



Pastrow Family

Churches sharing the love, grace and truth of Jesus Christ

Parish of Pastrow PCC – 3rd October 2023

Finance Position Paper

1. Payments to Signatories

Traditionally as a parish treasurer I have tried to avoid having the payee either create or authorise a payment, however with a paid bookkeeper I think we need to re-consider this practice. Treating this more on the business model I propose that payees should not authorise a payment, but that the Bookkeeper (only) should be able to create payments to themselves as with other payments. (It will be a major disruption in process to do otherwise.)

2. Payment to Trustees – and the Administrator and Bookkeeper rates

First, we must note that we have placed both Jude and the Parish in an interesting position as both a trustee of the parish and someone who receives payments from the parish (other than for expenses).

The Government website guidance states that we must¹:

- produce a written agreement between the charity and the trustee (or connected person) being paid
- specify the exact or maximum amount to be paid
- make sure the trustee does not take part in decisions made by the trustee board regarding any aspect of the agreement
- agree the payment is in your charity's best interests and reasonable for the goods or services provided
- not allow payments or other benefits to half, or more than half, of your trustee board – the number of trustees receiving any payment or benefit must be in the minority
- make sure your charity's governing document doesn't prevent you from paying trustees for goods or services

When deciding whether to pay a trustee for goods or services, you must follow your duty of care as trustees. In practice, this means you should:

- be clear that the payment can be justified in the charity's best interests
- identify and record conflicts of interest and prevent them from affecting the decision
- use reasonable care and skill when making your decision (take legal advice if you need it)
- decide what you will do if the goods or services aren't satisfactory
- keep records of discussions at meetings and disclose the payment in your accounts

¹ <https://www.gov.uk/guidance/payments-to-charity-trustees-what-the-rules-are>

The full rules are at <https://www.gov.uk/government/publications/trustee-expenses-and-payments-cc11/trustee-expenses-and-payments#employing-a-trustee-or-connected-person> should anyone wish to check details.

I *think* that we can discount verger fees from this assessment as they are paid for by the families and the parish only administers the money – they are not paid from parish funds, however the clergy do form part of the ‘minority receiving payment’.

Jude’s current contract is with the Benefice and, as such, needs replacing with a contract with the new parish, so, accepting that Jude cannot take part in the discussion on what rate to offer (though she can always decline a rate too low) we do need to agree the employment of Jude as Parish Administrator and Bookkeeper. I do not have sight of Jude’s contract to know the terms or rate.

Currently, the Benefice pays Jude as administrator £654 per month with an addition £333.50 per month covered by Diocesan Benefice of the Future funding (which is £6 short for covering October 2024). For this we need to agree a rate (presumably also to cover the Bookkeeper – initially to be paid for by some of the local Mission trusts), and it is worth noting that last year Charlton increased their cleaner’s rate from £10/hour to £12/hour.

3. Gift Aid Secretary

People’s individual choices as to how much money to donate to the church is, of course, ‘sensitive personal information’ and therefore access to it needs to be controlled. As such, the first question becomes “should the Bookkeeper manage the regular donations received by the parish?” My recommendation to the PCC is that this is made part of the Bookkeeper’s duties as failing to do this will get annoyingly complicated for the finance team.

The next question becomes “who else should have sight of individual donations?” This is complicated by the way Lloyds handle online access within an organisation – Lloyds online access levels are for all of an organisation’s accounts, so one cannot restrict online access to specific accounts unless they are held with a different bank. Initially it would seem fine for all those with online banking access to have sight of such transactions, but if we want to start granting additional people read-only access to our bank accounts this option ceases to be viable. Hopefully this can be managed by having a finance system that enables people to view what they need to without granting access to the bank accounts.

4. Accounting Categories

Accounting Categories serve three purposes as I see things, the first of these is to enable other parties (the public, the regulator and the wider church) how are finances are performing enabling them to check that we are operating properly and are viable. The second is to enable the PCC as the decision-making body of the parish to see how our money is flowing and what funds we have and where they are being used or could be used. The last is administrative to enable the finance team to keep track of monies moving

through our accounts, particularly those that allocated to external parties such as office fees.

