

TRUSTEES OF THE CHURCH OF SCOTLAND HOUSING AND LOAN FUND FOR RETIRED MINISTERS AND WIDOWS AND WIDOWERS OF MINISTERS MAY 2024

Proposed Deliverance

The General Assembly:

1. Receive the Report.
2. Note the new Constitution of the Fund as set out in Appendix 5 (*Section 8 and Appendix 5*).
3. Appoint Alison Fyfe as a Trustee of the Fund.

1. AIM OF THE FUND

1.1 The Fund exists to support retired Church of Scotland ministers, and widows, widowers, separated or divorced spouses and separated or former civil partners of Church of Scotland ministers, in need of help with housing. The assistance available depends on an individual's circumstances and finances. Details of the help available, and the parameters set, and regularly reviewed, by the Trustees are available in the Guidance Notes on the Church of Scotland website or from the Secretary at the Church offices. The Secretary may also be contacted by potential applicants to discuss their particular situation, and the assistance which the Trustees may be able to provide to them.

1.2 Help from the Fund takes one of two forms. A beneficiary of the Fund is provided with either a house to rent or a loan to assist with a house purchase. The maximum house purchase price, set in December 2023 is £260,000. Rents are charged at concessionary rates and loans are provided on favourable terms. Loans are granted up to 70 per cent of a house purchase price, subject to an overriding normal maximum since January 2024 of £182,000 for Shared Appreciation Loans and £50,000 for Standard Loans.

2. HOUSING TRANSACTIONS: 2023

2.1 Assistance provided during 2023 to ministers, widows and widowers, and separated and divorced spouses, is detailed in Appendix 1. The property market settled down compared to recent years but is still competitive for popular properties. Against a backdrop of changing economic circumstances and fluctuating interest rates, surveyors are not prepared to predict how the market will perform in the coming months.

2.2 The Trustees owned 188 houses at the end of 2023. 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 purchased, and the average price of the houses which were sold. At the end of 2023, 8 houses were being marketed or prepared for sale.

3. RENTS AND RENTAL REVIEWS

3.1 At the start of a tenancy the Fund obtains a professional assessment of the Market Rent. Rents are charged at 50% of the Market Rent for Ministers, separated or divorced spouses and separated or former civil partners of ministers, and at 25% for widows, widowers and bereaved civil partners of ministers.

3.2 The Trustees carefully considered the level of annual rent increase. In light of the good financial position of the Fund, the Trustees decided that rents should not be increased in 2024.

3.3 Rental income has been sufficient to cover maintenance and repairs. Routine visits to rental properties are being carried out and reported maintenance work dealt with as expeditiously as possible.

4. LOAN TRANSACTIONS: 2023

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

4.2 Standard Loans in 2023 were available up to a normal maximum limit of £25,000 at a rate of interest of two per cent for ministers and separated or divorced spouses and separated or former civil partners of ministers and one per cent for surviving widows, widowers or bereaved civil partners 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, were granted up to the maximum limit of £175,000. Currently rates of interest for such loans are one and a half per cent for ministers and separated or divorced spouses and separated or former civil partners of ministers and three quarters of a per cent for widows, widowers or bereaved civil partners of ministers. Borrowers with Shared Appreciation Loans receive quinquennial visits from the Secretary and, in 2023, 18 visits were carried out.

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 preparation of this Report this was two and a quarter per cent.

4.5 Details of each of the three types of loan outstanding as at 31st December 2023 are given in Appendix 3.

5. DONATIONS, BEQUESTS ETC.

5.1 The Trustees are gratified to report that, during 2023, donations, bequests and gifts to the Fund, including the bequest of a property, amounted to £354,000

6. FUNDS

6.1 The expenditure on house purchases less the amount realised from sales of houses during 2023 was £743,108. The net increase in long-term loans during 2023 was £41,500.

