

GENERAL TRUSTEES MAY 2021**Proposed Deliverance****The General Assembly:**

1. Receive the Report and the 2019 and 2020 Accounts of the General Trustees (Section 1.2).
2. Welcome progress on the Land & Buildings Plan in respect of: -
 - (a) the Presbytery Planning Toolkit for Land & Buildings (Section 2.1.2)
 - (b) the appointment of a Presbytery Buildings Officer (Section 2.3.2)
 - (c) the creation of a Historic Property Portfolio and associated Fund. (Section 2.5.1 and Section 3.4.2)
3. Welcome the intention to consult on proposed changes to Parliamentary Acts and General Assembly Acts and Regulations. (Section 3.1 and Appendix 1)
4. Welcome organisational changes including the adoption of a quorum of five for meetings of the Trustees' Board. (Sections 3.2 and 3.3)
5.
 - (a) Appoint Mr Ian T Townsend as Chair and Rev Fiona M Mathieson as Vice-Chair for the ensuing year (Section 3.2.3)
 - (b) Authorise payment of £1,900 to each of Mr Raymond K Young as Chair and Mr Ian T Townsend as Vice-Chair for their services over the past year (Section 3.2.3)
6. Note the revised investment policy in respect of the Consolidated Stipend Fund. (Section 3.6.5)

Report**1. INTRODUCTION**

1.1 *"The General Trustees support congregations and Presbyteries in maintaining and developing appropriate flexible, robust and sustainable facilities capable of supporting local mission and worship."* (Mission Statement)

1.2 The Trustees submit to the General Assembly their ninety-fourth report since their incorporation under the Church of Scotland (Property & Endowments) Act 1925 and their Annual Report & Accounts for 2019 and 2020.

1.3 Since March 2020, the impact of the disruption resulting from Covid-19 on all aspects of the congregational, regional and national life of the Church has been immense. Church buildings have not been immune, with sanctuaries closed to worship and then partially reopened and closed again; with halls empty of congregational and community activities except where they are used to support essential projects such as Foodbanks. The Trustees' Safe Buildings Team has played a prominent role in giving advice to congregations, and the Trustees wish to record their thanks to them, and to Presbytery and congregational Fabric Conveners and others who have worked tirelessly through the pandemic.

1.4 The full impact of the year on the future of the Church's land and building estate will only become clear as the restrictions are lifted. However, there are already indications that digital services have changed the way in which worship is offered. Some sanctuaries may need to be reconfigured for 'blended worship'; some may not open again and for others Presbytery Planning may speed up closure. There can no longer be an assumption that any building can survive without a critical assessment of its contribution to the future mission of the Church.

1.5 For the Trustees, initially only essential and emergency matters in relation to land and buildings could be dealt with by the staff due to a combination of lockdown and furlough working. Trustees and staff alike had to learn new ways of conducting digital business with the attendant frustrations of IT, home-schooling and restrictions on interaction with family and friends, both congregational and social.

1.6 Despite this, the Trustees have established new routines and processes. They have been able to progress the delivery of key elements of the Land & Buildings Plan, to lay the ground for a new legislative framework, to contribute to the development of an Act to replace the existing appraisal and adjustment legislation and to establish new organisational and governance structures to ensure that they and their staff can better support, resource and encourage congregations and Presbyteries in the challenging years ahead.

1.7 Constituted as a statutory corporation by the Church of Scotland (General Trustees) Order Confirmation Act 1921, the Trustees have now entered their centenary year. They celebrate not just the achievements of the past but welcome the opportunity to play their part in a re-invigorated Church in Scotland.

1.8 The Trustees wish to take this opportunity to express their thanks and appreciation to their staff team who have worked from home in sometimes trying circumstances to support all that has been achieved over 2020.

2. LAND AND BUILDINGS PLAN UPDATE

2.1 The Presbytery Planning Toolkit for Land & Buildings

2.1.1 At last October's Assembly, the Trustees reported on the outcome of the Land & Buildings Plan Consultation in the latter half of 2019 and set out their response which took into account the picture for the post-Covid future of the Church which had begun to emerge in 2020. The Trustees identified that their priority should be to strengthen the planning role of Presbyteries in relation to land and buildings; first with the introduction of a Toolkit.

2.1.2 The Toolkit was issued at the beginning of January this year to a limited number of Presbyteries in a pilot capacity but, after positive feedback, it has been made available to all Presbytery Clerks. The Toolkit contains advice on minimum standards for churches, halls and manses, on location and on the management of surplus buildings.

2.2 A New Buildings Assessment System

2.2.1 A later phase in support of Planning was to have been the introduction of a new building assessment system focussing on long-term sustainability of usage, projected maintenance and management resources and financial costs. However, the proposal by the Faith Nurture Forum to introduce a new Act to replace Act 7 2003 dealing with appraisal and adjustment has required the Trustees to bring forward plans as the relevant information on buildings will need to be available to Presbyteries as close as possible to the start of the new planning process. The details require to be fully worked out but may involve assessment being undertaken as a desktop exercise where appropriate or by a simplified version of a 5-yearly inspection. The process will complement the Toolkit and will be co-ordinated by the Trustees.

2.2.2 The Trustees report every year on how Presbyteries fulfil the Assembly's requirement for churches, halls and manses to be professionally inspected on a regular basis. The Covid-19 lockdown and other restrictions has meant that the schedule of inspection reports has been interrupted so that the statistics are meaningless. Nonetheless, Presbyteries have been asked to make available to the Trustees all 5-yearly reports where these have been carried out but not yet forwarded to the Trustees.

2.3 Pilot Presbytery Buildings Officer

2.3.1 In October 2021 the Trustees reported that they were developing the appointment of a pilot Regional Buildings Officer with the North-east Presbytery cluster (Aberdeen & Shetland, Buchan, Gordon and Kincardine & Deeside). The funding arrangements for the post began to look in doubt as the restrictions on worship began to impact on congregational income. In view of the potential importance of this pilot to the Land & Buildings Plan, the Trustees agreed to meet half of the cost, and the appointment should be made by the time of the Assembly.

2.3.2 The Officer will be employed by the Trustees through the Central Services Committee but deployed locally. The post will involve assisting with the newly-prioritised buildings assessment system described above and will also undertake more detailed property inspection reports where it is agreed that this is appropriate. A key feature of the post will be following up with the Congregational Board or Kirk Session any matters identified by these reports.

