

TRUSTEES OF THE CHURCH OF SCOTLAND HOUSING AND LOAN FUND FOR RETIRED MINISTERS AND WIDOWS AND WIDOWERS OF MINISTERS May 2015

PROPOSED DELIVERANCE

The General Assembly:

1. Receive the Report and thank the Trustees and Staff.
2. Re-appoint Mr R Wright as a Trustee of the Fund.
3. Appoint Rev A McCafferty as a Trustee of the Fund.

REPORT

1. Aim of the Fund

1.1 The Fund exists to support retired Church of Scotland ministers, and widows, widowers, and separated or divorced spouses of Church of Scotland ministers, in need of help with housing. The Trustees endeavour to provide assistance by way of either a house to rent or a house purchase loan in accordance with guidelines set, and regularly reviewed by the Trustees. Guidance Notes incorporating these guidelines are available on the Church of Scotland website or can be requested from the Secretary at the Church offices. The Secretary is always happy to meet with potential applicants to discuss their particular situation, and the assistance which the Trustees may be able to provide to them.

1.2 The Trustees own, and regularly acquire, houses for leasing at concessionary rents to those with insufficient resources to enable them to purchase houses for themselves. Alternatively, loans at favourable rates of interest are granted up to 70 per cent of a house purchase price, subject to an overriding normal maximum of

£25,000 for Standard Loans, and £115,500 for Shared Appreciation Loans.

2. Housing Transactions: 2014

2.1 Assistance provided during 2014 to ministers, widows and widowers, and separated and divorced spouses, is detailed in Appendix 1 annexed to this Report. The percentage of those eligible to apply, and who were granted assistance, is similarly shown in Appendix 1. All those who applied and who fell within the financial parameters of the Fund were provided with assistance.

2.2 The Trustees owned 249 houses at the end of 2014. The houses purchased and those sold by the Trustees during that year, are detailed in Appendix 2, which also shows the average price of the houses so purchased, and the average price of the houses disposed of. At the end of 2014, seven houses were still being marketed for sale.

3. Rents and Rental Reviews

3.1 Rents charged for housing provided by the Fund are set, at the beginning of the tenancy at 50% of the Market

Rent (as professionally assessed at that time), for Ministers, and at 25% for widows and widowers of Ministers. The exception to this are leases granted prior to 1989 where rents continue at rates of 70% of Fair Rents for Ministers and 35% for widows and widowers of Ministers.

3.2 The Trustees considered carefully the level of annual rent increase, in the light of an inflation figure of 2.6% (as at 31 December 2013). The Trustees were however mindful that the Pension Trustees had only been able to apply a discretionary increase to those with pensions earned up to 1997 because of a refund, by the Housing and Loan Fund to Ministries Council, of monies not required at that time. Many of the Fund's tenants are in this category of pensioner. The Trustees therefore decided that rents should not be increased in 2014.

3.3 Whilst the Trustees will, of course, continue to implement their obligations of general maintenance and repair, attendance to such items may have to be restricted to matters which are urgent and necessary. Tenants have been advised of this in writing.

4. Loan Transactions: 2014

4.1 The Fund provides loans by way of Standard Loans, Shared Appreciation Loans, and Short Term Bridging Loans.

4.2 Standard Loans are granted up to a normal maximum limit of £25,000 at a rate of interest of four per cent for ministers and two per cent for surviving widows or widowers of ministers.

4.3 Shared Appreciation Loans, which link loan repayment values over their term to the value of the property concerned over the same period, may be granted up to a normal maximum limit of £115,500. Currently rates of interest for such loans are two and a half per cent for ministers and one and a quarter per cent for widows or widowers of ministers.

4.4 Short Term Bridging Loans are granted for a specific period, and in specific circumstances, at the discretion of the Trustees. Interest is charged at a rate equivalent to that

permitted by H M Revenue & Customs without liability for benefit-in-kind taxation. At the time of writing this was three and a quarter per cent.

4.5 Details of each of the three types of loan outstanding as at 31 December 2014 are given in Appendix 3.

5. Donations, Bequests etc.

5.1 The Trustees are gratified to report that during 2014 they received a total sum of £51,032 by way of donations, bequests and gifts.

6. Funds

6.1 The net income from house sales less house purchases during 2014 was £1,099,077. The net increase in long-term loans during 2014 was £225,500.

6.2 Investments at market value, and cash deposits, at 31 December 2014 amounted to £6,144,900.

7. The Future

7.1 Those Ministers who are within five years of retirement are encouraged to contact the Fund if they feel they may need to avail themselves of the Fund's assistance. Similarly the Trustees always welcome an initial approach from those who are within five to ten years of retirement. Such approaches not only assist the Trustees with financial forecasting, but can help to alleviate some of the anxieties which ministers and their spouses may experience in respect of housing as they contemplate their future after retirement. Details of commitments for the provision of either a house to rent, or a loan, during the next five years, and approved at 31 December 2014, which will require to be met from funds, can be found at Appendix 4. The number of ministers due to retire within a five to ten year period from 31 December 2014 and whose names have been placed on the Preliminary Applications List for assistance can also be found at Appendix 4.