The current set of categories that the Church of England requires us to use for our end-of-year returns are as follows:

Income		Expenditure	
	Voluntary giving		Costs of generating funds
1	Regular giving	17	Costs of fundraising activities
3	Collections at services		Church activities
4	All other giving and voluntary receipts, including special appeals (recurring and one-off)	18	Mission giving and donations
6	Gift Aid recovered (planned giving and one-off donations)	19	Diocesan MMF contribution
		20	Salaries, wages and honoraria
7	Legacies received (capital value)	21	Clergy and staff expenses
8	Grants (include recurring and one-off)		Church expenses
	Total voluntary giving	22	Mission and evangelism costs
	Activities for generating funds	23	Church running expenses (including governance)
9	Fundraising activities (gross proceeds)	24	Church utility bills
	Income from investments	25	Costs of trading
10	Dividends, interest, income from property etc.		Major capital expenditure
	Church activities	27	Major repairs to the church building
11	Fees retained by PCC (weddings, funerals etc.)	28	Major repairs to church hall/other PCC property including redecoration
12	Trading activities (gross proceeds), NOT fundraising	29	New building work to the church, church hall, clergy housing or other PCC property.
	Other incoming resources		Other expenditure
13	Other receipts/income not already listed	99	Other payments/expenditure not already listed

For the Benefice we have been primarily concerned with the breakdown of the Clergy Expenses with other costs shoehorned into the Expenses breakdown (plus a category for Jude's pay as administrator):

- Admin. Support
- Benefice Events
- Books
- Gifts
- Hospitality
- Office
- Phone & Internet
- Photocopying
- Printing (External)
- Service Materials
- Subscriptions
- Travel
- Misc.

So, the question arises, into what categories do we want our income and expenditure to be classified? We have a fairly free hand here, so long as we can link each category we devise back to one of the CofE list, but it needs to be a list that won't have our Bookkeeper scratching their head trying to work out which one applies. My draft list follows (note, this decision does not need to be final – this list is one of the few things that is not too hard to modify at a later date, it's just a pain to backdate any changes; hence my preference to agree a list now).

Income		Expenditure	
Suggested	CofE Return	Suggested	CofE Return
PGS Giving	Regular giving	Fundraising - Assets	Cost of fundraising
Standing Order Giving	Regular giving	Fundraising - Other	Cost of fundraising
Envelope Giving	Regular giving	Charitable Giving	Mission giving and donations
Regular Collection	Collections at services	Common Mission Fund	Diocesan CMF contributions
Office Collection	Collections at services	Salaries - Organist	Salaries, wages and honoraria
Gift Aid Reclaimed	Gift Aid recovered	Salaries - Cleaner	Salaries, wages and honoraria
Legacy	Legacies received	Honoraria	Salaries, wages and honoraria
Grant	Grants	Gifts to Staff	Salaries, wages and honoraria
Fundraising - Assets	Fundraising activities	Salaries - Administrator	Salaries, wages and honoraria
Bank Interest	Dividends, interest etc.	Expenses - Travel	Clergy and staff expenses
Share Dividend	Dividends, interest etc.	Expenses - Comms	Clergy and staff expenses
Office Fees	Fees retained	Expenses - Office	Clergy and staff expenses
Refreshments	Trading activities	Expenses - Services	Clergy and staff expenses
Rents	Trading activities	Expenses - Hospitality	Clergy and staff expenses
Books & Booklets	Trading activities	Expenses - Gifts	Mission giving and donations
Trading - Other	Trading activities	Expenses - Other	Clergy and staff expenses
Insurance Claims	Other receipts	Mission - Assets	Mission and evangelism
Other	Other receipts	Mission - other	Mission and evangelism
		Running Expenses	Church running expenses
		Utilities - Energy	Church utilities bills
		Utilities - Comms	Church utilities bills
		Cost of Trading	Costs of trading
		Major repairs to church building	Major repairs to church building
		Major repairs to other PCC property	Major repairs to other PCC property
		New building work	New building work
		Other payments	Other payments

The last purpose will be things like “Wedding – Organist”, “Wedding – Verger” etc.; Jude and I (as Bookkeeper and Treasurer) will work out what we need for these.

5. Accountants and Examiner

When I offered to stand for the PCC with the intent to take the role of Treasurer, I informed Alex that I am not able to perform “Accruals” accounting and would require qualified assistance. (Accruals accounting is a more complex form of accounting legally required for organisations with a turnover over £100,000 per year.) For small businesses it is usual to employ an accountant to produce the formal accounts at the end of the year using the books kept by the business through the year; it this form of arrangement with a suitable account I wish to use for the Pastrow accounts if the PCC approve.

Jude has located (thought the Parish Administrators Facebook group) Knight Goodhead, a firm of accounts in Chandlers Ford who come recommended for charity and church work. I have been in touch with Chris Goodhead and explained my position and he has stated that they would be happy to undertake this work and can also act as our independent examiners so long as they are not involved in the bookkeeping through the year. Aside for some technical problems with emails (currently I cannot email them and they cannot email me) I now need the PCC’s approval to proceed down the path of formally appointing them to act as our accountants. (I do not yet have any pricings, as we need to agree the details of what we are asking them to do; depending on the details this may be brought back to the PCC as a whole or just agreed with the Churchwardens and Clergy as we proceed.)