2.4 New Procedures for Approving Work at Buildings and Financial Assistance

2.4.1 The introduction of revised policies and protocols in relation to the awarding of grants and loans was also reported last year. The Trustees are pleased to report that these appear to be working well although it is recognised that, given the considerable reduction in applications for financial assistance in 2020 as a result of the health crisis,

the number of cases requiring the submission of detailed business and finance plans has been relatively small.

2.4.2 Apart from the first two months of 2020, the Trustees had suspended the processing of applications for work at buildings other than emergency and essential works and manse replacement. In considering whether to continue the suspension, the Trustees are aware of possible changes to the Presbytery Planning process under the proposed Presbytery Mission Plan Act. Pending the introduction of new Mission Plans and a simpler categorisation between buildings to be retained and those to be disposed of, the Trustees will maintain a cautious approach to approving applications. Nevertheless, they will consider sensible development proposals so long as a Presbytery can demonstrate why a particular church or hall is to be retained in the longer term.

2.4.3 With the transfer of the Art and Architecture advice and staff from Faith Nurture Forum on 1 January 2021, there will be further amendments to the application form and processing arrangements later this year, which will also tie in with the new Presbytery Planning proposals.

2.5 Historic Properties following dissolution

2.5.1 One of the key principles of the Land and Buildings plan is that the Church of Scotland is not a buildings conservation body. However, buildings that are no longer required for regular public worship need to be treated with respect – particularly as they play an important part of the story of local communities and, in many cases, the story of Scotland. Recognising this, the Trustees are developing an Historic Property Portfolio as a vehicle to hold properties which fall under their administrative responsibility following the dissolution of a congregation, but which are unlikely to be sold, or otherwise disposed of, in the short to medium term. It is intended that the Bases of Dissolution of these congregations will also provide for their financial assets to be deposited in the Fund. Buildings which will be placed in the fund will typically be large, Category A listed, have significant architectural heritage and will offer little, if any, scope for redevelopment or for alternative uses. The Trustees are investigating the potential number of buildings which could fall into this category and the potential resource implications which could be significant.

2.5.2 The first building in this category was the Kirk of St Nicholas, Aberdeen which was transferred to the General Trustees on 31 December 2020. The building fell vacant following the dissolution of the former Kirk of St Nicholas Uniting, a Local Ecumenical Partnership (LEP) with the United Reformed Church, and the dissolution of the former Church of Scotland congregation element of the LEP. Financial assets held by the congregation were also transferred to the Trustees. Considerable time and effort will be required in identifying and developing partnership opportunities either with a view to eventual disposal or to limiting the ownership liabilities for the Trustees and the wider Church. In the meantime, the Trustees are faced with the major challenge of the upkeep of the building well beyond the usual period.

2.6 Safe Buildings

2.6.1 As mentioned in the Introduction, the Safe Buildings Team experienced an exceptionally heavy workload during 2020. The Head of Building Safety contributed significantly to the Church's Covid-19 Working Group and to the publication of guidance on checking closed buildings for insurance purposes and a template for a Risk Assessment for the re-opening of church buildings for public worship.

2.6.2 In contrast to 2019 when the team dealt with fewer than 500 enquiries, during 2020 the team including the Fire Safety and Health Safety Officers responded to over 6,000 safe building enquiries most of which related to Covid-19 issues.

2.6.3 Training to the accredited Royal Environmental Health Institute of Scotland standards continued to be

delivered to congregational and Presbytery representatives covering the Introductory and Elementary Courses in Food Hygiene with a total of 459 persons participating. Webinars relating to foodbanks and to cleaning and disinfection of buildings were attended by a total of 520 people and 733 downloads of the materials were made.

2.6.4 During the course of 2021, the Trustees should conclude their review of fire safety arrangements of all A-Listed congregational buildings in their ownership. At the time of writing this report, it is disappointing to note that the Fire safety Officer is still awaiting replies to his questionnaire from almost 70 Kirk Sessions.

2.7 Glebes

2.7.1 The Trustees report that income from agricultural, grazing and amenity lets had fallen by 5.6% by the end of 2020 against the previous year which reflects the sale of glebeland in 2019 rather than the impact of Covid-19. Nonetheless, this income source continues to assist congregations in meeting their share of the cost of ministry posts approved under Presbytery Plans. In addition, the sale of the Orwell glebe at Kinross for housing development in a joint venture with a neighbouring proprietor was completed just at the end of 2020 after many years of false starts and extensive negotiations. The capital from glebe sales is credited to the Consolidated Stipend Fund and, as with glebe rents, the income accruing thereon is also applied towards ministry costs.

2.7.2 Although on a smaller financial scale than at Orwell, the sale of the glebe at Kilmarnock, Dunbartonshire in February this year was a critical element in the sale of the former church to a community trust. At the request of the Trustees' Board, the Glebes Committee will be considering the preparation of guidance on the different future uses to which glebeland can be put upon disposal and the benefits which can accrue to congregations.

2.8 Carbon Reduction

2.8.1 The Church's Estate

2.8.1.1 For a number of years, the Trustees have been encouraging congregations to reduce the carbon footprint of congregational buildings primarily through the energy procurement scheme and the energy advisory service. A number of Kirk Sessions have, with the support of the Trustees, invested in renewables when developing new buildings or when modernising sanctuaries and halls. Both the "Well-Equipped Spaces in the Right Places" Plan and the Land & Buildings Presbytery Planning Toolkit encourage congregations to ensure that they have the most energy-efficient buildings possible, given the particular design and construction constraints. The Trustees are committed to encouraging the maximum possible reduction in carbon footprint.

2.8.2 Energy Procurement

2.8.2.1 As reported last year, the Trustees introduced a new "green energy" scheme and a record number of 905 congregations are reducing their carbon footprint enjoying the benefit of price stability. However, the introduction on 1 April 2020 of the 4-year fixed price gas supply contract with SSE plc through its trading arm, Scottish Hydro, and the 3^{1/2}-year fixed price green electricity supply contract with Opus Energy Ltd did not go smoothly. This was the result of a combination of the transfer of the electricity contract from Scottish Hydro to Opus, a change to the administrative arrangements within SSE plc and Automatic Meter Reading problems within Opus at the same time as both companies were furloughing staff. A significant effort has been made by the Trustees' staff to minimise and resolve the difficulties experienced by congregational treasurers. Although arrangements are improving, a small number of treasurers are still facing problems which the Trustees are continuing to push the suppliers to sort out.

