

## **Towards a shared building reserve.** 26.03.2017 version 6

**1. Overview.** The Finance Working Party (FWP) has been asked both by AM Trustees and by AM itself to examine how further integration of our finances might work. <sup>1</sup>The proposal which follows suggests that AM Trustees take responsibility for the upkeep of the fabric, structural alterations and other significant capital works to all our buildings. A building reserve would be held by Trustees to pay for this and each Meeting would contribute according to its ability to pay. Local Meetings (LMs) would be relieved of these responsibilities and the need to retain their own building reserves. They would retain responsibility for the internal decoration, furnishing, small repairs and maintenance.

### **2. Practicalities**

Maintenance The day to day care of property would remain with the local meeting. The remit would be internal decoration, care of utility systems, care of surrounding grounds, day to day repairs, care and renewal of furniture and fittings

Repair, Improvement, Extension and significant capital works would be the responsibility of Trustees. Their remit would be care of structure, external painting, renewal of utility systems, expenditure on extraordinary works, the creation of new facilities by structural alterations and the construction of any new buildings.

Financial Responsibility: Local meetings would be responsible for works under the maintenance heading but could seek assistance from Area Meeting for specific projects if their financial resources, on their own, were inadequate. Capital expenditure on Repairs would be the responsibility of Trustees. Local Friends would normally be responsible for putting the agreed work in hand. Where necessary appropriate professional supervision would be engaged. Once AM approval has been given, local Friends would appoint a primary contact, who would liaise as necessary with the Finance and Property Group.

Finance and Property group To achieve this, Trustees would appoint a sub-committee which would draw on the experience of all Meetings and include some Friends with specialist knowledge or expertise.

We have modelled this division of responsibilities closely on the scheme used successfully by Hull and Pickering AM. Appendix B explains this in more detail.

**3. Advantages.** It has become clear to us that there are several advantages in organising our property maintenance at AM level. These include:

- The sharing of expertise; there are few enough Friends who have the necessary skills to plan and oversee this work, even in our larger Meetings.
- The sharing of the burden so that no Meeting is overwhelmed by the upkeep of its meeting house and costs are equally shared across the membership.
- The avoidance of duplication of both thinking and functions.
- The ability to think strategically about the needs of the whole of the AM, rather than meeting house by meeting house.
- The ability to manage investments effectively and the need to comply with ever more complex charity and financial legislation.

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<sup>1</sup> More detail of how this came about is in Appendix A.

#### **4. Possible drawbacks.**

It will be very important that we do not come to a situation where AM Trustees are seen to be imposing decisions on LMs. In order to avoid this it will be vital that the proposed Trustee Finance and Property Group (see below; next steps) is acutely aware of the developing needs of each Meeting and that the AM Trustee(s) for that Meeting effectively communicates those needs to the Trustee body.

It is also important that the energy, commitment and expertise available locally should not be lost. It should be possible to continue to benefit from this in the functions which will be retained by LMs. e.g. managing lettings and internal repair and decoration.

#### **5. Division of costs.**

We have analysed various methods of dividing up the building costs, trying to reach a scheme which reflects fairly the ability of each Meeting to contribute. Initially we were drawn to a scheme used in Cumbria AM, but it does not transfer well to our particular circumstances. We were wary of using “number of members” as it does not reflect the different lettings income (net) available to each Meeting, nor the relative wealth of its members. However a calculation taking all these factors into consideration produced a formula for division only slightly different from using a membership head count. So we are proposing that this simple “number of members” method is used. We have assumed that each Meeting would retain its lettings income for the time being. The analysis which underpins this recommendation is available in Appendix C

Appendix E lists what AM currently pays for.

**6. Dealing with existing building reserves (and debt)** We are making the specific proposal that all existing building reserves are amalgamated into the new AM reserve. The figures involved are in appendix F.

#### **7. Additional matters.**

Burial grounds. As part of our remit we were asked to look at the way maintenance of our burial grounds is paid for. At present some of these costs are in the AM budget but the majority (The Retreat) are within the Friargate one. We propose that all of these costs are now paid by the AM and that the AM quota for 2018 should include this amount. Any income from use of any of our burial grounds would accrue to the AM. The Trustee responsible for burial grounds (currently Jenny Hartland) will liaise with the AM Trustee F&P committee as to what is an appropriate budget.