6.2 Investments at market value, and cash deposits, at 31st December 2023 amounted to £28,041,795.

6.3 On the question of Congregational Contributions which have been suspended in each of the years from 2018 to date, the Fund's Report to the General Assembly of 2020 stated:

"the Trustees of the Fund are in agreement that the Fund should not seek the reinstatement of Congregational Contributions at this Review point. It is proposed that this be reviewed again during the first quarter of 2024. "

Accordingly, this matter has been reviewed by the Trustees. There is neither a current intention to ask for reinstatement of Congregational Contributions at this point nor any expectation that this will be sought in the future, but the Trustees reserve their position on this matter.

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 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 or partners may experience in respect of housing as they contemplate their future after retirement. The Secretary dealt with 53 enquiries about assistance in 2023, with 17 new and 13 updated applications approved. Details of commitments for the next five years, and approved at 31st December 2023, can be found at Appendix 4. The number of ministers planning to retire with assistance from the Fund within a five to ten-year period from 31st December 2023 and the number on the Preliminary Applications List for assistance can also be found at Appendix 4.

7.1.1 The Fund can be of assistance beyond the point of retiral. Already-retired Church of Scotland ministers, their widows, widowers, bereaved civil partners, separated or divorced spouses and separated or former civil partners who find that their circumstances have changed and who would now like to be considered for assistance from the Fund are welcome to speak to the Secretary at any point. This can include those already in receipt of assistance from the Fund.

7.2 In December 2023 the Trustees carefully considered the parameters for granting assistance with housing to rent, and assistance by way of housing loans, taking into account the current housing market, the numbers of ministers due to retire, the Fund's obligations towards the Church and the proper and appropriate stewardship of its resources. The Trustees agreed that the house purchase price limits for 2024 be increased so that the maximum price for a house to rent increased by £10,000 to £260,000 and the maximum price, or value, of a house in respect of which a loan would be given increased to £260,000. The Trustees are 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.

8. REVIEW

8.1 It has been apparent to the Trustees since 2020 that the assets of the Fund are more than is required to meet the Fund's anticipated obligations. Since then the Trustees have been working with the Assembly Trustees and others to find a way forward that would allow surplus assets to be used by the Fund for other charitable purposes within the Church. In terms of the Fund's current Constitution, which came into effect in 2016, there is no clear route for the Fund's Trustees to use, or divest themselves of, surplus assets. It does, however, allow the Fund's Trustees to "propose a variation of the Constitution to the Charity Trustees for the purpose of varying or modifying the Charitable Purpose, powers and/or other provisions" of the Constitution.

8.2 A new Constitution has been prepared and was agreed by the Fund's Trustees on 28th February 2024. As required by the 2016 Constitution, the new Constitution was presented to the Assembly Trustees, as the Church's Charity Trustees, and approved by them on 14th March 2024. It now needs to be reported to the General Assembly, and is attached to this Report as Appendix 5.

8.3 The most significant change is found at Clause 11.2. This permits the Fund's Trustees, in their sole discretion, to make a donation to the Church for the furtherance of its charitable purposes, but only when there is a genuine surplus and the sum to be donated is not required for housing and loan matters and could be applied to better effect for the charitable purposes of the Church.

8.4 Other changes made by the Constitution worth drawing to the Assembly's attention are:

Clause 1.1 - The shortening of the name of the Fund to "The Church of Scotland Housing and Loan Fund";

Clause 11.1.4 - The increase in the support available to beneficiaries of the Fund by allowing their removal costs to be paid;

Clauses 4 and 13 - The tidying up of matters of administration regarding Trusteeship and eligibility.

8.5 Taking into account (i) the Fund's outstanding commitments over the next 5 years, (ii) a sum expected to be needed for ministers already working over retirement age and possible increased demand as a result of Presbytery Mission Plan implementation, (iii) the Fund's projected costs on Energy Performance and Net Zero requirements for the portfolio of rental properties and (iv) a year's running and administration costs, the Fund's Trustees have identified that £9 million is surplus to the Fund's requirements. That is the amount which it is intended will be transferred to the Assembly Trustees at this time.