2.8.3 Energy Advisory Service

2.8.3.1 The main way in which the Trustees provide energy advice is through the Trustees Heating Consultant, Mr Andrew W MacOwan, who carries out independent surveys of heating systems at churches, halls and manse and gives advice on improving standards of energy efficiency, lowering carbon footprint and reducing costs. Despite the difficulties posed by lockdown during 2020, Mr MacOwan undertook 28 surveys which comprised 19 initial and 8 repeat surveys of churches and/or halls and 1 manse. Two of the surveys were of Scottish Episcopal Church buildings. The Trustees cover about one-third of the cost of surveys in respect of Church of Scotland premises.

2.8.3.2 The Trustees will consider providing financial assistance through the Central Fabric Fund towards the cost of installing renewable and sustainable energy sources (subject to the usual criteria of Presbytery approval and financial need, etc) but will require energy use and performance to be monitored after installation.

2.8.3.3 Mr MacOwan can further assist congregations by checking specifications for heating repairs and replacement provided by local contractors and answering questions on a range of heating issues and problems. Congregations can also appoint Mr MacOwan as a consultant to repair or to design and commission heating systems. Contact should be made through gentrustees@churchofscotland.org.uk.

2.8.4 Net Zero 2030

2.8.4.1 The Trustees were invited by Faith Impact Forum to join the Forum's Group to consider Net Zero 2030. In addition to the "green tariff" and advice services, the Trustees' new Buildings Assessment System could be used to establish baseline information about energy supply and use, and to confirm what renewables are already in operation. This will enable a strategic approach to carbon reduction in the estate and will identify what action might be appropriate taking into account that congregations are primarily responsible for energy management and for carbon reduction.

3. WHAT IS NEEDED TO DELIVER AND DEVELOP THE PLAN?

3.1 Legislative Reform

3.1.1 The Church of Scotland is facing significant challenges which have been acknowledged and talked about for many years. 2020 has seen the forced closure of churches for public worship and a collapse in the income from hall lets. Ministers, Kirk Sessions and congregations have had to grapple with developing different forms of fellowship, worship and mission. The limited re-opening of churches for worship has exposed the challenges around use of buildings faced by many congregations exacerbated by the small number of active members and restricted finances. The Trustees have also had to react to the changing circumstances and the Report which they presented to the October Assembly was different to the one which had been prepared for the cancelled May Assembly.

3.1.2 A combination of the approach of their centenary year, the response to the Land & Buildings Plan Consultation and the shifting of the ground on which the Church stands prompted the Trustees to review the Parliamentary legislation under which they are constituted and given administrative powers as well as Assembly Acts and Regulations which affect their work. The review has identified that changes are required if the Trustees are to address the difficulties and challenges in supporting congregations and Presbyteries over the next years ahead.

3.1.3 The Trustees are keen to consult not just with the Solicitor of the Church and the Principal Clerk but also with those who will be most affected including Faith Nurture Forum, Presbytery Clerks and congregational representatives.

3.1.4 Most of the legislation reviewed had originally been promoted by the Trustees but they also had in their sights the Act 7 2003 on Appraisal and Adjustment given the focus that much of the Trustees' work is in support of effective Presbytery Planning. They were therefore pleased to be involved in the scrutiny of the draft Presbytery Mission Plan Act, which will have a huge impact on the future direction of the Church and will provide a core framework for the Trustees as they support the Presbytery Planning process. At the time of the writing of this Report, the Trustees were continuing to engage with Faith Nurture Forum about some of the practical and resourcing aspects of draft Act.

3.1.5 Appendix 1 sets out a table of the legislation comprising the Parliamentary Acts and General Assembly Acts and Regulations with recommendations for a variety of changes and suggestions as to consultation partners. The Trustees intend to bring to the 2022 Assembly detailed proposals for the legislative reform.

3.2 People Resources - Trustees Re-structuring

3.2.1 The October 2020 Assembly noted that with effect from 5 October, the Trustees had dispensed with the requirement for a Trustee to retire at the Assembly following his or her 75th birthday and had adopted fixed terms of service up to maximum of 12 years for both Trustees and Advisory Members. Under this new arrangement, the Trustees are pleased to report that they have co-opted Mrs Isobel W Gray and Ms Deborah J Nicol as Advisory Members.

3.2.2 Two Trustees, Dr J Kenneth Macaldowie and Raymond K Young, and Advisory Member Mr Roger S Trueman are retiring under the former 75-year age rule at this Assembly. Rev Janet S Mathieson is resigning with effect from this Assembly. Mr William L Gill resigned as an Advisory Member with effect from 18 December 2020. Further details are included in Appendix 2.

3.2.3 The Trustees recommend that Mr Ian T Townsend be appointed as Chair and Rev Fiona M Mathieson be appointed as Vice-Chair for the ensuing year and that for their services as Chair and Vice-Chair over the past year Mr Raymond K Young and Mr Ian T Townsend should each receive £1,900 as authorised under S.38 of the 1925 Act.

3.2.4 As reported to the Assembly last year, the Trustees have conducted a review of their governance and structure. The Committee structure has been simplified and modern Terms of Reference for all the Trustees' Committees have been introduced. The Board is in the process of finalising its Terms of Reference including a Scheme of Delegation. As part of this process, the Trustees would ask the Assembly to note that the Board has set a quorum of 5 for its meetings.

3.3 People Resources – Staff Re-structuring

3.3.1 As the work of the Trustees changes and develops, so the organisational structure has to change to reflect future requirements. An organisational review was begun in late 2019 by the then Secretary Mr David D Robertson and carried through by Mr Barri S Millar who took over as Chief Executive on 9 March 2021. Mr Millar's appointment marks a shift by the Trustees towards a staff team with an appropriate range of professional, technical and administrative skills so that the Trustees can serve the Church as its Land & Buildings Division.

3.3.2 The re-organisation has recognised administrative support as critical to the ability of the senior staff to exercise their professional and technical expertise. Mrs Eva Elder has been appointed as Head of Administration and her team will be further strengthened by the appointment of a Senior Administrator. The executive staff has been strengthened by the appointments of Mr Mo D'Souli as Health & Safety Officer and by Mr Robert Lee, Buildings Officer. The Trustees hope to announce the appointment of the Pilot Presbytery Buildings Officer before the Assembly meets. Finally, the Art and Architecture function has been absorbed into the Trustees' remit and they have been delighted to welcome Ms

Fiona Skellet, Senior Administrator, and Mrs Judith Roebuck, Development Worker (Sanctuary Works) into the staff team.

