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Chairman: The Bishop of Birmingham
Secretary: Frank Cranmer

CHURCHES' LEGISLATION ADVISORY SERVICE

Registered Charity No 256303

ANNUAL REPORT FOR THE YEAR ENDING 31 DECEMBER 2020

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.

ORGANISATIONAL STRUCTURE

The membership of the Churches' Legislation Advisory Service comprises a wide range of different Christian denominations and organisations in the United Kingdom, together with representation from the Orthodox Jewish community, as Members and Associate Members. It also includes a group of Professional Members consisting of solicitors and accountants who advise religious organisations. It operates through a group of Governors – the trustees – elected by the Members, who meet three or four times a year under the chairmanship of a senior Bishop of the Church of England who has a seat in the House of Lords. The Chairman is appointed by the Archbishop of Canterbury: the other Governors are either elected at the Annual General Meeting or co-opted. The charity is serviced by a secretariat, supplied under contract by Central Lobby Consultants Ltd (CLC), which discharges the day-to-day responsibilities of the charity, subject to the management and guidance of the Governors. The most recent contract ended on 30 April 2019 and was renewed for a further three years until 30 April 2022.

GOVERNORS & TRUSTEES DURING 2020

The Rt Revd David Urquhart, Bishop of Birmingham (Chairman *ex officio*: appointed 24 September 2020)

The Rt Revd Christopher Lowson, Bishop of Lincoln (Chairman *ex officio*: resigned 20 March 2020)

Ms Joanne Anderton (Methodist Church of Great Britain) (co-opted 24 September 2020)

Mr Richard Chapman (Church of England)

Ms Memuna Levan-Harris (United Reformed Church)

Ms Mary Macleod (Church of Scotland)

The Revd Paul Rochester (Free Churches' Group)

The Rt Revd Mgr Nicholas Rethon (Catholic Bishops' Conference of England and Wales)

Ms Caroline Sanderson (Baptist Union of Great Britain)

The designated Secretary is Frank Cranmer, but Central Lobby Consultants Ltd provides secretariat services corporately.

WORKING FOR THE PUBLIC BENEFIT

Under the legislation in all four jurisdictions, 'The advancement of religion' is a charitable purpose, provided it is 'for the public benefit'.¹ The principal object of the Churches' Legislation Advisory Service is to offer advice and help to its member Churches in relation to what are often complex matters of public policy and Government regulation and our work during 2020 in support of this is summarised in greater detail later in this Report. This is particularly important for the smaller Churches, most of which have very little in the way of full-time central administration or in-house legal advice. We also

¹ England & Wales, Charities Act 2011 ss 2(1) & 3(1); Scotland, Charities and Trustee Investment (Scotland) Act 2005 s 7(1) & (2); Northern Ireland, Charities Act (Northern Ireland) 2008 s 2(1) & (2); Ireland, Charities Act 2009 s 3(1) & (2). Several member Churches of CLAS have congregations in the Republic of Ireland.

provide a focal point for responses to consultations by Government: only very rarely does a consultation divide the Churches on denominational grounds because most deal with technical issues relating to such matters as secular law or taxation rather than with matters of theology or religious belief.

In setting our objectives and planning our activities, our trustees have given careful consideration to the Charity Commission's general guidance on 'public benefit'. We would argue that the work of the Charity contributes significantly to the public benefit by bringing to the attention of member Churches issues of legislation and policy that might affect their activities, by acting as a clearing-house for ecumenical responses to Government policy proposals and, where appropriate, by engaging with Government in relation to those proposals – thereby helping to free member Churches to concentrate on their own core mission: *the advancement of religion for the public benefit*.

PRINCIPAL ACTIVITIES OF THE CHARITY FOR THE YEAR ENDING 31 DECEMBER 2020

Inevitably, the work of the charity during 2020 was overshadowed by the COVID-19 pandemic. Its activities continued – most importantly, attempting to keep member Churches updated about the rapidly changing regulations and guidance on what was permitted during the various lockdowns – however, it was only possible to hold meetings remotely via Zoom.

Meetings of the trustees

The Governors of CLAS met on three occasions in 2020: on 31 March, 24 September and 2 December. The meetings were held remotely.

