



CHURCH REPAIR FUND

AND

DIOCESAN LOANS FUND

GUIDELINES

APPROVED BY BISHOP'S COUNCIL
NOVEMBER 2019

INTRODUCTION

The Church Repair Fund is a savings scheme to enable PCCs to put aside regular funds each year towards the costs of their forthcoming quinquennial repairs. Should a PCC have insufficient funds to meet the costs of repair an interest-free loan may be applied for towards helping fund those repairs.

The Diocesan Loans Fund is a general savings scheme for PCCs to invest surplus funds in return for interest. Parishes who have saved into the Diocesan Loans Fund can approach the Diocese and, subject to certain conditions, take out a loan from the DLF.

Additional deposits can be made to both schemes at any time.

If, after reading this guidance, Treasurers or PCC members feel that they need further guidance, or more help specifically aimed at their individual parish circumstances, please contact the Finance Team at the Diocesan Office.

THE CHURCH REPAIR FUND

Introduction

The Church Repair Fund, usually referred to as the CRF, was set up around 50 years ago to assist parishes make systematic and adequate provision for the prompt routine repair of their churches and other PCC property. It enables parishes to set aside regular sums each year so that, when repairs are required every five years as identified by the quinquennial survey, the parish is not faced with having to find large sums to carry out such repairs.

How the Scheme works

The Scheme is essentially a savings scheme. Each year, for periods of five years, a parish pays an agreed annual amount called the 'Repair Rate' into an account held within the Fund to cover the anticipated repairs costs for the next quinquennial review. This exercise is conducted for each property which a parish has elected to have within the Scheme.

The Repair Rate would not typically cover substantial repair, restoration or replacement costs, such as a new boiler or a re-roofing. The parish may wish to save in part through the CRF towards such costs, but it is likely a one-off fund-raising exercise would also be necessary nearer the time.

At the end of the five-year period, the relevant building is inspected and a quinquennial report is produced outlining the repairs necessary. If the parish's agreed savings are insufficient to cover the repairs, and the parish has paid contributions in accordance with the agreed amount, the Fund can offer an interest-free loan to the parish, subject to it being able to meet the repayments. The loan is usually repayable over a period five years. Following the quinquennial inspection, a new Repair Rate is recommended for the ensuing five years.

Deposits accruing from Repair Rates and other contributions into the Fund earn interest at a rate set annually by the Finance Committee; currently 0.3%.

Formalities and paperwork are kept to a minimum, but payments into the CRF are usually made by Direct Debit collection or Standing Order, and payment terms are discussed with parishes to suit individual circumstances. It is expected that parishes should make at least two payments a year into the CRF, although more frequent payments are perfectly acceptable, with many parishes setting aside a set sum each month.

Membership

Membership of the CRF is related to each individual building. A PCC can enter one or more buildings, but not necessarily all buildings which they own. However, it is required Diocesan Synod that all Curates' and Licensed Layworker houses or flats must be in the Church Repair Fund scheme.

The CRF is only open to buildings in the ownership of either the PCC or Diocesan Board of Finance (DBF) and is not available to other church or charitable organisations.

The Scheme is designed to cover routine quinquennial repairs of the building, i.e. repairs and restoration work to the fabric internally and externally, electrical wiring and also external painting.

Any church coming into the Scheme has to be adequately insured by the Parochial Church Council or the DBF, to the satisfaction of the DBF.

Any parish may withdraw a building or buildings from the Scheme at any time, provided there is no loan outstanding. However, housing for Curates' and Licensed Layworkers must remain within the system. Parishes should note that, if they choose to remove their property from the CRF, those parishes may remove a possible entitlement to loans if they had insufficient funds available to carry out repairs.

Building Inspections and Repairs

All buildings should be inspected no less than every 5 years and a quinquennial report listing the repairs necessary is sent to the PCC. In respect of church buildings, the DBF will organise and meet the full cost of the inspection and the preparation of the report. Similarly, in respect of all properties occupied by Curates and Licensed Layworkers, the DBF will organise the inspection and the preparation of the report. The Diocese will charge PCCs for the cost of quinquennial surveys for Parish owned curate's houses and other buildings for which it is asked to provide a quinquennial review. The inspection and report for other PCC property is to be organised and paid for by the PCC.

Once a report has been prepared, it is for the PCC to arrange for repairs to be carried out. Professional guidance, such as from an architect, surveyor or structural engineer as appropriate, may be advised.

In the case of churches, the work may require a Faculty and in such circumstances the works will need to be submitted to the Diocesan Advisory Committee (DAC) for prior approval. When the PCC has approved the specification (and obtained DAC approval and the necessary Faculty, where applicable), tenders should be invited from contractors.

The Treasurer should then seek funds from its CRF directly from the DBF by applying to the Finance Team in writing by email or by post.