3.3.3 The Trustees wish to place on record their thanks to Mr David Robertson who has retired after 24 years of service with the General Trustees. A qualified solicitor, David joined the Trustees as Assistant Secretary (Ecclesiastical Buildings) in 1997 from a private legal practice. He became Secretary and Clerk in 2003. For the last 18 years he has led the Trustees staff and provided wise advice and counsel to the Trustees Board. Well known throughout the Church as very approachable and as a walking encyclopedia of Church law and practice in relation to land and buildings, his ability to remember people and cases meant that he was seen as the 'go to' person for Presbytery and congregational Fabric Conveners.

We thank David for his enthusiastic commitment and leadership over these many years and wish him God's blessing as he moves into retirement, enjoying more opportunity for sailing, cycling and other pastimes than he has been able to do over the last few years.

3.4 Financial Resources

3.4.1 Central Fabric Fund

3.4.1.1 The Fund is administered by the Trustees to provide loan and grant assistance to congregations towards the costs of repairs, improvement and new-build of churches and halls as well as the purchase, improvement and repair of manse all of which are buildings in use for local mission, ministry and worship. Loans totalling £1,609,386 and grants totalling £804,176 were awarded during 2020. Further detailed information is contained in Appendices 3 and 4.

3.4.1.2 The revised protocols identified in the October 2020 report have been working smoothly although the number of cases requiring the submission of detailed business and finance plans has been relatively small given the considerable reduction in applications for financial assistance in 2020 as a result of the health crisis.

3.4.2 Historic Properties Fund

3.4.2.1 In terms of Regulations 5 1995, proceeds arising from the sale of buildings of dissolved congregations are credited to the Central Fabric Fund unless the Trustees and Faith Nurture Forum (as successor to the Ministries Council) agree otherwise. As reported earlier, the Trustees are developing ways of managing buildings following dissolution cases where the church buildings are substantial and have architectural, historic, religious and civic significance. Unlike the vast majority of surplus churches, these buildings have no market value and the prospect of disposal in the short-term for conservation or community use is not realistic.

3.4.2.2 The Central Fabric Fund is focussed on buildings in use and it would be detrimental to other congregations for it to be the source of funding for the upkeep of a redundant building.

3.4.2.3 The Trustees have therefore set up the new Historic Property Fund which in accounting terms will have the building recognised as a capital asset. Cash assets derived from the sale of a share in a manse and from former congregation's reserves are credited to the new Fund and will be applied towards the costs of upkeep. The Trustees would like to thank the Presbytery of Aberdeen & Shetland and the Faith Nurture Forum for readily approving the allocation of the monies in respect of the first building to the new Fund.

3.4.2.4 Further cases are likely to arise shortly once a date for dissolution has been agreed by the Presbyteries concerned. The Trustees would emphasise that the Fund is designated for a specific purpose and is not a source of grants for congregations.

3.5 Consolidated Fabric Fund

3.5.1 The Fund has two elements:

(a) The capitalised value of heritable assets comprising glebes, churches, halls and manses is required by charity accounting regulations to be shown in the Trustees' accounts. As at the end of 2020, the capitalised value amounted to £520,115,000 which the Trustees believe is a fair and reasonable assessment of the value of land and buildings vested in them on the basis detailed in their Annual Report and Financial Statements. The Trustees wish to emphasise that this amount does not represent money in the bank nor is it an indication of market value. Appendix 5 contains further information.

(b) Capital and accrued revenue derived principally from the sale of surplus buildings and from the transfer from time to time of monies from congregations' holdings in the Consolidated Stipend Fund. Both capital and revenue are available to congregations to meet a wide variety of fabric-related costs in relation to churches, halls and manses. At the end of 2020, the value of these holdings amounted to £71,496,000.

3.6 Consolidated Stipend Fund

3.6.1 The Fund is largely derived from sale of glebeland since 1925 as well as transfers of surplus capital out of the Consolidated Fabric Fund and the investment of new monies from individual congregations. Virtually all congregations have a holding in the Fund. At the end of 2020 the Fund had a capital value of £100,223,000. With the concurrence of the Faith Nurture Forum, the Trustees have agreed a dividend rate of 11.25p per share for 2021 (15.215p for 2020).

3.6.2 The Trustees have engaged with Faith Nurture Forum who wished to consider how to mitigate the impact on congregations of the significant reduction in distributions from the Fund in 2020 arising from a corresponding reduction in dividend distributions that the Fund received from the Church of Scotland Investors Trust (CoSIT) Growth Fund.

3.6.3 The Fund has hitherto been invested by the Trustees almost wholly in the Growth Fund as this was in line with the Fund investment policy ratified by the General Assembly to the effect that the Fund was to be invested for the very long term with the aim of producing as high an annual income as is consistent with the need to sustain "progressive growth" (identified as at least matching inflation) and sustaining that growth resulting in the need to maintain the capital value of the Fund in real terms. As a result, the Trustees have never sold units in the Growth Fund to top up the level of income as this would have contravened the policy. They do however have the power to do so.

3.6.4 The Trustees have agreed with the Forum that they will exercise their power to sell capital of the Fund to enable distributions from the Fund to revert to pre-Covid-19 levels for at least the next five years. This will be achieved by topping up distributions to that level by selling units in the Growth Fund. This requires a modification to the investment policy. The Trustees therefore invite the Assembly to note that:

3.6.5 The Consolidated Stipend Fund will continue to be invested for the very long term in the CoSIT Growth Fund with the aim of distributing around £3.2m each year from 2021 to 2025 inclusive, comprising dividend income and the sale proceeds of units. The objective will otherwise be to maximise the long-term capital value of the Fund to benefit future levels of income and capital.

3.7 Church of Scotland Insurance Company

3.7.1 The Church of Scotland Insurance Services Ltd is wholly owned by the General Trustees and is authorised and regulated by the Financial Conduct Authority. The Company arranges a comprehensive package of insurance cover appropriate for Church of Scotland congregations and also for congregations of other denominations. For information

regarding the insurance scheme, please visit the Company's website at www.cosic.co.uk.