General meetings

The purpose of general meetings is partly to enable specialists within Member Churches 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, political commentators and academics and officials working on the relevant policy areas within Government. There were four meetings in 2020, held remotely because of the pandemic:

- 20 May: a webinar with a representative of MHCLG's Faith Unit on the Government's plans for the faith sector.
- 20 May: a webinar with Alice Yandle, of Farrer & Co, on COVID-19, lockdown and employment law.
- 24 September: a webinar on eco-churches and ethical and green investment.
- 3 December: on racial equality and racial justice in churches

The charity's Annual General Meeting was held remotely on 24 September, immediately after the webinar.

Responses to consultations

CLAS seeks to ensure that the interests of its members in relation to current and future legislation are properly represented at every opportunity. Part of that process is to issue Circulars and e-mail briefings to alert members to matters of concern so that they can make appropriate representations

themselves. Equally important, however, are Government consultations; and we have responded to a series of formal and informal consultations during the year under review.

Like 2019, 2020 was fairly quiet year for consultations, overshadowed as it was by Brexit. CLAS responded to the following formal consultations and calls for evidence:

- In March, we responded to the call for evidence on *The Work of the Charity Commission*: our response was limited to one area only – the imminent ending of the exception for certain religious charities from registration with the Commission, and the issues associated with it.
- In September, we returned to the issue of excepted status in a response to a formal consultation by DCMS on the Charities (Exception from Registration) Regulations 1996. Following our response, we received an e-mail from DCMS saying that it intended to extend the Regulations by 10 years in order to give excepted charities time to prepare for registration and to allow the Charity Commission as much time as possible to implement a phased registration. To do so will require secondary legislation, which we would hope to see early in 2021.
- Also in September, we responded to HM Treasury's call for evidence on its fundamental review of business rates, principally to argue that the precisely-targeted exemption from business rates for places of worship registered under the Places of Worship Registration Act 1855 should not be interfered with and that the present system under which mandatory reliefs for charities (not just for religious charities) are set by central government should continue undisturbed.
- In October, we submitted a response jointly with the Charities' Property Association and the Charity Tax Group to the *Planning for the Future* White Paper, specifically in relation to proposals on the future of the Community Infrastructure Levy (CIL): we called for a charity exemption to be retained if CIL is converted into a nationally set, value-based flat rate charge (the 'Infrastructure Levy'). This is an issue that has concerned CLAS since the original proposal for CIL was first announced: we made common cause with the Charities' Property Association when the Planning Bill was going through the Lords to secure the current charity exemption.
- We made a brief submission to HM Treasury's Comprehensive Spending Review calling for the extension of the Listed Places of Worship Grant Scheme [LPWGS] beyond 31 March 2021, when it was due to end.
- We responded – not uncritically – to MHCLG's Independent Faith Engagement Review (which applied to England only).

As well as responding to formal consultations and submitting memoranda to inquiries, the Secretariat continues to have informal contacts with a range of Government departments and regulatory bodies.

COVID-19

Much of the year under review was overshadowed by the COVID-19 pandemic, and meetings had to be held by videoconference. The restrictions imposed by the pandemic meant that from March 2020 places of worship were closed: except for funerals, religious services were cancelled.

Given the frequent changes in legislation and guidance on the restrictions, much of the work of CLAS was done through frequent circulars in an attempt to keep member Churches informed of the effects of the changes as they occurred.

Outcomes and ongoing issues

Registration of excepted charities with the Charity Commission

The issue of exception from registration is one that we have raised in previous Annual Reports. As noted above, at the time of writing it appeared that DCMS was going to agree to an extension of the Charities (Exception from Registration) Regulations 1996 to allow for phased registration. A ten-year extension was agreed to in January 2021.

Taxation

As in previous years, the Secretariat has continued to have regular discussions with officials in HM Treasury and HMRC about taxation issues generally and, in particular, their effects on Churches as charities. Most important has been the ongoing negotiation with HMRC, led from our side by the Secretary of the Association of English Cathedrals, Sarah King, on the VAT position of cathedrals and major churches in relation to supplies connected with occasional offices such as weddings and memorial services. This has been a major issue that arose from an apparent change in policy by VAT officials as to what supplies were VAT-able and what were not – apparently in repudiation of the agreement originally negotiated between HM Customs & Excise and the Churches Main Committee, our predecessor – and would oblige some cathedrals to pay very large assessments for uncollected VAT which they would then be unable to re-charge. By the end of the period under review, it looked as if the negotiations would be brought to a satisfactory conclusion with the issue of new guidance.