Please note the DBF cannot make payments directly to contractors on behalf of PCCs.

Payments into and out of the Scheme

At the time that inspection reports are received, the parish is given an estimate of the amount considered necessary by the inspecting architect to cover the anticipated cost of routine repairs which will need to be carried out following the next quinquennial inspection (based on the assumption that the work recommended as 'essential' in the previous report will have been completed within the 5 year period). This amount is usually paid into the Church Repairs Fund by the parish in regular instalments (either by Standing Order or by Direct Debit collections on at least 6 monthly intervals). This is called the 'Repair Rate'.

Money saved during the preceding years is used to finance quinquennial repairs. Repair Rate contributions at the new rate, dating from the quinquennial inspection, are usually reserved for the next quinquennial repairs (in 5 years' time).

Interest on credit balances held in the Fund in the name of the parish is added at a rate as the Finance Committee shall determine for the forthcoming year.

Any excess in the Fund standing to the credit of the parish after the quinquennial repairs are completed can be carried forward towards the next quinquennial estimate, transferred to another Fund or repaid, as the parish desires.

If a PCC decides to place further funds into the CRF, possibly as a means of saving towards additional building/repair work, additional deposits can be made and are welcomed. Either these can be made as a further Direct Debit collection (which needs to be requested to the Finance Team first), by sending a cheque to the Diocesan Office (made payable to 'ROCHESTER DBF') or by direct credit to the Rochester DBF bank account (details available from the Finance Team). These additional amounts can be made at any time. It is important, however, that the CRF account which needs to be credited is clearly specified.

Parishes are able to make withdrawals from the Scheme at any time, providing there is some form of written request. An e-mail instruction is sufficient providing it comes from the authorised official for the account (usually the PCC Treasurer).

Loans

The parish is expected to use its own available resources before requesting a loan. If there are insufficient funds available in the CRF, an application will need to be made to the Finance Committee through the Finance Director. Loans are usually repayable by regular instalments paid by either Direct Debit or Standing Order over the ensuing 5 years and are payable in addition to the new Repair Rate for that period. The PCC must be able to justify repayments of the loan within the specified period.

Loans from the CRF are interest-free, although the DBF reserves the right to charge interest on loans for certain projects. In addition, if a PCC has been unable to save in accordance with the recommended repair rates, or has utilised funds for non-repair purposes, it may not be entitled to a loan. To ascertain a PCCs ability to meet loan repayments, the current position of payments in respect of Parish Offer in relation to the Indicative Offer will be considered before a loan can be granted. The Finance Committee will be the final arbiter in any decision.

There is no maximum limit to the size of loan that can be given, subject to the satisfaction that the parish can afford to meet the repayments without affecting other parish costs, including the payment of Parish Offer in relation to Indicative Offer. However, as a guide, it is unlikely that a loan would be given for sums greater than the annual income of a parish.

For parishes wishing to undertake significant restoration work, interest-free loans can be made available but, again, subject to the affordability and ability to repay by the parish, and the satisfaction of the Finance Director and Finance Committee that the parish will be able to meet these commitments for the period of the loan.

Loans can be given from the CRF to help with bridging finance if significant grants are likely to be received from organisations such as English Heritage or the Heritage Lottery

Fund. Assurances may be required that the grant is going to be received, and on what timescale, before the loan is given.

Applying for a Loan

In the first instance, parishes should approach the Finance Director for an initial discussion.

If a loan is required, the PCC will have to write formally to the Finance Director outlining the following:

- The nature of the project;
- What the loan is required for;
- How much and when funds will be required;
- What funds are currently available (or why certain funds may not be available);
- Estimates of the whole project;
- How the loan will be repaid and over what timescale;
- Any other details in support of the application.

A copy of the latest Report and Accounts, Management Accounts to date and a Budget for the forthcoming year should be attached.

The more information that the PCC can provide on how the parish is managing the project, the easier it is for the Finance Director to make an agreement to the loan. See Appendix IV for the current policy.

In addition, no loan can be arranged without a formal resolution and a written undertaking from the PCC that it agrees to the terms of any loan, and agrees to meet the repayments without affecting existing expenditure commitments, including Parish Offer.

Loans up to £25,000 can be agreed by the Finance Director, but any loan in excess of this amount or if there are additional terms requested will need to be put before the Finance Committee for approval.

In some circumstances, the Chancellor will not grant a Faculty until payment for the work has been arranged, which could include the agreement of a loan. It is therefore important for a PCC to agree in principle its funding arrangements before going ahead with commitments for work.

The decision of the Finance Committee in any loan application is final.

Interest

Interest is earned on deposits and is calculated on all balances in credit from the date that deposits are received and accrues on a daily basis, but the interest is only added to the account at the end of the year (31 December). Likewise, if a payment is made, the interest is calculated on the balance of funds from the date of the payment.