3.7.2 The Trustees reported last year on the decision by the Company to take advantage of a good claims record and low premium rates across the insurance industry by renewing the congregational insurance scheme a year early on 1 January 2020. Over the last year, the Trustees have been very grateful for this decision as otherwise the scheme renewal would have seen a significant increase in premium rates. It also meant that the challenges of lockdown and home-working for both the Company and its insurance partners were tackled in the context of a stable working relationship.

3.7.3 Unoccupancy due to Covid-19 also impacted on the cover provided under the scheme, reaching a peak at the point when congregations were allowed to begin the process of reopening church buildings for public worship. The Company and the Trustees are grateful to Presbyteries for their assistance in ensuring that the maximum number of congregations benefited from the widest possible cover during this period of rapid change. At the time of writing this report, the vast majority of places of worship are again closed due to government restrictions but with the benefit of additional cover, beyond that provided by the contract wording, delivered by insurers using unconventional solutions. The Company is hopeful that some elements of standard service, including the reinstatement of a manned telephone line, will resume later this year.

3.7.4 The Trustees are pleased to advise that the proposed insurance re-valuation mentioned in last year's report will undergo its first large-scale test later this year when the properties in Lanark Presbytery will be used to help refine the model created by our proposed valuation partners. It is hoped that the output from this will allow us to move forward to a larger test with improved data before finally making the facility more widely available.

3.7.5 During 2020, the Company transferred £1,493,855 under Gift Aid to the Trustees who wish to express their appreciation of the significant financial contribution to the work of the Trustees. One of the Directors of the Company who is a member of the Trustees receives no remuneration for his services.

3.7.6 In accordance with current accounting requirements, the 2019 and 2020 Annual Accounts of the Company have been consolidated with those of the Trustees.

3.8 Services from the Assembly Trustees

3.8.1 Under an arrangement that enables the General Trustees to be part of the whole Church family, the members of staff who work for the General Trustees along with other support services, including legal, financial, IT, HR and media, are all provided by the Assembly Trustees through the employing agency of the Central Services Committee. The cost of the staff working directly for the General Trustees as well as the services provided by the Support Services Departments are re-charged to the General Trustees who meet all their staff costs from their own funds and not from the M&M budget. The 2019 Assembly decided that the Trustees' Chair should also serve as an Assembly Trustee to provide a link between the two sets of trustees. As part of the General Trustees' organisational review, the Trustees are keen to ensure both parties are clear about mutual responsibilities at an operational level and are proposing that these are clarified in a series of Service Level Agreements.

3.8.2 The first Service Level Agreement between the Assembly Trustees and the General Trustees was approved in relation to the Stewardship & Finance Department. During 2020, the Trustees engaged with the Church's General Treasurer who, in terms of the 1921 Act, also serves as the Trustees' Treasurer and is responsible for the provision of financial, accounting and auditing services to enable the Trustees to fulfil their obligations as a registered Scottish

charity. The discussions took place in the context of the Treasurer re-organising the Stewardship & Finance Department.

4. GENERAL MATTERS

4.1 Voluntary Registration of Title

4.1.1 The Trustees have reported since 2015 on their work to support the Scottish Government's stated aim of moving all titles to land in Scotland onto the Land Register by 2024. The Trustees have continued to instruct the Law Department to apply for voluntary registration of title of their properties, prioritising Glebes where the Trustees have identified that there might be development potential. The Trustees have also made applications (for Glebes and other properties) when potential or actual encroachment has been identified or brought to the Trustees' attention. Although Covid-19 had a significant impact on progress due to home working and the closure of the Registers' application record nevertheless the work continued during 2020. In addition to the foregoing, the titles of all new properties acquired are automatically registered in the Land Register.

4.2 The Land Reform (Scotland) Act 2016 (Register of Persons Holding a Controlled Interest in Land) Regulations 2021

4.2.1 The Trustees reported last year on the impact which this Register would have on them and congregations. The aim of the Register is to identify those who have control over partnerships, trusts, unincorporated associations and other entities where these bodies own land or buildings. The Regulations introduce new duties on property owners and those who are "associates" of owners to notify the Keeper of the Register of certain personal details. This will affect congregational office-bearers in particular. The Regulations will come into force on 1 April 2022 and there will be a 12-month transitional period for submission of the relevant information, after which criminal penalties will be imposed for non-compliance. The Trustees intend to provide detailed compliance advice in their 2022 Report to the General Assembly and the Law Department will also be engaging with congregations and Presbyteries on this and ensuring that practical advice and guidance is available via the Church website.

4.3 Determinations under Regulations 5 1995

4.3.1 The Regulations provide a mechanism to re-allocate the capital held by the Trustees for the benefit of congregations in the Consolidated Stipend and Fabric Funds. No re-allocations were made during 2020.

4.4 Determinations made under Act 7 1995

4.4.1 The Trustees report that under the powers delegated to them by the General Assembly by Act 7 1995 (as amended by Act 13 1996), they have made 43 Determinations as set out in Appendix 6.

In the name of the General Trustees

RAYMOND K YOUNG, *Chair*
IAN T TOWNSEND, *Vice-Chair*
BARRI S MILLAR, *Chief Executive & Clerk*

Addendum

Raymond K Young was appointed Chair of the General Trustees at the 2017 Assembly having served on the Board since 2010. After qualifying as an Architect in 1970, Raymond's interests led him to look at the role of housing in social regeneration initially involving rehabilitation of Glasgow tenement stock and then the development of the Housing Association movement in Scotland first with the Housing Corporation and latterly with Scottish Homes, retiring as Director of Research & Innovation in 1997. He then became a well-respected Regeneration and Housing Consultant with clients including the Joseph Rowntree Foundation, various universities and the Scottish Executive. Raymond's wider interests included serving as a non-executive director of Historic Scotland and as Convener of the Iona Community Council.

Alongside this experience, Raymond brought to his work with the Trustees a deep faith as well as tremendous energy and enthusiasm in leading and encouraging his colleagues and staff to develop new ways of meeting new challenges facing the Church in a period of change.

The Trustees and Staff wish Raymond every blessing as he finds more time to spend with his wife, Jean, his grandchildren and various hobbies.