Weddings law

We have been concerned with the issue of reforming the law on weddings in England and Wales² since December 2015, when the Law Commission published a Scoping Paper on its possible reform – with which we engaged at the time.

In our Report for 2019, we noted that the issue was complicated by the fact that, though the Civil Partnerships, Marriages and Deaths (Registration etc) Act 2019 had come into effect in May 2019, the new system for solemnizing marriages had not yet been introduced – and that remained the position for the whole of 2020.

Professor Nicholas Hopkins, Commissioner for property, family and trust law, and Professor Rebecca Probert, who has been seconded to the Commission to work on the project, had given a presentation to CLAS on the proposed reforms in 2019. The Commission finally published the consultation in September 2020, and we submitted a response at the beginning of January 2021.³ We shall no doubt return to this in our next Annual Report.

Secure tenancies

Partly in response to the COVID-19 pandemic, the UK and Welsh Governments made it much more difficult for landlords to obtain possession from defaulting tenants. While this was entirely

² Weddings law in Scotland and Northern Ireland is entirely different.

³ Which, of course, is outside the scope of this Report.

understandable, given the circumstances, it made it much more difficult for churches which have been accustomed to offer short-term lets of unoccupied property intended for church-workers to continue to do so if they had no guarantee that they could regain possession. We raised this with both MHCLG and the Welsh Government but – as one might expect, given the circumstances – the matter remained unresolved.

Smoke-free premises in Wales

Perhaps surprisingly, together with Cytûn we have been engaged with the issue of smoking in the workplace in Wales since the Welsh Government first announced a consultation on the draft Smoke-free Premises and Vehicles (Wales) Regulations 2018. The critical issue from the point of view of CLAS has been whether or not clergy would, in effect, be barred from smoking in their own homes because – uniquely – the parsonage house is both the cleric's 'workplace' and home, both in practical terms and from the point of view of HMRC for tax purposes. The negotiations, led by Cytûn, were brought to a satisfactory conclusion at the end of 2020.

Liaison with others in the sector

The Secretariat, collectively, continues to be involved in the activities of Historic England's Places of Worship Forum, the Historic Religious Buildings Alliance, the Churches' Funerals Group (of which the Secretary is a member *ex officio*), the Charity Law Association and RADAR (the monthly meeting of the parliamentary liaison officers of the various denominations, of which the Secretary of CLAS was chair for the last two months of the reporting year). CLAS also has close relations with the Charity Tax Group and the Charity Property Association in relation to matters of mutual interest.

PUBLICATIONS

Circulars are issued as and when the need arises: sometimes purely for information and sometimes because member Churches need to react to changes in legislation. Thirty-three circulars were issued during 2020 and covered a wide range of topics ranging from taxation and employment law to health & safety and property issues – though, inevitably, the principal focus during 2020 was the changing situation in relation to COVID-19. Individual items from circulars are posted on the members-only part of the website.

COMPLIANCE AND OTHER GOVERNANCE ISSUES

RESERVES POLICY

The Governors have adopted a policy of retaining a reserve equivalent to six months' operating costs, in line with the recommendation of the Charity Commission. On 31 December 2020 the cash balance was £72,649, as compared with £72,313 on 31 December 2019.

"GOING CONCERN"

The Governors are content that the charity continues to have adequate unrestricted funds to enable it to operate throughout 2021.

RISKS

The Governors review possible risks to the charity: no such risks have been identified.

REPORTING SERIOUS INCIDENTS

There were no serious incidents during the reporting year that the Trustees failed to bring to the Commission's attention.

SAFEGUARDING

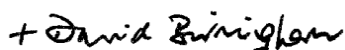
Since the Charity does not work with children or vulnerable adults it does not have a safeguarding policy.

DATA PROTECTION

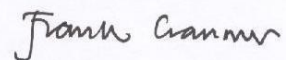
The charity gathers and processes data (primarily contact information) about organisational members on the legal basis of it being necessary for us to do so in order to fulfil our obligations to our membership and/or in the legitimate interests of CLAS being able to conduct membership administration and act effectively as a representative body. In line with its obligations under GDPR, CLAS has published an updated privacy notice on the website, explaining our data retention policy.