8.6 The new Constitution enables further donations to be made in the event of surpluses being identified in future. By way of example, the Fund's Trustees have considered giving those in Training for the Full Time Ministry of Word and Sacrament help with their housing costs, meeting the removals costs of retiring ministers, and making donations to the Church of Scotland Ministry Benevolent Fund.

9. DILIGENCE

9.1 The Trustees confirm that the Staff have monitored their stock of rental housing and housing over which loans have been secured, and have continued to support their tenants and borrowers. It can still prove challenging at times to find reliable trades people and contractors to carry out maintenance and repair work within desired timescales.

9.2 Any empty property held by the Fund presents challenges, as the Fund follows good practice by ensuring that they are all checked regularly and heated during cold weather, a practice underlined by the Insurers' requirement for such precautions. Garden upkeep and payment of Council Tax add significantly to the costs of maintenance for such properties. Efforts are made to try and re-let suitable properties but this is often not practicable. Commercial rental of such properties is only undertaken rarely, where the prospect of a sale is, for market reasons, highly unlikely. Empty properties are offered to potential tenants in the first instance and if not suitable are marketed for sale as soon as possible.

9.3 The Trustees endeavour to maintain the properties owned by the Fund at a high standard and to comply with all legal requirements.

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.

10.2 The Property Assistant's increased hours have proved a great benefit in allowing administration and maintenance issues to be dealt with promptly.

10.3 The Project Manager took up his role in February 2023 and has since gained a good knowledge of how the Fund operates and has spent time developing a strategy for taking forward the work to fulfil the Fund's obligations in terms of expected Energy Performance Certificate Regulations and to assist with the Church's Net Zero aims.

11. MEMBERSHIP

11.1 The Trustees would be pleased if the General Assembly would agree to the appointment of Alison Fyfe, an Elder at Monifieth South Angus Church, as a Trustee of the Fund.

11.2 Mr Harry D W Findlay comes to the end of his second term as a Trustee. The Fund has appreciated his faithful attendance, pertinent contributions to discussions and dedication and attention to Fund matters, and are grateful too for the time he has committed to Fund business.

11.3 The Trustees and Secretary would be delighted to speak to anyone interested in becoming a future Trustee of the Fund.

In the name of the Trustees

DOROTHY U ANDERSON, *Chair*
BRUCE H SINCLAIR, *Deputy Chair*
HAZEL BETT, *Secretary*

Appendix 1

Assistance provided	2023	2022	2021
Number of Ministers retiring *	48	38	40
Percentage assisted with a house to rent	17%	3%	15%
Percentage assisted with a house purchase loan	6%	8%	8%
Total percentage assisted	23%	11%	23%
Instances of assistance provided*	2023	2022	2021
Retiring Ministers	14	4	9
Ministers already retired	2	1	3
Widow(er)s & Civil Partners	1	0	1
Spouses	0	3	0
Total	17	8	13

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

<i>Tenants as at 31st December</i>	2023	2022	2021
Ministers	115	111	123
Widow(er)s & Civil Partners	51	54	51
Spouses	12	11	9
Commercial rental	2	2	2
Vacant	8	7	4
<i>Borrowers as at 31st December</i>	2023	2022	2021
Ministers**	62	65	65
Widow(er)s & Civil Partners	36	34	34
Spouses	0	0	0

**2Ministers have dual loans

Appendix 2

Rental Housing			
	2023	2022	2021
Total number of houses owned at 1st January	185	189	197
Houses purchased during year	12	4	8
Total cost of purchases	£2,703,418	£704,521	£1,336,621
Average house price	£225,285	£176,130	£167,078
Houses sold during year	9	8	16
Total amount realised	£1,960,310	£1,598,609	£2,739,438
Average proceeds	£217,812	£199,826	£171,215
Houses bequeathed/gifted during year	1	1	1
Houses relet during year	1	0	0
Total number of houses owned at 31st December	188	185	189
Average market rent of property purchased during year	£10,520	£8,700	£8,250
Average rent of new tenancies - Ministers/Spouses	£5,260	£4,350	£4,125
Average rent of new tenancies - Widow(er)s	£2,630	£2,175	£2,063