In the name of the General Trustees

IAN T TOWNSEND, *Vice-Chair*
BARRI S MILLAR, *Chief Executive & Clerk*

Appendix 1**Part 1**

Legislative Reform – UK Parliamentary Legislation			
Act	Section	Relevant Wording and Comment	Recommendations
1. Church of Scotland (General Trustees) Order Confirmation Act 1921	5	Each of the members of the Corporation shall be either a Minister or an Elder of the Church...	Remove the qualification and replace it with a requirement for each member of the Corporation to be a member of the Church of Scotland with consequent amendment to cessation of membership. <i>Consultation: Solicitor</i>
2. Church of Scotland (Property and Endowments) Act 1925	37	In addition to any powers which they already enjoy, the Trustees shall have power to <i>hold, maintain, administer,</i> and dispose of any property ... transferred to, or received by, or vested in them... subject to...the directions of the General Assembly	No change but Trustees to seek GA approval to a "direction" providing a modern interpretation of the words in bold italics to include <i>in extremis</i> power to close any congregational building owned by the Trustees on health and safety grounds. Consider extending the power in respect of congregational buildings not vested in the trustees. <i>Consultation: Solicitor, Procurator, Legal Questions Committee and Principal Clerk, Presbytery Clerks</i>
	38	Appointment of Chairman and Vice-Chairman...	Delete references to "man" throughout

Part 2

Legislative Reform – General Assembly Acts			
Act	Section	Relevant Wording and Comment	Recommendations
1. Act 26 1933 – Proceeds of Sale	1	<u>enjoining</u> (instructing) Presbyteries upon dissolution or union to (1) raise with the affected congregations the importance of applying sale proceeds of surplus buildings towards church extension purposes in neighbouring districts, or for the provision of church hall accommodation for neighbouring congregations which are not fully equipped; (2) remind congregations of the liberality of former members of the church, and upon disposal of surplus buildings, to keep in view the general needs of the church, and to consider whether to support plans for church extension or for the provision of manse or hall accommodation which have been approved of by the Presbytery.	Consider repeal as it is a product of its time but await clarity on new legislation on Presbytery resourcing and financing. <i>Consultation: Principal Clerk</i>

2.	Act 7 1995 (as amended) - General Trustees (Delegated Powers)	1	The Assembly delegates to the General Trustees its powers under the 1925, 1933, 1978 and 1995 Acts including determining the sale of land and buildings owned by the Trustees or with an Assembly control clause in the titles or conferred by legislation.	No amendment as such but re-write of the Section to make it comprehensible and also a general up-date to reflect feudal reform legislation. <i>Consultation: Solicitor and Principal Clerk</i>
		2 (1)	With regard to buildings, the Trustees' determinations can only proceed following an application from the Congregational Board and/or Kirk Session stating reasons for disposal and including approvals from the Board and/or Session <i>(and from the congregation in respect of a church or hall)</i> and the Presbytery.	Amend to remove requirement for a congregational vote in respect of the sale of churches and halls. <i>Consultation: Solicitor, Legal Questions Committee and Principal Clerk</i>
		3	The Trustees have discretionary power to modify the terms of determinations where in their opinion special circumstances apply. The section is little used as it relates to the occasional amendment of the purposes of Individual Funds.	Retain but amend to require the Trustees to consult with the Presbytery in all cases. <i>Consultation: Principal Clerk and Presbytery Clerks</i>
		4 (a)	The Trustees have delegated power to determine a sale or other disposal (a) with regard to Glebe land subject only to their consulting with the minister of the Parish and the Presbytery;	Retain <u>consultation</u> but amend to include "Financial Board and/or Kirk Session" along with Minister to reflect the long-standing practice of the Glebes Committee <i>Consultation: Principal Clerk</i>
3.	Act 12 2007 - Care of Ecclesiastical Properties	1 to 12	It sets out detailed provisions regarding three elements of the regime for the care of churches, halls and manses and other functional buildings used by congregations within the UK (except New Charges) - the annual Property Register, the Manse Condition Schedule and the 5-yearly Property Inspection Report based on an external "Professional Reporter".	The Fabric Committee to set up an executive-led review of the Act and bring proposals for amendment or replacement to GA 2022. See specific suggestions below:
		3 (c)	Manse Condition Schedule with required information	Consider inserting a requirement to submit annually to Presbytery Property Committee, The Regulations 7 2007 anent Manses (see Part 3 below) will require consequential amendment.
		5 (b)	Requires Financial Boards to undertake a 10-year cycle of revaluation of buildings for insurance purposes.	Delete as responsibility for re-valuation should rest with The Trustees following 2013 Assembly instruction that all congregations must place insurance covers through CoSIS <i>Consultation: Principal Clerk and Presbytery Clerks</i>

	9 and 10	Sets out the process for 5-yearly professional inspection reports and Interim non-professional reports by Presbytery Property Committees	While still relevant for most Presbyteries, the introduction of Presbytery Buildings Officers will need to be reflected in amended legislation. Introduction of new Buildings Assessment System requires to be reflected in the legislation Amend to require Presbyteries to instruct Congregations to undertake urgent and essential repairs. <i>Consultation: Principal Clerk and Presbytery Clerks</i>
	11	Requires each Presbytery to prepare and transmit to the Trustees by 31.12 annually a report on its diligence in carrying out the provisions of this Act; and requires the Trustees to report to the following Assembly.	Consider sanction in the event of non-compliance. <i>Consultation: Principal Clerk and Presbytery Clerks</i>
4. Act 7 2003 Appraisal and Adjustment/ Draft Presbytery Mission Plan Act 2021		The proposed replacement of the 2003 Act by a new Presbytery Mission Plan Act is broadly welcomed by the Trustees as it should complement the Presbytery Planning Toolkit for Land & Buildings. The Trustees have concerns over (1) the timescale for and the resourcing required for a new buildings assessment system which regard as critical to the successful integration of the mission and buildings elements of Presbytery Planning; and (2) details of some elements of the draft legislation.	The Trustees should broadly support the introduction of the new Act and will continue to engage with the Legal Scrutiny group to ensure that their concerns are properly addressed.

