

Christ Church Ware Reserves Policy

Review Date November 2011

All Parochial Church Councils are lawfully constituted and are thereby obliged to act as stewards and custodians under Charity Law and the Parochial Church Councils Measure 1956 (as Amended). This means there is a dual accountability of their use of resources on behalf of members of the Church of England in a particular locality. There is no mandate for a Church Council to stockpile resources above a level commensurate with its objectives.

Hallmarks of a good reserves policy

Any reserve policy that is adopted by the PCC needs to have a clear rationale behind the decision.

There are certain hallmarks that a good reserves policy will need to contain:

- It identifies and explains the level of reserves currently held
- It explains how that level is to be maintained or achieved over time
- It links with the mission of the church
- It sets out any aspirations for the future
- It is communicated clearly to members of the church

There is no particular formula as to the setting of the level of reserves; it is up to the discretion of the PCC. It is commonly thought that three months' expenditure might be a prudent level to set for general running costs. PCCs with employees may wish to hold some contingency for salaries. Foreseeable future expenditure such as quinquennial reports, future projects and their support, and likely income streams all should be considered when determining the level of reserves.

Current and deposit accounts are usually covered under the Financial Services Compensation Scheme (FSCS), which guarantees deposits up to £50,000 with any provider that runs into difficulties. You should check who is the 'Deposit Taker' providing the account since the £50,000 covered under the scheme is a maximum amount for any individual deposit taker, irrespective of how many different accounts were held. Charity Commission guidance is that PCCs would be covered under the scheme unless their balance sheet assets were in excess of £3.26 million. The CCLA deposit fund is not covered under the FSCS as it is a pooled fund, but the deposits are spread across a wide range of accounts to manage risk, allowing it to have a very secure AAA credit rating.

CCLA- Church of England funds

CCLA does have an "ethical investment policy" for its investment funds, although the fund we need is not of this type.

The CBF Church of England Deposit Fund
Fund Profile – 31 December 2009

CCLA's Deposit Funds provide a range of very attractive benefits for charity investors. These include security of capital, excellent returns and strong customer service. This combination of benefits makes The CBF Church of

England Deposit Fund one of the most attractive homes for charity cash holdings in the market today.

Capital security is achieved by spreading deposits across a large number of high quality borrowers – typically 25-30 on any one day. All of the borrowers are reviewed on a daily basis and if we have any doubts at all about their quality, we simply stop lending to them. The list of those currently approved to borrow from the Fund is as follows.

Abbey	HSBC
ANZ Banking Group	Intesa Sanpaolo
Banco Espirito Santo	JP Morgan Chase Bank
Banco Santander	Landesbank Baden-Wuerttemberg
Bank of America	Landesbank Berlin
Bank of Montreal	Landesbank Hessen-Thueringen
Bank of New York Mellon	Girozentrale
Bank of Nova Scotia	Leeds Building Society
Bank of Scotland	Lloyds TSB Bank
Bank of Tokyo-Mitsubishi UFJ	National Australia Bank
Barclays	National Bank of Canada
Bayerische Landesbank	National Westminster Bank
BBVA	Nationwide Building Society
BNP Paribas	Nordea Bank Finland
Caixa Geral de Depositos	Op-Pohjola Group
Calyon	Rabobank
Clydesdale Bank	Royal Bank of Canada
Commerzbank	Royal Bank of Scotland
Commonwealth Bank of Australia	SEB
Coventry Building Society	Société Generalé
Credit Industriel et Commercial (CIC)	Standard Chartered Bank
Danske Bank	Sumitomo Mitsui Banking Corp.
DBS Bank	Svenska Handelsbanken
Deutsche Bank	Toronto-Dominion
Dexia Bank Belgium S.A.	UBS
	Unicredito Italiano

Kingdom Bank:

Kingdom Bank is a UK-based independent Christian bank with a 50-year heritage, providing a range of financial services to suit individuals as well as charities, businesses, associations and trusts.