7.2 In December 2014 the Trustees considered carefully the parameters for granting assistance with housing to rent, and assistance by way of housing loans, taking into account the current state of the housing market, the

numbers of ministry due to retire, and equally the Fund's obligations towards the Church and the proper and appropriate stewardship of its resources. As a result, it was agreed that the parameters for 2015 be maintained at the 2014 levels so that the **maximum** price for a house to rent remains at £165,000 and the **maximum** price, or value, of a house in respect of which a loan would be given, remains similarly at £165,000. The Trustees remain satisfied that such parameters will enable appropriate housing to be purchased for rental, or with the aid of Fund loans, in the current housing market for those who are eligible for assistance from the Fund. Applicants for whom assistance is to be granted by way of a house to rent are reminded that the figure of £165,000 is a **limit, and not a target**, and separately they are requested to consider, first, the Fund's vacant properties before the Trustees will be prepared to purchase a house for them.

8. Diligence

8.1 The Trustees confirm that the Staff have routinely and progressively monitored their stock of rental housing, and housing over which loans have been secured, and have continued to support all of their tenants and borrowers. No significant problems have been identified or encountered.

9. Donation to Pension Fund

9.1 Being mindful of the many financial challenges facing different parts of the Church, and having monitored closely the developing trend of Ministers deferring retirement, the Trustees of the Housing and Loan Fund took the decision to return to the Ministries Council the sum of £1.5 million of Congregational Contributions, unrequired at this time, with the express condition that this money be used, as last year, to provide a small increase

to the pension for those whose pensionable service was prior to 1997.

9.2 Some of the money used to fund this sum is the result of a welcome but not entirely anticipated surge in house sales during the second half of this year.

9.3 This is the second year running that the Housing and Loan Fund has been able to take such action, but it is important that it is recognised that the future commitments of the Fund are such that this return of money currently not required for the Fund's purposes should not be regarded as setting a precedent.

10. Staff

10.1 The Trustees wish to place on record their indebtedness to the work of the Staff of the Fund, and in particular the care and support afforded by Staff to all those who apply to, or have been assisted by, the Fund.

11. Membership

11.1 Rev H J W Findlay retires as a Trustee of the Housing and Loan Fund after 18 years of unstinting service. His extensive knowledge of the Church of Scotland has been of enormous benefit over the years, and we will greatly miss both his wisdom and his mischievous but perceptive sense of humour.

In the name of the Trustees

J G GRAHAME LEES, *Chairman*
IAN TAYLOR, *Deputy, Chairman*
LIN J MACMILLAN, *Secretary*

APPENDIX 1

Assistance provided	2014	2013
Number of Ministers retiring (and eligible to apply to the Fund)	24	50
Percentage assisted with a house to rent	4%	6%
Percentage assisted with a house purchase loan	17%	10%
Total percentage assisted	21%	16%
Percentage of individuals eligible to apply who fell within the Fund's financial parameters and who received assistance	100%	100%
Instances of assistance provided*		
Retiring Ministers	4	11
Ministers already retired	2	1
Widow(er)s & Civil Partners	0	3
Spouses	3	0
Total	9	15

* Assistance may be provided in a different calendar year to that in which the Minister actually retires

<i>Tenants as at 31 December</i>	2014	2013
Ministers	156	160
Widow(er)s & Civil Partners	69	74
Spouses	11	10
Commercial rental	4	3
Vacant	9	10
<i>Borrowers as at 31 December</i>	2014	2013
Ministers **	83	85
Widow(er)s & Civil Partners	48	49
Spouses	0	0

** Four Ministers have more than one loan

APPENDIX 2

Rental Housing				
		2014		2013
Total number of houses owned at 1 January		257		266
Houses purchased during year		5		4
Total cost of purchases			£678,373	£553,507
Average house price			£135,675	£138,377
Houses sold during year		13		14
Total amount realised			£1,878,758	£1,477,879
Average proceeds			£144,520	£105,563
Houses bequeathed/gifted during year		0		1
House relinquished during the year		0		0
Houses relet during year		1		2
Total number of houses owned at 31 December		249		257
Average market rent of property purchased during year		£7,448		£6,075
Average rent of new tenancies - Ministers/Spouses		£3,724		£3,075
Average rent of new tenancies - Widow(er)s		0		£1,500

APPENDIX 3

Housing Loans				
	<i>2014</i>		<i>2013</i>	
<i>Long term loans outstanding at 1 January</i>	134		138	
Value of loans outstanding		£6,189,700		£5,994,200
New loans granted during year	5		6	
Additional loans granted during year	0		0	
Value of loans granted		£275,500		£540,500
Loans fully repaid during year	4		10	
Loans partially repaid during year	0		4	
Value of loans repaid		£50,000		£345,000
Long term loans outstanding at 31 December	135		134	
Value of long term loans outstanding				£6,189,700
<i>Short term Bridging Loans outstanding at 1 January</i>	3		0	
Value of Bridging Loans outstanding		£155,000		£0
Bridging loans granted during year	2		6	
Value of Bridging Loans granted		£148,000		£375,000
Bridging loans repaid during year	3		3	
Value of Bridging Loans repaid		£155,000		£220,000
Short term Bridging Loans outstanding at 31 December	2		3	
Value of Bridging Loans outstanding at 31 December		£148,000		£155,000

APPENDIX 4

Outstanding Commitments at year end		
	2014	2013
For next 5 years		
Houses to rent	29	27
Housing Loans	10	13
Value of outstanding commitments	£5,056,000	£5,163,000
Preliminary Applications		
	2014	2013
For those retiring between 5 - 10 years	2	1