Appendix 3

Housing Loans			
	2023	2022	2021
<i>Long term loans outstanding at 1st January</i>	101	101	110
Value of loans outstanding	£6,191,250	£6,000,250	£6,241,750
New loans granted during year	2	3	4
Additional loans granted during year	0	0	1
Value of loans granted	£195,000	£302,000	£377,000
Loans fully repaid during year	3	3	13
Loans partially repaid during year	0	2	1
Value of loans repaid	£153,500	£111,000	£618,500
Long term loans outstanding at 31st December	100	101	101
Value of long term loans outstanding	£6,232,750	£6,191,250	£6,000,250
<i>Short term Bridging Loans outstanding at 1st January</i>	0	0	0
Value of Bridging Loans outstanding	£0	£0	£0
Bridging loans granted during year	3	2	0
Value of Bridging Loans granted	£175,280	£117,000	£0
Bridging loans repaid during year	3	2	0
Value of Bridging Loans repaid	£175,280	£117,000	£0
Short term Bridging Loans outstanding at 31st December	0	0	0
Value of Bridging Loans outstanding at 31st December	£0	£0	£0

Appendix 4

Outstanding Commitments at year end	2023	2022	2021
For next 5 years			
Houses to rent	15	20	21
Housing Loans	5	7	5
Value of outstanding commitments	£4,581,150	£5,485,030	£5,183,000
Preliminary Applications	2023	2022	2021
For those retiring between 5 - 10 years	2	4	4

Appendix 5

**CONSTITUTION OF
THE CHURCH OF SCOTLAND HOUSING AND LOAN FUND**

(a component element of The Church of Scotland, Scottish Charity Number SC011353)

MAY 2024 (as approved by the Fund's Trustees, and approved by the Charity Trustees, and reported to the General Assembly, all under clause 15)

1. NAME AND CHARITABLE PURPOSES

1.1 The Church of Scotland Housing and Loan Fund (formerly The Church of Scotland Housing and Loan Fund for Retired Ministers and Widows and Widowers of Ministers, the change of name to come into effect at the same time as this Constitution) ("**the Fund**") was established by the General Assembly of the Church of Scotland ("**the General Assembly**") in 1969 to further the charitable purposes of the Church of Scotland, Scottish Charity number SC011353, ("**the Church**"), including:

1.1.1 the provision on behalf of the Church of housing accommodation and other related assistance:

- a. on retirement, or thereafter, for those individuals holding the status of Minister of the Church who are eligible for enrolment in, or who are in receipt of benefit from, the Church of Scotland Pension Scheme for Ministers and Overseas Missionaries and/or the Church of Scotland Pension Plan, or any successor plan thereto (whether or not such enrolment has taken place); or who, having such status, serve, or have served the Church as Ministers of charges in Presbyteries furth of the United Kingdom; and
- b. for those in receipt of benefits from the Church's Income Protection arrangements for Ministers or any successor arrangements thereto; and
- c. for Widows, Widowers, Separated or Divorced Spouses and Separated or Former Civil Partners of Ministers of the Church (where "Former Civil Partner" includes those whose civil partnership has ended through death or the dissolution of the partnership);

("**the Beneficiaries**", and each a "**Beneficiary**", and all subject to the qualifications set out in Clause 13).

2. THE TRUST FUNDS

The capital of the Fund (which is not in the form of an endowment) consisted initially in 1969 or shortly thereafter of (a) a sum of £25,000 provided by the Church's former Committee on the Maintenance of the Ministry, (b) a sum of around £40,000 provided by the Church's former Committee on the Aged and Infirm Ministers' Fund and (c) a sum of £25,000 provided by The Baird Trust charity number SC016549, then acting under The Baird Trust Orders of 1939 and 1957, as confirmed by The Baird Trust Order Confirmation Acts 1939 and 1957 and now incorporated as a company limited by guarantee under the Companies Acts, company number SC235853, conform to the Baird Trust Reorganisation Act 2005 ("**The Baird Trust**"). Such initial provisions, together with all past, current and future receipts by the Fund in respect of Congregational contributions paid through the Church's Ministries Council, donations, legacies, rents, interests, all heritable properties, and the proceeds thereof, loans or other assets of whatever description are hereinafter referred to as "**the trust funds**".