The Company is ethical by nature, dedicating its mortgage and lending capacity to provide funds to build and develop churches and Christian ministries within the UK. Because of its Christian basis and operation, Kingdom Bank offers you a range of benefits that other financial organisations simply cannot match:

- A strong Christian ethos, making us the natural choice for churchgoers
- Commitment to using Bank funds only to build and develop society
- Accounts designed to suit your needs and interests
- Friendly and professional personal service
- Excellent value products and services

Statement of Ethics

For Kingdom Bank, everything we do flows from our faith which makes us distinctly different from almost every other bank – we aim to place the Lord Jesus Christ at the centre of our business with the goal of seeing lives changed as a result of the work of the churches and organisations we serve and the profits we give away to good causes.

Our values follow naturally from this aim...

Values

1. Keeping God at the centre

We treat customers as we would want to be treated – with respect and honesty.

We fulfil our calling by embracing biblical principles with integrity and accountability.

2. Valuing people properly

We provide straightforward, value-for-money products which meet customers' needs.

We encourage every member of our team to grow and develop while always giving outstanding personal service to customers.

3. Handling finance responsibly

We provide a secure home for savings and only lend to customers responsibly.

We manage all the resources we use wisely since everything belongs to God.

4. Changing lives for good

We use financial services to support Christian churches and charities.

We make fair profits so that we can generously support Christian causes.

Triodos Bank:

Triodos Bank finances companies, institutions and projects that add cultural value and benefit people and the environment, with the support of depositors and investors who want to encourage corporate social responsibility and a sustainable society.

Our mission is

To help create a society that promotes people's quality of life and that has human dignity at its core.

To enable individuals, institutions and businesses to use money more consciously in ways that benefit people and the environment, and promote sustainable development.

To offer our customers sustainable financial products and high quality service.

Charity Bank:

Our Vision

We believe that major social change is possible if we invest in social capital. Our vision is to see a growing capital market where every investor and saver is a social investor.

If charities are to be effective they must have the resources to hone their strategies and have the incentive and ability to grow if they wish. Charities and community organisations have specific financial needs which are often too small or complex for commercial banks to fulfil.

Charity Bank is not a full service bank – we do not serve the day-to-day banking needs of the general charity sector. We are different. We are more like a development bank, financing projects and organisations that we consider to be viable, but which are not always commercially bankable, or where the organisation has been offered terms that are not appropriate to its situation.

Our Mission

We have a mission to tackle marginalisation, social injustice and exclusion, and facilitate social change through investment. And we want to change the perceptions of how personal and corporate wealth can provide finance for the benefit of society.

Our Values

Charity Bank finances charities and other civil society organisations that address society's needs, with the support of depositors and investors who want to encourage a more responsible and transparent use of money.

We deliver the mission as a team, underpinning our work with a set of agreed core values, which define Charity Bank and which are:

- Honest
- People Focused
- Responsible
- Innovative
- Committed

These values run throughout the organisation, from back office to customer-facing staff, and are incorporated into everyone's role, so that they inform all our processes and decisions. They are also used to measure both individual performance and the overall delivery by the team of a unique, caring, creative and passionate organisation.

Co-op Bank

This is the Ethical Policy of The Co-operative Bank and smile.co.uk. It is based on extensive consultation with our customers and reflects their ethical concerns about who their money will and will not finance. It also informs our choice of partners and suppliers Human Rights

We support the principles of the Universal Declaration of Human Rights.

In line with this, we will not finance:

- any government or business which fails to uphold basic human rights within its sphere of influence
- any business whose links to an oppressive regime are a continuing cause for concern
- any organisation that advocates discrimination and incitement to hatred the manufacture or transfer of armaments to oppressive regimes
- the manufacture or transfer of indiscriminate weapons, e.g. cluster bombs and depleted uranium munitions
- the manufacture or transfer of torture equipment or other equipment that is used in the violation of human rights.

International Development

We will seek to support poverty reduction. In line with this, we will not finance organisations that:

- fail to implement basic labour rights as set out in the Fundamental ILO Conventions, e.g. avoidance of child labour, or that actively oppose the rights of workers to freedom of association, e.g. in a trade union
- take an irresponsible approach to the payment of tax in the least developed countries
- impede access to basic human necessities, e.g. safe drinking water or vital medicines
- engage in irresponsible marketing practices in developing countries, e.g. with regard to tobacco products and manufacture.

We will support fair trade and the provision of finance to the working poor in developing countries, via microfinance.

Social Enterprise

We will seek to support charities and the broad range of organisations involved in the Social Enterprise sector including: co-operatives, credit unions, and community finance initiatives.