MODERN SLAVERY

Although the charity is not obliged to make a statutory report pursuant to s 54 (Transparency in supply chains etc) of the Modern Slavery Act 2015 because its annual turnover does not exceed £36 million, the Governors and Trustees are conscious of the need to guard against slavery and human trafficking. Neither they, nor to the best of their knowledge and belief their suppliers, Central Lobby Consultants Ltd and Datadial Ltd (which hosted the charity's website during 2020), is involved in or uses the services of any third-party supplier involved in human exploitation or trafficking.



Chairman



Secretary

26 July 2021

ANNEX: MEMBERSHIP OF CLAS AS AT 31 DECEMBER 2020

Members

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

Free Churches Group

Free Church of Scotland

Independent Methodist Churches

Methodist Church

Moravian Church

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

Associate members

Association of English Cathedrals

Association of Provincial Bursars

Seventh-Day Adventist Church

Stewardship

Unitarian and Free Christian Churches

United Synagogue

Professional members

Association of Church Accountants & Treasurers

Bates Wells LLP

Birketts LLP

Farrer & Co

IBB Solicitors

Pothecary Witham Weld Solicitors

Sheen Stickland LLP

Stone King

Churches' Legislation Advisory Service (CLAS) (256303)

Financial Statements

31 December 2020

Churches' Legislation Advisory Service (CLAS) (256303)

Receipts and Payments Account: Year to 31 December 2020

	2020	2019
	£	£
1. UNRESTRICTED FUND		
Income receipts		
Contributions for current year	78,815	81,570
Professional subscriptions	6,080	7,313
Interest received	1	-
Total receipts	84,896	88,883
Direct expenditure		
CLC fees	81,536	73,111
Web site update	929	-
Printing & stationery	43	485
Postage	30	41
Internet costs	1,051	107
Meetings	80	771
Insurance	325	321
File storage	301	391
Bank charges	50	72
Travel	0	96
Independent examination	1,122	-
Subscription	63	146
Total payments	85,530	75,541
Net receipts/(payments)	(634)	13,342
Cash and bank balances at 31 December 2019	73,363	60,021
Cash and bank balances at 31 December 2020	£72,729	£ 73,363

Churches' Legislation Advisory Service (CLAS) (256303)

Statement of assets and liabilities: 31 December 2020

	31.12.20	31.12.19
	Unrestricted	Unrestricted
	Fund	Fund
	£	£
Monetary assets		
Bank & cash balances		
Account at HSBC	72,729	73,363
Receivables Prepayment	478	-
	<hr/>	<hr/>
	73,207	73,363
	<hr/>	<hr/>
Liabilities and accrued charges		
Accrued expenses	558	1,050
	-	-
	558	<hr/>
	<hr/>	1,050
	<hr/>	<hr/>
Net monetary assets	72,649	£ 72,313
	<hr/>	<hr/>

Approved by the Trustees on 26 July 2021 and signed on their behalf by

+ David Buntingham

Rt Revd David Urquhart

Chair

Churches' Legislation Advisory Service

Independent Examiner's report to the Trustees on the unaudited financial statements of Churches' Legislation Advisory Service for the year ended 31 December 2020.

I report on the financial statements of the Churches' Legislation Advisory Service for the year ended 31 December 2020 which are set out on pages 1 to 2.

This report is made solely to the charity's trustees, as a body and in accordance with section 145 Charities Act 2011 and regulations made under section 154 of that Act. My work has been undertaken of the so that I might state to the charity's trustees those matters I am required to state to them in an Independent Examiner's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for my work or for this report.

Responsibilities and basis of report

As the charity's trustees, you are responsible for the preparation of the financial statements in accordance with the requirements of the Charities Act 2011 ("the Act").

It is my responsibility to:

- examine the financial statements
- follow procedures laid down in the General Directions given by the Charity Commission, under section 145(5)(b) of the Act; and
- state whether particular matters have come to my attention.

Independent examiner's statement

I am qualified to undertake the examination by being a qualified member of the Institute of Chartered Accountants in England and Wales.

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination which gives me cause to believe that in, any material respect:

- the accounting records were not kept in accordance with section 130 of the Charities Act; or
- the accounts did not accord with the accounting records; or
- the accounts did not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Anthony Alford

Anthony Alford
Chartered Accountant

Date:

23 July 2021