

CHURCHES' LEGISLATION ADVISORY SERVICE

Registered Charity No 256303

ANNUAL REPORT FOR THE YEAR ENDING 31 DECEMBER 2018

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 *[after the period under review]* and was renewed for a further three years until 30 April 2022.

During the course of the year under review, Bishop Alastair Redfern retired as Bishop of Derby and, consequently, as Chairman of the Governors, while Dr Helen Cameron resigned on leaving her post with the Salvation Army. We should like to express our warmest thanks to both of them for their work as trustees of the charity. Dr Redfern was replaced by the Bishop of Lincoln, the Rt Revd Christopher Lowson.

GOVERNORS & TRUSTEES DURING 2018

The Rt Revd Alastair Redfern, Bishop of Derby (Chairman *ex officio*) (retired in August 2018)

The Rt Revd Christopher Lowson, Bishop of Lincoln (Chairman *ex officio*) (appointed from September 2018)

Dr Helen Cameron (Salvation Army) (resigned in August 2018)

Mr Richard Chapman (Church of England)

Mrs Sheila Duncan (United Reformed Church)

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)

Mrs Louise Wilkins (Methodist Church)

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 this year 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 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, not 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 2018

The Governors of CLAS met on four occasions in 2018: 8 March, 7 June, 24 September and 29 November.

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 2018:

- in March, with Victoria Hordern (Bates Wells Braithwaite) Amanda Flynn (Trustees for Methodist Church Purposes) and Declan Kelly (Church of England), who looked at the implications for the Churches of the EU's General Data Protection Regulation (GDPR), which was due to come into force on 25 May 2018;
- in June (the Annual General Meeting), with Neal Green, the Charity Commission's Strategy and Insight Manager, on recent developments in Commission policy and regulation;
- in September, with Bishop Alastair Redfern, the recent Chairman of CLAS on a return visit, and Caroline Barnard of the Clewer Initiative, on steps to tackle the problem of modern slavery; and

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).

- in November, when Dame Caroline Spelman, Second Church Estates Commissioner, talked about the role of the Second Church Estates Commissioner and, more generally, about the engagement of the Government with faith-communities.

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 2017, 2018 was fairly quiet year for consultations, overshadowed as it was by the Brexit negotiations. CLAS responded to the following formal consultations and calls for evidence:

- Charity Commission guidance for trading subsidiaries
- Domestic abuse
- Ecclesiastical exemption in Wales (jointly with Cytûn)
- Employment status
- Overcoming barriers to longer tenancies
- Planning law in Wales (jointly with Cytûn)
- Smoke-free premises and vehicles (Wales) (jointly with Cytûn)
- The Gender Recognition Act 2004
- The Integrated Strategies Green Paper.

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.

Outcomes and ongoing issues

Charities & Charity Law: the Annual Return for 2018

At the end of 2017, the Charity Commission announced a consultation on the 2018 charity annual return, proposing new questions on arrangements with professional fundraisers, Gift Aid income, information on staff and trustee pay and claiming business rates relief. Most of the proposals were uncontroversial, but one of them was to require trustees to provide an e-mail address. We pointed out that, according to the Office for National Statistics *Statistical bulletin: Internet users in the UK: 2017*, 9 per cent of adults in the UK had never used the Internet and that some of them would almost certainly be charity trustees – so any move that would make access to IT and an e-mail address necessary requirements for trusteeship would be of considerable concern to our members.

In the event, the Charities (Annual Return) Regulations 2018, which came into force on 1 January 2018 and apply to charities with financial years ending from that date, did not include a requirement for e-mail addresses. No doubt, the issue of trustees who do not use IT will wither away over time – but the matter still needs to be kept under review.

Ecclesiastical exemption in Wales

As noted above, CLAS and Cytûn made a joint response to the Welsh Government's announcement that it proposes to roll up listed building consent into planning permission. This means that, at some point, the current mechanism for ecclesiastical exemption will come to an end – because it is part of listed building controls – and a new one will have to be devised. The Welsh Government has made it clear that it does not intend to bring the ecclesiastical exemption to an end; but new legislation will be required in order for the exemption to continue under the new arrangements – and its likely effects will need to be assessed very carefully indeed.

Registration with the Charity Commission

While churches are subject to the requirement of charity law many churches are excepted from registration with the Charity Commission. The exception for church charities is due to end on 31 March 2021 and churches need to prepare for registration. CLAS has encouraged the Charity Commission to accept voluntary registrations, but the Commission is not yet in a position to do so. CLAS has highlighted the potential difficulties if the registration process is too complex or reliant on digital skills, as well as the prospect of a large number of competing registrations being processed at the same time, placing strain on the Commission. While there are no current plans for a formal taper approach, the Commission has confirmed that it would be engaging with all the denominations and, in practice, would be likely to stagger the registration process. This will continue to be a high priority for CLAS.

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 the Churches as charities.

On Capital Gains Tax changes specifically, a number of Churches expressed concerns about the implications of planned reforms of lettings relief for people living in tied accommodation. HM Treasury officials told us that the ancillary reliefs within private residence relief will be unaffected by those changes: eg, there will be no changes made to the rules in Private Residence Relief for those who are living in job-related accommodation as outlined in HS283 Private Residence Relief (2018). That undertaking provides some reassurance, but the situation will need to be monitored closely.