Ecological Impact

We will not finance any business whose core activity contributes to:

- global climate change, via the extraction or production of fossil fuels (oil, coal and gas), with an extension to the distribution of those fuels that have a higher global warming impact (e.g. tar sands and certain biofuels)
- the manufacture of chemicals that are persistent in the environment, bioaccumulative in nature or linked to long term health concerns
- the unsustainable harvest of natural resources, including timber and fish
- the development of genetically organisms where there is evidence of uncontrolled release into the environment, negative impacts on developing countries, or patenting e.g. of indigenous knowledge
- the development of nanotechnology in circumstances that risk damaging the environment or compromising human health.

Furthermore, we will seek to support: businesses involved in recycling and sustainable waste management, renewable energy and energy efficiency, sustainable natural products and services (including timber and organic produce), and the pursuit of ecological sustainability.

Animal Welfare

We will not finance any organisation involved in:

- animal testing of cosmetic or household products or their ingredients
- the exploitation of great apes, e.g. in experimentation or general commercial use intensive farming methods, eg caged egg production
- blood sports, which involve the use of animals or birds to catch, fight or kill each other
- the fur trade.

Furthermore, we will seek to support: businesses involved in the development of alternatives to animal experimentation and farming methods that promote animal welfare (e.g. free range farming).

Ecology Building Society

Guiding principles:

The prime focus of the Ecology Building Society is to promote an ecological approach to the built environment in the UK, and thereby foster sustainable communities. Any lending project that contributes to these aims is our concern. We regard our mutual status as a key means of promoting a more sustainable and equitable way of life.

Our principles inform our lending programme, our relationships with our customers, and how we conduct our business operations.

Mission statement:

A building society dedicated to improving the environment by supporting and promoting ecological building practices and sustainable communities.

Ecological lending:

Our lending is governed by the principle of sustainable development, defined as "improving the quality of human life while living within the carrying capacity of supporting ecosystems". Overall this allows us to engage in activities that promote, encourage or support the following objectives:

- the saving of non-renewable energy or other scarce resources
- the growth of a sustainable housing stock
- the development of building practices, ways of living or uses of land having, in each case, a low ecological impact

The environmental benefit of each potential loan underpins our lending decisions. Our lending programme includes the following:

Sustainable housing practices

- energy-efficient new residential dwellings (incorporating such features as timber-frames, high insulation, reclaimed materials, solar technology, water conservation etc.)
- renovation of derelict, deteriorated or redundant properties where possible encouraging the highest level of ecological building practices
- promotion of sustainable local building technologies such as cob, mud-block, straw bale

Sustainable lifestyles and economic activity

- small scale ecological industries or businesses such as recycling, organic farms, local shops
- co-operative living
- sustainable forestry and nature reserves

We will also consider:

- non-standard constructions
- sound properties in deprived neighbourhoods
- properties with agricultural restrictions (but only where other features of the project make it acceptable lending)

Our commitment to sustainable development also means we will NOT lend:

- for holiday homes, because of the impact on rural communities
- where intensive agricultural practices are to be employed

Operating a sustainable business

An environmental audit is conducted each year and the Society's Environment Policy reviewed. We seek to use items that come from renewable sources, assess materials for the minimal use of resources and install equipment that minimises the use of energy. In the day to day running of the Society, we seek to reduce energy and water usage, and the generation of waste. We use exclusively green electricity, have offset the carbon emissions since creation in 1981, and have committed to an on-going programme with local environmental groups to account for future emissions.

In our treasury operations, we avoid the use of banks that have a record of irresponsible lending which impacts on the environment.

Regarding remuneration, no one salary is to exceed five times the lowest full-time salary paid.

Our new head office was designed to have an airtight structure, high levels of insulation and low energy requirements.