The current rate of interest is 0.3% and is reviewed annually by the Finance Committee.

There is usually no interest accruing on any loan accounts.

Accounting Treatment

The CRF is treated for accounting purposes by a parish as a 'Designated' fund' and NOT a 'Restricted' fund. The PCC can choose to take money out of the CRF if it so wishes and use it for purposes other than for building repairs.

The CRF should be included within the PCC financial statements at year end, including any interest accrued. Some PCCs may wish to show their CRF as a separate designated fund within the financial statements.

Money paid into the CRF is NOT expenditure, but is the transfer of money from one fund to another. Any movements of funds into the CRF should be shown in the section 'transfers between funds' in the Statement of Financial Activity (SOFA) for the year end annual accounts. Likewise, the same applies if a PCC has a refund from the CRF.

Interest accrued on deposits would however pass through the SOFA and added to the relevant designated fund.

Expenditure made from the CRF, either for repair work or professional fees needs to be shown in the SOFA in an appropriate line under 'Expenditure'.

Any balances in the CRF belong to the parish, not the Diocese, and can only be utilised with the authority of the parish.

Investment Policy

At the current time it is the DBF's practice to maintain a liquidity policy and invest funds in a balanced market investment portfolio. Details of the liquidity and investment policies are provided in the Annual Report and Accounts.

THE DIOCESAN LOANS FUND

Introduction

The Diocesan Loans Fund, usually referred to as the DLF, was set up in the 1950s to allow parishes to deposit any surplus funds that they have, so that other parishes in the Diocese would have access to funds at affordable rates of interest.

How the Diocesan Loans Fund works

The Diocesan Loans Fund is essentially a savings scheme. Parishes are able to make deposits into the DLF either in a planned manner or alternatively as and when they choose. Any contributions into the Fund earn interest at a rate based upon the Bank of England base rate; currently 0.4%.

As with the CRF, formalities and paperwork are kept to a minimum, but payments into the DLF can be made either by Direct Debit collection, Standing Order or cheque. Parishes can make as many payments into the scheme as they would like, although many parishes set aside a regular sum each month.

Parishes are able to make withdrawals from the Scheme at any time, providing there is some form of written request. An e-mail instruction is sufficient providing it comes from the authorised official for the account (usually the PCC Treasurer).

Who can deposit?

Any parish can have a DLF account, or series of accounts if it prefers, to put aside surplus funds or to save up for specific projects. Although the DBF welcomes deposits from parishes, it cannot receive funds from any other non-parochial organisation or from individuals. If a parochial organisation wants to place funds into the DLF, it must be clear that the funds still come under the remit and control of the PCC. For example, deposits from 'St Mary's Pre-School' or 'St Peter's Mums & Toddlers' would be acceptable, but deposits from the 'New Town Model Railway Society' or from 'Mr John Smith' would not.

Payments into the DLF

Parishes can make a regular payment into a DLF account either by setting up a Standing Order or arranging for a regular Direct Debit to be taken. Alternatively, they can send payments through as and when they feel it appropriate. Cheques should be made payable to 'Rochester DBF' but there needs to be some form of notification as to which account needs to be credited.

For the opening of a new account the minimum deposit should be £250.

Withdrawals from the DLF

There is a minimum withdrawal of £250 per transaction. One-off withdrawals from the DLF are without cost. However, to acknowledge the processing cost in handling multiple

withdrawals a fee of £5.00 per withdrawal will be made for more than 6 withdrawals in a year.

Loans

The DLF was set up so that a parish can borrow for any purpose providing that the purpose is seen as an object of the PCC. However, in reality most loans will be for items of a capital nature.

For amounts up to £25,000, the matter can be agreed by the Finance Director. For larger amounts an application needs to be made to the Finance Committee through the Finance Director and the Archdeacon.

Loans are normally subject to a fixed rate of interest on the amounts outstanding – usually based upon the Bank of England base rate +2.0%, and subject to minimum of 3.0%. The Finance Committee reserves the right to alter the rate of interest charged on each loan, depending on the individual circumstances.

To ascertain a PCCs ability to meet loan repayments the current position of payments in respect of Parish Offer in relation to Indicative Offers will be considered before a loan can be granted.

Loans are repayable by regular instalments paid by either Direct Debit or Standing Order over the period of the loan, usually 5 years. PCCs can request a longer period of loan if they wish. The PCC must be able to justify repayments of the loan within the specified period and the Finance Committee reserve the right to alter the timescale for repayments, depending on the individual circumstances.

There is no penalty if a loan is paid off before the agreed term.

There is no maximum limit to the size of loans that can be given, subject to the satisfaction that the parish can afford to meet the repayments without affecting other parish costs, including the payment of Parish Offer. However, as a guide, it is unlikely that a loan would be given for a sum greater than the annual income of a parish.

