professional members**

Association of Church Accountants and Treasurers	Farrer & Co
Birketts LLP	Haysmacintyre
Biscoe Craig Hall	Sheen Stickland LLP
Dawsons LLP	Stone King Sewell LLP

Churches' Legislation Advisory Service (CLAS) (256303)

Receipts and Payments Account: Year to 31 December 2009

	2009			2008
	CC £	CAF £	Total £	£
<b>1. UNRESTRICTED FUND</b>				
<b>Income receipts</b>				
Contributions for previous year		3,240	3,240	28,768
Contributions for current year		61,250	61,250	43,500
Contributions for following year			-	200
Professional subscriptions		4,200	4,200	
Miscellaneous income		23	23	29
		<hr/>	<hr/>	<hr/>
	-	68,713	68,713	72,497
<b>Other receipts</b>				
Interest		170	170	214
From CC to open account at CAF			-	1,000
Part settlement of amount due to Church of England	35,000		35,000	
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total receipts</b>	35,000	68,883	103,883	73,711
<b>Direct expenditure</b>				
CLC fees	-	57,500	57,500	58,750
Publications	184	107	291	418
Printing & stationery	135	146	281	463
Postage	7	51	58	112
Internet costs	8	8	16	56
Meetings	320	3,603	3,923	1,101
Insurance	-	214	214	214
Sponsorship of LMSC	-	1,200	1,200	1,200
Travel	78	703	781	817
Independent examination	-		-	100
	<hr/>	<hr/>	<hr/>	<hr/>
	732	63,532	64,264	63,231
<b>Other payment</b>				
From CC to open account at CAF			-	1,000
Part settlement of amount due to Church of England		35,000	35,000	
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total payments</b>	732	98,532	99,264	64,231
<b>Net receipts/(payments)</b>	<hr/>	<hr/>	<hr/>	<hr/>
	34,268	(29,649)	4,619	9,480
<b>Additional transactions not included above</b>				
Church of England - agreed contribution for 2008				15,000
Church of England to retain contributions relating for 2007				(28,768)
<b>Cash and bank balances at 31 December 2008</b>	(48,805)	44,517	(4,288)	-
<b>Cash and bank balances at 31 December 2009</b>	<hr/>	<hr/>	<hr/>	<hr/>
	£ (14,537)	£ 14,868	£ 331	£ (4,288)

Churches' Legislation Advisory Service (CLAS) (256303)

Statement of assets and liabilities: 31 December 2009

	31.12.09	31.12.08
	Unrestricted	Unrestricted
	Fund	Fund
	£	£
<b>Monetary assets</b>		
Bank & cash balances		
Account at CAF	14,868	44,517
<b>Receivables</b>		
Debtors for 2008 contributions	-	2,990
Prepaid CLC fees	4,792	4,896
	<hr/>	<hr/>
	19,660	52,403
	<hr/>	<hr/>
<b>Liabilities and accrued charges</b>		
Church Commissioners	14,537	48,806
CLC expenses	-	657
Following year's contributions received in advance	-	200
Accrued expenses	470	1,128
	<hr/>	<hr/>
	15,007	50,791
	<hr/>	<hr/>
<b>Net monetary assets</b>	<hr/>	<hr/>
	£ 4,653	£ 1,612
	<hr/>	<hr/>

*+ Michael Exon:*

Right Reverend Michael Langrish

Chair

For and on behalf of the trustees

6 July 2010

**Independent Examiner's Report to the Trustees of the Churches' Legislation Advisory Service (CLAS) (256303)**

I report on the accounts of Churches' Legislation Advisory Service (CLAS) (256303), for the year ended 31 December 2009 which are set out on pages 1 to 2.

**Respective duties of the trustees and examiner**

As the charity's trustees you are responsible for the preparation of the accounts; you consider that the audit requirement of section 43(2) of the Charities Act 1993 (the Act) does not apply. It is my responsibility to state, on the basis of procedures specified in the General Directions given by the Charity Commissioners under section 43 (7)(b) of the Act, whether particular matters have come to my attention.

**Basis of independent examiner's report**

My examination was carried out in accordance with the General Directions given by the Charity Commissioners. An examination includes a review of the accounting records kept by you and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the accounts.

**Independent examiner's statement**

In connection with my examination, no matter has come to my attention:

- (1) which gives me reasonable cause to believe that in any material respect the requirements
  - to keep accounting records in accordance with section 41 of the Act; and
  - to prepare accounts which accord with the accounting records and to comply with the accounting requirements of the Act.have not been met; or
- (2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

*Anthony Alford*

Anthony Alford  
Chartered Accountant  
Shepherd's Crook, Netherbury, Dorset DT6 5LY  
*2nd March 2010*