Observations of Comparative Interest Rates available in the market:

As of 28 March

Provider	Min Balance	Term	Rate	Rank
CBF Church of England	£0	instant access	0.50%	16
Charity Bank	£25,000	3y Community Bond	1.50%	6
Charity Bank	£25,000	12 months	1.00%	9
Charity Bank	£1,000	3y Community Bond	1%	9
Charity Bank	£25,000	1y Community Bond	1%	9
Charity Bank	£25,000	30 days	0.50%	16
Charity Bank	£25,000	90 days	0.50%	16
Charity Bank	£1,000	1y Community Bond	0.50%	16
Charity Bank	£10	12 months	0.40%	20
Charity Bank	£10	30 days	0.30%	22
Charity Bank	£10	90 days	0.30%	22
Co-op	£25,000	12 months term depo	0.68%	14
Co-op	£25,000	6 months term depo	0.59%	15
Co-op	£25,000	3 months term depo	0.37%	21
Co-op	£25,000	1 month term depo	0.28%	24
Ecology Building Society	£25	instant access	1.00%	9
Kingdom Bank	£2,000	12 months term depo	2.25%	1
Kingdom Bank	£2,000	24 months term depo	2.25%	1
Kingdom Bank	£2,000	3 months term depo	1.75%	3
Kingdom Bank	£2,000	6 months term depo	1.75%	3
Kingdom Bank	£0	60 days notice	1.51%	5
Kingdom Bank	£25,000	32 days notice	1.50%	6
Kingdom Bank	£5,000	32 days notice	1.25%	8
Kingdom Bank	£1,000	32 days notice	1.00%	9
Triodos	£25,000	90 days notice	0.25%	25
Triodos	£25,000	33 days notice	0.20%	26

Reserves and Investment Policy (proposal for discussion):

The PCC considers the following key themes in setting its policies on money management (extracted from "Financial Stewardship" as produced by the PCC).

Faith - A constant cry from God in Scripture is that we are to trust Him to take care of us. The story of God's people in the Bible is largely their failure to do so. One of the ways of building our faith is to trust God to use the resources he has given us. Only then are we fully relying on Him and not putting our trust in our possessions.

Stewardship - All of creation belongs to God and we are given the task of being stewards, charged with taking care of what is God's. All we have is from God and when we give, we give a proportion back to God of what belongs to him. We must make the best use of God's resources until Christ returns.

Sacrifice - The concept of personal sacrifice stems from the example of Jesus who gave up everything for the sake of the world. Throughout Scripture God's people are called to be willing to sacrifice what the world considers important in order to win something much more precious, eternal life. We should not cling to the world's view of treasure.

Generosity - Heaven is pictured as a place of banquets and treasure where God's generosity knows no limits. We experience that generosity not only in the giving of his Son Jesus, but also in the provision of the world's resources. Generosity breeds generosity and so as followers of Jesus we are to display generosity in our dealings with one another. This especially applies to those who are poor or disadvantaged.

Radical Living - God's people are called to a radical lifestyle, which does not mirror the way of the world. Our outward response demonstrated in our giving is evidence of hearts changed by our drawing closer to our Father God. Only then can we be 'salt and light' to the world

Points to consider:

Christ Church income approx £200,000

Total annual salary bill £53,000

Restricted funds are not relevant in the setting of reserves as they can only be used for their defined purpose. However, current reserves are £42,000 of which £30,000 is for repairs

Unrestricted funds currently at £74,000 (of which £19,000 is designated for future repairs to the building, but this can designation can be reversed at any time)

With zero income, this would keep the church running for 4 months

Christ Church's income fell by £26,000 in 2009 and we had to use up £18,000 from reserves

With our current level of income, we would project being short in 2011 by approx £18,000 so it would be prudent to be maintaining reserves toward that.

Christ Church has cash in the bank of nearly £100,000

Proposal:

Reserves: For 2010, to hold reserves equivalent to 3 months' normal running costs i.e. £50,000.

Also, that the church holds in reserve the anticipated shortfall in the 2011 budget of £18,000 and in so doing reverses the designation on the repairs money in unrestricted funds if necessary. This should all be revisited during the budgeting process for 2011. It is likely that our reserves will revert to this level naturally due to higher than expected staff costs in 2010.

Investment: The majority of Christ Church's funds are not required at short notice and therefore may be invested for a longer term. In light of our responsibilities as good stewards, in the current environment, we should ensure our investments are capital guaranteed and thus covered by the FSCS guarantee. We should therefore only invest a maximum of £50,000 with a single institution.

We seek to invest ethically, considering our social and environmental responsibility. We try to balance financial return and social return and will actively consider investments with a potentially lower return in order to have assurance that the investment has a positive impact on society and the environment.