3. CHARITY TRUSTEES

3.1 The Assembly Trustees (or any successor body), being the Charity Trustees of the Church, designated a "**designated religious charity**" under Section 65 of the Charities and Trustee Investment (Scotland) Act 2005 (as may be amended or re-enacted from time to time) (the "**Charities Act**"), of which the Fund is a component element, are therefore the Charity Trustees of the Fund under the Charities Act (the "**Charity Trustees**"), and accordingly are entitled to act in a supervisory and disciplinary role in a delegated capacity on behalf of the General Assembly.

3.2 For administrative convenience, the heritable assets of the Fund are vested in the Church of Scotland General Trustees as bare Trustees and are held by them for behoof, and at the direction, of the Fund's Trustees appointed in terms of Clause 4 (the "**Fund's Trustees**").

4. THE FUND'S TRUSTEES

4.1 Decisions as to the general strategy, policy, management, administration, investment and the application and disbursement of the trust funds are taken exclusively by the Fund's Trustees. The trust funds shall be vested in the Fund's Trustees, subject to the terms of Clause 3.2.

4.2 The Fund's Trustees shall be a minimum of five in number and a maximum of eleven in number, being:

- 4.2.1** Up to three Ministers of the Church and one member of the Church appointed by the General Assembly on the nomination of the Church's Faith Action Programme Leadership Team (or any successor body as established by the General Assembly);