Part 3

Legislative Reform – General Assembly Regulations			
	Section	Relevant Wording and Comment	Recommendations
Glebes Regulations 1 1972	7	Before selling or leasing glebeland, the Trustees shall consult with the Minister, or if a vacant charge with the Financial Board of the congregation and (except in the case of seasonal grazing or other lets of less than 5 years’ duration) with the Presbytery. See also section 4(a) Act 7 1995	Amend by substituting “and” for “or, if the Charge is vacant” so as to require consultation in all sale cases to reflect the long-standing practice of the Glebes Committee. <i>Consultation: Principal Clerk and Presbytery Clerks</i>
Central Fabric Fund 7 1979		The Regulations set out the procedural requirements for applications by congregations for financial assistance from the Central Fabric Fund.	Last amended in 2003, the Fabric Committee should set up an executive-led review of amendments to reflect (a) the recent adoption of new policies and protocols in dealing with applications as referred to in the October 2020 Assembly Report; (b) the introduction of the Presbytery Planning Toolkit for Land & Buildings; and (c) the requirement under the draft Presbytery Mission Plan Act 2021 for Presbyteries to prepare new Mission Plans <i>Consultation: Principal Clerk, Presbytery Clerks and Faith Nurture Forum</i>

<p>Application of Stipend & Fabric Endowments 5 1995 + Guidelines</p>		<p>The Regulations flow from Act 7 1995 and set out the protocols to be followed in cases where there is scope to re-allocate surplus monies between the Consolidated Fabric and Stipend Funds.</p> <p>Transfers out of the Stipend Fund require the concurrence of Faith Nurture Forum and the Regulations also enable the Trustees to continue to create Individual Funds and alter existing Fund arrangements. It is proposed this should continue.</p>	<p>The Regulations and associated Guidelines should be generally up-dated. Also consider incorporating updated Guidelines as part of the Regulations thus avoiding the need for a separate link.</p> <p>Re-allocations between the Funds are uncommon and are essentially a one-off process usually triggered by the sale of buildings or glebeland for substantial sums. Consideration should be given to enabling reverse transfers albeit this will be restricted by the practicalities - eg if Stipend monies have been transferred to the Consolidated Fabric Fund to meet the cost of a building project then the scope for re-allocating the monies back to Stipend are limited.</p> <p><i>Particular consultation with Presbytery Clerks to identify barriers to re-allocation</i></p>
	<p>(B) 4. and (B) 5.</p>	<p>These refer to a formula agreed between the Trustees and Faith Nurture Forum to determine whether a capital holding in the Stipend Fund is in surplus: a holding is in surplus if it generates endowment income equivalent to one-half of a congregation's annual contribution to a Year 5 parish ministry stipend and associated costs. The Forum has already queried if this is still appropriate.</p>	<p>Amend to remove the Requirement for the Trustees to consult with Faith Nurture Forum on post-dissolution building sales.</p> <p><i>Consultation: Principal Clerk, Presbytery Clerks and Faith Nurture Forum</i></p>
	<p>(C) 6.</p>	<p>One specific issue is the requirement that the net proceeds arising from the sale of the buildings of dissolved congregations to be credited to the Central Fabric Fund <u>unless the Trustees and Faith Nurture Forum agree some other arrangement.</u></p> <p>As referred to in the Trustees' Report to the 2021 Assembly, there are likely to be several substantial post-dissolution buildings with significant architectural, historic, religious and civic elements which will be held as capital assets in a new, designated Historic Property Fund along with the moveable cash assets. The cash assets will enable the Trustees to look after these buildings during what is likely to be a significant timescale pending eventual disposal. In the first of these cases, Faith Nurture Forum has readily agreed to the Trustees' request that the monies be credited to the Historic Property Fund. Nevertheless, it suggested that the consultation requirement be deleted as the Forum has no specific locus with disposal of buildings under any other legislation.</p>	

Consolidated Fabric Fund 7 1995 (as amended) + Guidelines		The Regulations set out technical arrangements for the creation and financial administration of the Fund.	No change is proposed for the Regulations but the Guidelines require to be up-dated to incorporate the amendments agreed by the October 2020 Assembly (see Appendix 6 of the Assembly Report). The Guidelines then need to be generally reviewed and up-dated where required with proposals being brought to the Assembly of 2022. <i>Consultation: Stewardship & Finance, Principal Clerk</i>
Proceeds of Sale of Heritable Properties 2 1996		The principal thrust is to ensure that outstanding M&M contributions are the first charge upon the sale proceeds of surplus buildings: (a) upon dissolution; and (b) where the sale is in implement of a union or linking - ie the Basis of Adjustment specifies the disposal of the building. b (i) see recommendation b(ii) is an attempt to ensure that where net sale proceeds arise post-union or linking from the sale of locally-owned buildings with no Assembly Control clause in the title, the Presbytery and the congregation collaborate on determining a distribution which best suits the congregation's circumstances.	The Regulations require amendment in (b) (i) to delete the erroneous reference to the <u>Central</u> Fabric Fund and to replace it with <u>Consolidated</u> Fabric Fund. In terms of Regulations 5 1995 + Guidelines, sale proceeds of buildings owned by the Trustees or under Assembly control (outwith dissolution) are credited to the Consolidated Fabric Fund. As part of the foregoing review, the Trustees should consider if the wording of (b) (ii) requires to be updated. <i>Consultation: Solicitor, Principal Clerk</i>
Work At Ecclesiastical Buildings (as amended) 1 1998		One of the most significant Regulations in support of the Trustees' operations but last amended in 2000 and now in need of substantial review. The main issues are: • general up-date • overly complicated especially in relation to operation of the Financial Review • interaction with the proposed Presbytery Mission Plan Act 2021 • interaction with Presbytery Planning Toolkit	The Trustees to set up an executive-led review of the Regulations with a view to reporting to the 2022 Assembly. <i>Consultation: Presbytery Clerks/Property Committee Conveners, Principal Clerk, Faith Nurture Forum</i>
Further Endowment for Stipend 3 2001		Sets limits on investment in Further Endowment for stipend. This is not the Trustees' legislation but clarity required on whether the investment limits affect the Trustees' administration of the Consolidated Stipend Fund.	Trustees to seek discussion with Stewardship & Finance Department.
Consolidated Stipend Fund 4 2001		Sets out the protocols and procedures for the internal administration of the Fund.	General up-dating required following discussion with Stewardship & Finance Department.