Bank Accounts. We suggest that the current system of locally held bank accounts is efficient and keeps cumbersome administration to a minimum. We do not propose any change to the current arrangement. Trustees will continue to monitor banking arrangements both for vulnerability to fraud and for the security of funds held. Where the AM building reserve funds are held will be organised by the AM and LM treasurers.

Investments. Whilst our Meetings now hold very few investments, at some point in the future this may change and it is likely that the AM Trustees F&PC would want to decide where these should be held and in what category of asset. We already have an agreed ethical investment policy.

Centralised book keeping Whilst, at some time in the future, this may be an attractive option, neither the resources for it nor the advantages are apparent to us at this time. We do not propose any change to the current arrangement.

Donations to BYM. We believe that these are best left in the hands of LMs and members themselves. We do not propose any change to the current arrangement.

**8. Next steps.** Various actions would have to follow from acceptance of all or part of these proposals. Amongst these would be the need for AM Trustees to form a Finance and Property sub committee, co-opting any additional members they might need. This group would take primary responsibility for all major property matters, liaise closely with LM premise committees and begin to take a strategic view of the property needs of the AM. It seems to us that as more money is handled directly by AM itself, it might be necessary to employ someone, part time, to assist the AM treasurer.

This scheme itself, with any amendments that accumulate will need to be approved by AM Trustees, AM and all five LMs.

AM Trustees' Finance Working Group, 27<sup>th</sup> March 2017.

Stephen (Pittam)  
YAQM Treasurer

Members of the Working Group are:

Acomb	John Guest
Friargate	Margaret Bryan
Harrogate	Nicholas Evens
New E'wick	Malcom Bowker
Thirsk	Linda Smith

Area Meeting Trustees: Stephen Pittam & Richard Ogden

**APPENDIX A            A Little History.**        Changing charity legislation has meant that Quaker Meetings have had to become registered charities and Britain Yearly Meeting (BYM) took the decision that it should be the Area Meetings (AM) which became the registered unit. In York this meant combining the existing registered charity of Friargate and the other five (four plus AM itself) into a new charity, York Area Quaker Meeting.<sup>2</sup> This was completed by 2010. Trustees are responsible for both finance and property and in fulfilling this responsibility became aware of significant differences in the ability of our five constituent meetings to build adequate reserves for the medium and long term maintenance of their properties. At Area Meeting in January 2016 we heard from representatives of each Meeting about the resources at their disposal here are two extracts from the minutes which followed.

For two of our local meetings (Thirsk and Harrogate), the scale of growth in reserves needed is beyond what current income can cover.

There seems to be considerable support for organising more of our financial matters at AM level both with regard to property and with funding for courses and opportunities for our Friends.

Following this consideration Trustees set up the Finance Working Party to work out how further integration of our finances might work. AM in Jan. 2017 approved some interim principles and encouraged the FWP to do further work. The group has had representatives from each local Meeting (LM) and this report is the result of the work we have done.

**APPENDIX B.**            Division of responsibilities in more detail.

### **Overview**

Area Meeting is a relatively small charity and we believe the AM's interests are best served by treating the 'estate' ( that is all the property, burial grounds and other land) of the charity as one. Under this arrangement, each LM would continue to be responsible for property and finance locally, other than for planning and implementing significant works to the buildings.

To do this:

- Each Local Meeting would continue with the current arrangement for the internal decoration, furnishing, small repairs and maintenance. Area Meeting Trustees would take responsibility for upkeep of the fabric, structural alterations and other significant capital works to the buildings;
- Area Meeting Trustees who already organise insurance for all Meeting Houses would in future take on responsibility for commissioning the quinquennial survey of all the buildings and implementing any recommendations.
- To achieve this, Trustees would appoint a sub-committee which would draw on the experience of all Meetings and include some Friends with specialist knowledge or expertise. "A Property Group".

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<sup>2</sup> The full title is York Area Quaker Meeting of the Religious Society of Friends (Quakers) in Britain

- Local Friends would be supported by the Property Group in the organisation and oversight of major works to meeting houses.
- A Building Reserve would be held at Area Meeting level.