- 4.2.2 Up to four persons (either Ministers or members of the Church) appointed by the General Assembly on the nomination of the Fund's Trustees;
- 4.2.3 Up to three individuals appointed by The Baird Trust.
- 4.3 The following provisions shall apply with regard to the length of time a Fund's Trustee may serve as such:
 - 4.3.1 With regard to those Fund's Trustees appointed in terms of Clause 4.2.1 or 4.2.2, each will serve for a term of four years, which may be renewable to allow a second four-year term.
 - 4.3.2 With regard to those Fund's Trustees appointed in terms of Clause 4.2.3, none will have any limit on his or her term of office, which is at the behest of the Trustees of The Baird Trust.
 - 4.3.3 Any of the Fund's Trustees appointed in terms of Clause 4.2.1 and 4.2.2 who have served two four-year terms may not serve as a Fund's Trustee again without at least one year out of office, and then only for one further four-year term.
 - 4.3.4 Any Fund's Trustee appointed in terms of Clause 4.2.1 and 4.2.2 may serve for up to a further two four-year terms as a Fund's Trustee (beyond those terms permitted in clauses 4.3.1 and/or 4.3.3) if elected also, in terms of Clause 5, as Chair or Deputy Chair. However, on demitting office as Chair or Deputy Chair, where the first two four-year terms as a Fund's Trustee have expired, such Fund's Trustee shall retire not only as Chair or Deputy Chair but also as a Fund's Trustee at the same time.
- 4.4 In any of the following circumstances a Fund's Trustee may no longer serve as such and will cease to be a Fund's Trustee:
 - 4.4.1 if by notice in writing he or she resigns his or her office; or
 - 4.4.2 if he or she comes to be employed by or on behalf of the Fund or receives any payment for holding the office of Fund's Trustee (other than reimbursement of out-of-pocket expenses or, if a professional person, his or her normal professional charges for any professional work carried out for the Fund, subject always to the terms of section 67 of the Charities Act; or
 - 4.4.3 if he or she becomes a bankrupt person, or insolvent or apparently insolvent or makes any arrangement or composition with his or her creditors generally; or
 - 4.4.4 if he or she is unable, due to ill health, to fulfil the duties of his or her office but only if that has continued (or is expected to continue) for a period of more than six months; or
 - 4.4.5 if he or she is absent (without good reason, in the opinion of the Fund's Trustees) from more than three consecutive meetings of the Fund's Trustees, but only if the Fund's Trustees resolve to remove that person from office; or
 - 4.4.6 if he or she is not permitted to be a Trustee in terms of Section 69 of the Charities Act; or
 - 4.4.7 if, in terms of section 66(5) of the Charities Act, he or she is considered by the other Fund's Trustees to have been in serious or persistent breach of either or both of the duties listed in sections 66(1) and 66(2) of the Charities Act, such Fund's Trustee being entitled to be heard prior to the other Trustees taking a decision; or
 - 4.4.8 if he or she dies; or
 - 4.4.9 if a Fund's Trustee appointed in terms of Clause 4.2.1 or 4.2.2., ceases to be a member of the Church; or
 - 4.4.10 if he or she is removed from office as a Fund's Trustee by the General Assembly on disciplinary grounds on the recommendation of the Charity Trustees, or if he or she is disqualified as a charity trustee in terms of the Charities Act; or
 - 4.4.11 if he or she has made an application to become a Beneficiary of the Fund which is due to be considered at a meeting of the Fund's Trustees.
- 5. **CHAIR AND DEPUTY CHAIR**
 The Fund's Trustees shall appoint one of their number to be Chair and another to be Deputy Chair at meetings of the Fund's Trustees, and the Chair and Deputy Chair appointed shall each serve as such until the meeting following the fourth anniversary of his or her appointment, when he or she may be re-appointed for a further four-year term, or a new Chair or Deputy Chair appointed as may be decided by the Fund's Trustees. A Chair or Deputy Chair may not serve as such for more than two four-year terms.
- 6. **OFFICIALS**
 - 6.1 The Fund's Trustees shall appoint the Secretary of the Fund, who, if remunerated, shall be employed by the Employing Agency for staff in the Church offices and on the terms and conditions set by that Agency.
 - 6.2 The Fund's Trustees, with the approval of the Charity Trustees, may appoint such other officials as from time to time they may consider necessary for the proper administration of the Fund and may define the duties of all such officials.
 - 6.3 The General Treasurer of the Church ex officio shall be the Treasurer of the Fund. The role of Treasurer is not that of a Fund's Trustee or a Charity Trustee.

7. CONDUCT OF MEETINGS

- 7.1** Regular meetings of the Fund's Trustees shall be held at such places as may be appointed by the Fund's Trustees, and such meetings shall be called by a notice sent by the Secretary or Chair stating generally the purposes of the meeting and addressed to each of the Fund's Trustees and posted and/or e-mailed at least five clear days before the date of the meeting, provided that in exceptional circumstances it shall be competent with the consent of a quorum of the Fund's Trustees as after-mentioned to call a meeting of the Fund's Trustees on shorter notice.
- 7.2** Meetings of the Fund's Trustees will habitually take place in person but may take place where expediency dictates by telephone conference call, video conference call or by any other collective electronic means approved unanimously by them from time to time.
- 7.3** In the event of the Chair being absent from a meeting of the Fund's Trustees, then the Fund's Trustees present at such meeting shall appoint the Deputy Chair, whom failing one of their number, to act as the chair of that meeting.
- 7.4** Any resolution shall be passed by a majority of the Fund's Trustees present at a meeting of the Fund's Trustees, and in the case of equality the Chair (or chair of the meeting) shall have a casting vote in addition to a deliberative vote. As noted at Clause 7.2 above, Trustees will be present if they can communicate with others present, and vote on any business of the meeting (for example via telephone or video conferencing).
- 7.5** The Minute of any meeting of the Fund's Trustees shall be submitted for approval at the following meeting of the Fund's Trustees and, if approved, shall be signed by the Chair (or chair of that following meeting) and the Secretary and shall thereafter be recorded as duly authenticated as evidence of the views and resolutions therein stated.
- 7.6** Five of the Fund's Trustees shall be a quorum at meetings, of whom at least one shall be appointed in terms of Clause 4.2.2 and at least one shall be appointed in terms of Clause 4.2.3.
- 7.7** The business of the Fund and all its correspondence with and notification to or from the Fund's Trustees may be conducted equally validly and effectively as if by post if transmitted by e-mail or other electronic means.
- 7.8** The Fund's Trustees shall delegate to some of their number the task of meeting at least once yearly with members of the Church's Faith Action Programme Leadership Team, or any successor body, to keep under review matters of mutual interest.