Manses 7 2007		Introduced at the same Assembly as Act 12 2007, the Regulations attempt to set out basic criteria and best practice for manse standards. Although manses occupied by Parish Ministers are not subject to private residential tenancy legislation, the Tolerable Standard for residential accommodation is relevant.	The Board should set up an executive-led review to ensure that the Regulations reflect current standards and best practice.
Application of a Levy (as amended) 8 2008		The Regulations were amended by the Assembly of October 2020 and no further change is proposed.	No change
Manse Adjudication Committee 3 2013		The Regulations codified practice first approved by GA 2006 on light of experience. Technically introduced by the then Ministries Council, the Faith Nurture Forum has drafted proposed amendments with a view to simplifying the administration of the Committee.	Secretary to respond to FNF with concerns over aspects of draft amendments. <i>Action: DDR</i>

Appendix 2

Dr J Kenneth Macaldowie (2005 – 2021)

A Chartered Accountant with a strong commercial audit background and an expert witness in audit matters, Ken became the first Convener of the Trustees' Audit Committee and was instrumental in developing the Trustees' understanding of good governance. He also served as the Trustees' representative on the Church's Main Audit Committee. He played a full part in the work of the Chairman's and Business Committees and the Board. He retires under the age rule at this Assembly.

Rev Janet S Mathieson (2014-2021)

Jan's wide experience of parish ministry, of service on different Presbyteries and a spell on the Assembly Arrangements Committee including the convenership coupled with her ability to cut to the heart of an issue enabled her to play an active part in the work of the Trustees' Board. She also represented the Trustees on the Scottish Churches Committee. Her resignation has been prompted by growing pressure of her Presbytery commitments on her time and energies.

Mr William Gill (2018-2020)

A well-known farmer at Carnbreck, Rosskeen, Invergordon, Willie was co-opted as an Advisory Member of the Trustees' Glebes Committee. He served as Director of the Royal Highland Agricultural Society of Scotland being elected Chairman in 2014, a two-year post, before acting as Honorary Secretary. A Deacon and a keen sportsman, he resigned as an Advisory Member with effect from 18 December 2020.

Mr Roger S Trueman (2016-2021)

Broad professional experience as an architect and planning consultant including projects for Housing Associations followed by various posts with Trust (formerly Kirk Care) Housing Association culminating in Chief Executive Officer enabled Roger to contribute hugely to the Trustees' Fabric Committee. He was an effective member of Trustee deputations combining a non-nonsense approach with encouragement of good ideas. Roger retires under the age rule at this Assembly.

Appendix 3

CENTRAL FABRIC FUND

Comparative figures for loans and grants voted over the past three years:

	2020 £	2019 £	2018 £
Interest-bearing Loans	1,391,386	697,150	1,576,453
Interest-free Loans	218,000	1,271,210	2,031,500
	1,609,386	1,968,360	3,607,953
Standard Grants	589,101	835,680	574,492
Priority Grants	215,075	723,596	986,496
	804,176	1,559,276	1,560,988

Appendix 4**SYNOPSIS OF CENTRAL FABRIC FUND GRANTS AND LOANS VOTED IN 2020**

	Churches/Halls		Manse		Total	
	Number	Amount £	Number	Amount £	Number	Amount £
Grants: Standard	32	274,839	12	314,262	44	589,101
Grants: Priority	16	180,075	2	35,000	18	215,075
Loans: 5%	11	554,836	4	837,000	6	343,000
Loans: 3%	-	-	-	-	-	-
Interest free	1	38,000	1	180,000	2	218,000

Appendix 5**VALUE OF HERITABLE ASSETS VESTED IN THE GENERAL TRUSTEES**

	Unit	2020 £		2019 £	
		Quantity	Value £	Quantity	Value £
Glebeland	Acres	12,382	34,848,833	12,407	37,004,844
Land Other	Item	1	285,000	1	285,000
Churches including integral halls	Properties	1,301	196,096,046	1,314	200,056,060
Halls	Properties	195	19,897,537	195	20,098,524
Manse	Properties	791	268,987,488	805	265,424,361
TOTAL			520,114,904		522,868,789

Appendix 6**DETERMINATIONS MADE UNDER ACT VII 1995****General Sales:**

In the following cases, the General Trustees made determinations authorising the sale or let of the property concerned and directed that the proceeds should be credited for the benefit of the congregations in the Consolidated Fabric Fund:

Aberdalgie & Forteviot with Aberuthven & Dunning – Retirement House; Airdrie: New Wellwynd – Manse; Applecross, Lochcarron & Torridon – Church at Shieldaig; Ardler, Kettins & Meigle – Retirement House; Ardnamurchan – Kilchoan Church; Barry – West Church Hall; Coatbridge: New St Andrew's – Retirement House; Cross Ness – Mission Station; Edinburgh: Bristo Memorial Craigmillar – Manse; Edinburgh: Leith North – Manse; Firth – Manse; Leven – Manse; Fraserburgh South – Manse; Howe of Fife – Church at Collessie; Howe of Fife – Church at Kirkton of Cults; Glasgow: St James' (Pollok) – Manse; Kelso Country Churches – Roxburgh Church; Kelso Country Churches – Smailholm Church; Kirkconnel – St Mark's Hall; Kirkcaldy: St Bryce's Kirk – Manse; Lomond – Jamestown Church; North West Lochaber – Isle of Eigg Church; Paisley Abbey – Manse; Paisley: St Columba Foxbar – Manse; Port Glasgow: New – St Martin's Church and Hall; Portsoy – Church and Hall; Shetland Churches – Church at Fair Isle; Shetland Churches – Sandsting & Aisting – Church at Sand; Shetland Churches – Sandwick, Cunningsburgh & Quarff – Church at Quarff; Shetland Churches – Sandwick, Cunningsburgh & Quarff – Manse; Shetland Churches – Sullom Church; Shetland Churches – St Magnus Church; Shetland Churches – St Ninian's Church; Shetland Churches – Weisdale Church; Shetland Churches – West Church, Fetlar; Tayport – Manse; Thurso: St Peter's & St Andrew's – Manse; Tundergarth – Tundergarth Church

Glebe Sales:

In the following parishes, the General Trustees made determinations authorising the sale of Glebe subjects and directed that the proceeds should be credited to the benefit of the congregations in the Consolidated Stipend Fund:

Barra; Blackmount; Dores & Boleskine; Noth; Penpont, Keir & Tyron

Miscellaneous Sales:

The General Trustees made the following miscellaneous determinations:

Lochwinnoch sale of manse and proceeds credited to the Central Fabric Fund; St Fergus – sale of land adjacent to church and proceeds credited to the Central Fabric Fund