CLAS also welcomed confirmation in the Budget that following consultation on the Community Infrastructure Levy (CIL), the Government had agreed to maintain the existing charity relief, despite calls from some quarters for all exemptions to be removed. CLAS played an important role in securing this exemption and will continue to monitor developments going forward.

Wedding law

In December 2015, the Law Commission published a Scoping Paper on the possible reform of marriage law – with which CLAS engaged – but in October 2017 the Ministry of Justice, which had asked the Commission to undertake the scoping work in the first place, decided that it would not support a full review.

Late in 2018, the Law Commission announced that it would at some point conduct a review of wedding law in England and Wales – which it has previously described as 'outdated'. It is expected to tackle the

what the Government has described as 'unnecessary red tape' surrounding weddings with the intention of making them 'more affordable for couples'.

The issue is complicated by the fact that Civil Partnerships, Marriages and Deaths (Registration etc) Act 2019 came into effect in May 2019. The Act empowers the Secretary of State to amend the Marriage Act 1949 to provide for registering weddings in England and Wales electronically and, as part of that process, they will be solemnized on the authority of a single document: a "marriage schedule" for civil weddings or a "marriage document" where the wedding is authorised by ecclesiastical preliminaries. So the law is already in the process of change and, depending on the Terms of Reference of the Law Commission's review (which, at the time of writing, had not yet been decided), it may be appropriate for CLAS to make a corporate submission.

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). 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. Twenty-five circulars were issued during 2018 on activities in which CLAS was involved and dealt with a wide range of topics, ranging from taxation to health & safety issues. 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 of the website and revised and updated as and when necessary:

- *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.*
- *The Churches and European Law.*
- *The Vetting and Barring Scheme.*
- *Employment of church workers.*
- *Chancel repair liability.*
- *Occasional events checklist.*
- *Food hygiene.*

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. Expenditure during 2018 was £84,846 and the assets at the end of the year were £65,000.

RISKS

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

REPORTING SERIOUS INCIDENTS

In pursuance of the Charity Commission's guidance on reporting serious incidents, the Governors and Trustees hereby declare that during the reporting year there were no serious incidents that they 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 operates and services the charity's website), is involved in or uses the services of any third-party supplier involved in human exploitation or trafficking.

Chairman

Secretary

June 2019

ANNEX: MEMBERSHIP OF CLAS AS AT 31 DECEMBER 2018

Members

Archdiocese of Thyateira and Great Britain (Greek Orthodox Church)

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

CYTÔN

Elim Foursquare Gospel Alliance

Evangelical Alliance

Free Churches Group

Free Church of Scotland

Independent Methodist 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

Associate members

Association of English Cathedrals

Stewardship

Association of Provincial Bursars

Unitarian and Free Christian Churches

Church of Christ, Scientist

United Synagogue

Seventh-Day Adventist Church

Professional members

Association of Church Accountants & Treasurers

IBB Solicitors

Bates Wells & Braithwaite LLP

Pothecary Witham Weld Solicitors

Birketts LLP

Sheen Stickland LLP

Farrer & Co

Stone King

Haysmacintyre

Thursfields Solicitors

Churches' Legislation Advisory Service (CLAS) (256303)

Financial Statements

31 December 2018

Churches' Legislation Advisory Service (CLAS) (256303)

Receipts and Payments Account: Year to 31 December 2018

	2018 £	2017 £
1. UNRESTRICTED FUND		
Income receipts		
Contributions for current year	80,190	78,890
Professional subscriptions	6,615	7,260
Subscription for 2018	-	735
Total receipts	<u>86,805</u>	<u>86,885</u>
Direct expenditure		
CLC fees	77,478	74,321
Web site update	4,536	-
Printing & stationery	243	360
Postage	50	48
Internet costs	120	69
Publications	120	-
Meetings	1,409	2,148
Insurance	321	238
File storage	380	366
Bank charges	70	70
Travel	60	28
Independent examination	-	330
Subscription	59	141
Total payments	<u>84,846</u>	<u>78,119</u>
Net receipts/(payments)	<u>1,959</u>	<u>8,766</u>
Cash and bank balances at 31 December 2017	58,062	49,296
Cash and bank balances at 31 December 2018	<u>£ 60,021</u>	<u>£ 58,062</u>

Churches' Legislation Advisory Service (CLAS) (256303)

Statement of assets and liabilities: 31 December 2018

	31.12.18 Unrestricted Fund £	31.12.17 Unrestricted Fund £
Monetary assets		
Bank & cash balances		
Account at HSBC	60,021	58,062
Receivables		
Prepaid CLC fees	6,436	6,188
	<u>66,457</u>	<u>64,250</u>
Liabilities and accrued charges		
Accrued expenses	1,457	940
Deferred income	-	735
	<u>1,457</u>	<u>1,675</u>
Net monetary assets	<u>£ 65,000</u>	<u>£ 62,575</u>

Note: At 31st December 2018, there is an outstanding commitment of £504 (inc. VAT) for the completion of the design and build of the web site.

Right Reverend Christopher Lowson

Chair *C. Lowson*
For and on behalf of the trustees

11 March 2019

100

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 2018.

I report on the financial statements of the Churches' Legislation Advisory Service for the year ended 31 December 2018 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 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: 3rd July 2019