8. LEGACIES AND DONATIONS

Legacies and donations to the Fund shall be validly discharged by the Treasurer, or other official of the Church, so authorised by the General Assembly.

9. EXPENSES

The expenses of management of the Fund each year (including without prejudice to the foregoing generality employment costs relating to the Secretary and other staff) shall be due and payable from the trust funds.

10. ACCOUNTS

The Accounts of the Fund as at 31 December shall be prepared by the Treasurer each year and reported to the Fund's Trustees. The Fund will be audited as part of the Annual Accounts of the Unincorporated Councils and Committees of the Church.

11. MANAGEMENT OF TRUST FUNDS

11.1 The Fund's Trustees shall utilise the trust funds or such part thereof as may be required:

- 11.1.1** in the acquisition of suitable heritable property for the provision at their discretion of housing accommodation for the Beneficiaries. Such property may be made available on such terms as to rent (including non-liability to rent) *etc* as the Fund's Trustees, in the particular case, shall determine; and
- 11.1.2** in the making at their discretion of loans to the Beneficiaries for the purpose of assisting such persons in the purchase of housing accommodation for their own occupation. Such loans may be made of such amount and on such terms as to interest (including non-liability to interest), repayment *etc* as the Fund's Trustees in the particular case shall determine. The Fund's Trustees shall have discretion as to whether loans shall, in the particular circumstances of each case, be heritably secured; and
- 11.1.3** in the maintenance, repair and improvement of the heritable properties owned by the Fund; and
- 11.1.4** in the payment of reasonable removal costs incurred by a Beneficiary, where assistance in that regard is not available elsewhere, such payments to be made at the discretion of the Trustees and in an amount and on such terms as the Fund's Trustees, in the particular circumstances of each case, shall determine.

11.2 In the event that the Fund's Trustees, in their sole discretion, consider that part of the trust funds which are not required solely for use in furtherance of the purposes set out in Clause 1.1.1, could be applied to better effect for the charitable purposes of the Church consistently with this Constitution, and that the purposes of the Fund set out in Clause 1.1.1 are adequately provided for without that part of the trust funds, the Fund's Trustees may make a donation or donations to the Church for the furtherance of its charitable purposes.

11.3 The Fund's Trustees shall not be bound to distribute the whole of the revenue of the trust funds arising during the course of any one year but shall have discretion as to what proportion (if any) be distributed and what proportion be accumulated for future distribution or for allocation to capital.