### **Practicalities**

Maintenance The day to day care of property would remain with the local meeting. The remit would be internal decoration, care of utility systems, care of surrounding grounds, day to day repairs, care and renewal of furniture and fittings

Repair, Improvement, Extension and significant capital works would be the responsibility of Trustees. Their remit would be care of structure, external painting, renewal of utility systems, expenditure on extraordinary works, the creation of new facilities by structural alterations and the construction of any new buildings.

Financial Responsibility: Local meetings would be responsible for works under the maintenance heading but could seek assistance from Area Meeting for specific projects if their financial resources, on their own, were inadequate. Capital expenditure on Repairs would be the responsibility of Trustees. Local Friends would normally be responsible for putting the agreed work in hand. Where necessary appropriate professional supervision would be engaged. Once AM approval has been given, local Friends would appoint a primary contact, who would liaise as necessary with the Property Group.

### **Role of the Property Group**

- Co-coordinating insurance of properties
- Co-coordinating the programme of quinquennial surveys
- Reporting to AM on the above
- Reporting to Trustees on matters requiring AM funding
- Assisting in preparation of an annual capital expenditure budget

APPENDIX C. Different ways of dividing the costs.

Column 2 is our membership numbers in 2016 and column 3 expresses this as a percentage of the AM total.

Column 4 is the donations which each LM received from contributors in 2015.

Column 5 is the net lettings income available to each LM.

Column 6 totals 4 and 5

The last column expresses this total as a percentage of the income available to AM as a whole.

Dividing contributions						
	2	3	4	5	6	7
	m/ship 2016	%	donations 2015	net let15	total	%
Acomb	50	12	£13,350	£1,700	£15,050	10
Friargate	186	44	£52,400	£20,000	£72,400	46
Harrogate	79	19	£19,100	£13,000	£32,100	20.5
New Earswick	82	19	£26,000	£3,000	£29,000	18.5
Thirsk	27	6	£6,300	£2,400	£8,700	5
	424	100	£117,150	£40,100	£157,250	100

**Thus it can be seen that when all the differences have been taken into account, the net result is very close to just counting members, which is what we propose.**

Corrected appendix D.

APPENDIX D. The effects of the new formula.

Column A of the following table shows the amount of the AM building reserve budget that would fall to each Meeting. This is arrived at by dividing the total required by the number of members in each Meeting. For context, the amount currently being added to their own building reserve by each meeting is shown alongside. To arrive at this suggested contribution we looked at:

- The estimates made by several Meetings of their own projected costs over 50 years.
- 1% of the insured values of all 5 meeting houses (a figure recommended in the past. This figure is approximately £57,000)
- 0.7% of the insured value of all 5 meeting houses (a sum used by some other organisations. This figure is approximately £40,000).

The 0.7% figure is reasonably close in total to the detailed projections made by 3 of our Meetings and this is what we suggest. However this is ultimately a Trustee responsibility and they made need to review this percentage in the future.

	A	B
	Suggested contribution.	Current annual addition
Acomb	£4,720	£3,500
Friargate	£17,550	<i>Say</i> £23,000
Harrogate	£7,450	£11,000
N.Earswick	£7,730	£5,750
Thirsk	£2,550	£5,000
Total	£40,000	£48,250

APPENDIX E. Here is a reminder of what the existing AM quota covers. We are suggesting that this should also be allocated by head count of members, as is done at present.

- Quakers in Yorkshire quota
- The costs of training for all AM post holders
- Friends attending conferences etc. on our behalf
- Prison work; travel, training and materials
- Maintenance of some of our burial grounds
- Buildings insurance
- Legal and accounting fees
- Trustees and officers expenses
- The AM bursary fund which supports Friends wishing to attend course for their personal development which are likely to benefit the AM e.g. Equipping for Ministry.

APPENDIX F. The existing building reserves (and debt).

Each Meeting has been contributing to an existing building reserve and these vary in size, both due to the ability of the various Meetings to fund them and how recently significant works have been done. The sums at the end of 2015 look like this.

Acomb	£13,300
Friargate	(-£255,000)
Harrogate	£28,000
New Earswick	£47,200
Thirsk	£11,700
AM itself	£33,100

After examining various possibilities for dealing with existing building reserves we recommend that all existing building reserves are combined into the new AM building reserve. Repayment of the loans incurred during the most recent Friargate redevelopment would remain, for the time being, the responsibility of that local meeting. Where these monies are kept would be a matter for the AM treasurer to arrange with LM treasurers.