- 11.4** The balance of the trust funds not required for the aforementioned purposes may be invested by the Fund's Trustees in any investment in which trustees in Scotland are at such time entitled to invest funds according to law. The Fund's Trustees shall in particular have power to lodge the funds with The Church of Scotland Investors Trust incorporated by The Church of Scotland (Properties and Investments) Order Confirmation Act, 1994, Scottish Charity Number SC022884, or any successor body, for investment by the Investors Trust in terms of its powers. The Fund's Trustees shall have power to vary the investments from time to time.
- 11.5** The Fund's Trustees shall not be liable for the fall in value of any investments in which the trust funds may from time to time be placed, nor for the intromissions of any accountant, investment manager and/or factor appointed by them, nor for their own intromissions. The Fund's Trustees shall be liable only for acts of commission involving fraud and/or negligence and each for his or her acts only.
- 12. EXECUTION OF DEEDS**
For any purpose, a document is validly executed by the Fund if it is signed on its behalf by a Fund's Trustee and its Secretary whom failing two Fund's Trustees.
- 13. ELIGIBILITY FOR BENEFIT OF FUND**
- 13.1** The following shall not or no longer be eligible for benefit under clause 1.1.1:
- 13.1.1** Widows and widowers of Ministers of the Church upon their remarriage, entering into a civil partnership or entering into a relationship resulting in another person living with them;
- 13.1.2** Separated and/or divorced spouses of Ministers of the Church upon their remarriage, entering into a civil partnership or entering into a relationship resulting in another person living with them;
- 13.1.3** Separated and/or Former Civil Partners of Ministers of the Church upon their entering into a new civil partnership, a marriage or entering into a relationship resulting in another person living with them;
- 13.1.4** Beneficiaries whose personal or financial circumstances improve to the extent that they no longer fall within the parameters for assistance operated by the Fund's Trustees at that time as determined by the Fund's Trustees in their sole discretion.
- 13.2** Persons who cease to hold the status of Minister of the Church shall not be eligible for any new or additional benefit under clause 1.1.1.
- 14. CONFLICTS OF INTEREST**
- 14.1** All Fund's Trustees and employees of the Fund have an obligation to notify any potential or real conflicts of interest to the Secretary, or, in the case of the Secretary, to the Chair, as they arise and ensure that these are minuted.
- 14.2** Where a Fund's Trustee or employee has so notified a potential or real conflict of interest, he or she must remove himself or herself from that section of the Trustees' meeting. In the event of any uncertainty or dispute in this respect, the matter shall be determined by the Chair (or the chair of the meeting).
- 15. VARIATION**
- 15.1** The Fund's Trustees may at any time and from time to time propose a variation of the Constitution to the Charity Trustees for the purpose of varying or modifying the Fund's charitable purposes in Clause 1, and/or the powers and/or other provisions of this Constitution, provided that no such variation or modification shall cause the purposes of the Fund to cease to be charitable. Such proposal for variation or modification will require a special majority of at least 75% of the Fund's Trustees.
- 15.2** If the Fund's Trustees at any time consider that the Fund's charitable purposes and/or other salient features of the Fund may better be achieved through a different constitutional format, they may propose to the Charity Trustees that the Fund be changed into such new constitutional format (be that a guarantee company or other type of organisation then available to charities), provided that:
- 15.2.1** the new constitutional format shall itself be capable of being recognised as a charity;
- 15.2.2** the Fund's charitable purposes shall be included (but not necessarily exclusively) within the new constitutional format; and
- 15.2.3** the whole trust funds (subject only to the costs of such change) be transferred to the new constitutional format.
- 15.3** Any changes proposed by the Fund's Trustees in terms of this Clause 15 will require to be approved by the Charity Trustees and reported to the General Assembly.
- 16. WINDING UP THE FUND**
In the event of a special majority of at least 75% of the Fund's Trustees considering it either impractical to implement the Fund's charitable purposes in Clause 1 or otherwise advisable not to continue with the Fund, the Fund's Trustees shall be entitled, in such circumstances and with the agreement of the Charity Trustees, to wind up the Fund and, after satisfaction of all its debts and liabilities, to transfer the balance of its assets and funds to the Assembly Trustees, or any successor body, for their use in furtherance of charitable purposes that are similar (wholly or in part) to the charitable purposes of the Fund.

17. INDEMNITY

Without prejudice to any other indemnity, the Fund's Trustees, and any employee of the Fund shall, so far as permissible by law, be indemnified out of the trust funds against any loss or liability (including the costs of defending successfully any court proceedings) which he, she or they may respectively incur or sustain, in connection with or on behalf of the Fund, and they shall not be answerable for the acts, receipts, neglects or defaults of each other, but each of them for his or her own acts, receipts, neglects or defaults only. The Fund may, where available, obtain trustee indemnity insurance in this regard.

18. REGISTRATION

The Fund's Trustees consent to the registration hereof for preservation.

19. GOVERNING LAW

This Constitution and any variations or modifications thereof in terms of Clause 15 shall be governed and construed in accordance with the Law of Scotland.