Loans can be given from the DLF to help with bridging finance if significant grants are likely to be received from organisations such as English Heritage, the Heritage Lottery Fund or from the sale of PCC assets. Assurances will be required that the income is going to be received, and on what timescale, before the loan is given.

Applying for a loan

In the first instance, parishes should approach the Finance Director for an initial discussion.

If a loan is required, the PCC will have to write formally to the Finance Director outlining the following:

- The nature of the project;
- What the loan is required for;
- How much and when funds will be required;

- What funds are currently available (or why certain funds may not be available);
- Estimates of the whole project;
- How the loan will be repaid and over what timescale;
- Any other details in support of the application.

A copy of the latest Report and Accounts, Management Accounts to date and a Budget for the forthcoming year should be attached.

The more information that the PCC can provide on how the parish is managing the project, the easier it is for the Finance Director to make an agreement to the loan. See Appendix IV for the current policy.

In addition, no loan can be arranged without a formal resolution and a written undertaking from the PCC that it agrees to the terms of any loan, and agrees to meet the repayments without affecting existing expenditure commitments, including Parish Offer.

Loans up to £25,000 can be agreed by the Finance Director, but any loan in excess of this amount or if there are additional terms requested will need to be put before the Finance Committee for approval.

In some circumstances, the Chancellor will not grant a Faculty until payment for the work has been arranged, which could include the agreement of a loan. It is therefore important for a PCC to agree in principle its funding arrangements before going ahead with commitments for work.

The decision of the Finance Committee in any loan application is final.

Withdrawals

When a PCC wants to make a withdrawal from the DLF it should ask for a repayment to go back to a nominated PCC bank account. In all cases the relevant DLF account from which funds are being drawn will need to be quoted.

PCCs should also remember that payment of bills is the responsibility of the PCC and not the Diocesan Office. Please note the DBF cannot make payments directly to contractors on behalf of PCCs.

Interest

Interest is earned on deposits and is calculated on credit balances from the date that deposits are received and accrues on a daily basis with the interest being added to the account at the end of each quarter (31 March, 30 June, 30 September and 31 December). If a payment is made out of an account, the interest is calculated from the date of the payment.

Loan accounts accrue interest in the same way, with accrued interest owed being added each quarter.

Accounting treatment

If the PCC has set aside money from general funds, it will be a designated fund (e.g. the PCC decides to set aside money into an account to use for the refurbishment of the hall kitchen) but, if the money given has come from gifts that are specifically restricted, then it must be a restricted fund (for instance money from an appeal towards a new building fund). At the year end, the DLF account must form part of the total assets for the relevant fund type.

Money paid into the DLF is NOT expenditure, but is money transferred from one account to another. Any movements of funds into the DLF should be shown in the section 'transfers between funds' in the SOFA for the year end annual accounts. Likewise, the same applies if a PCC has a refund from the DLF.

Interest accrued would however pass through the SOFA and added to the relevant fund.

Expenditure made from the DLF for whatever purpose needs to be shown in the SOFA in a relevant line under 'Expenditure'.

Any balances in the DLF belong to the parish, not the Diocese, and can only be utilised with the authority of the PCC of the respective parish.

Investment Policy

At the current time it is the DBF's practice to maintain a liquidity policy and invest funds in a balanced market investment portfolio. Details of the liquidity and investment policies are provided in the Annual Report and Accounts.

APPENDIX I – SAMPLE CRF STATEMENT

ROCHESTER DIOCESAN BOARD OF FINANCE STATEMENT OF ACCOUNT AS AT 31/12/18

Printed on:
05/01/19

Page 1

Parish No. A0501 ANDOVER ST MICHAEL

To: BRIAN BASSETT
123 BROOK STREET

ANDOVER
KENT TN55 1XY

A/C No: CRFS A0501 A CHURCH HALL S/A

Type: CRF

Posting Date	Document No.	Description	Debit	Credit
		Opening Balance		7334.75
17/01/18	SJ13315	PCC CHQ		700.00
03/04/18	SJ13580	DD COLLECTION		700.00
24/06/18	005777	Bailey & Brown	3,450.00	
17/07/18	SJ13842	PCC CHQ		700.00
06/09/18	SJ14011	DD COLLECTION		700.00
17/10/18	006431	Green Partnership	675.00	
31/12/18	SJ15543	Interest		205.17
		Total Transactions in Period: CRFS A0501 A	4,125.00	3,005.17

Balance: 6,214.92

APPENDIX II – SAMPLE DLF STATEMENT

**ROCHESTER DIOCESAN BOARD OF FINANCE
STATEMENT OF ACCOUNT AS AT 31/12/18**

Printed on:
05/01/19

Page 1

Parish No. A0501 ANDOVER ST MICHAEL

To: BRIAN BASSETT
123 BROOK STREET

ANDOVER
KENT TN55 1XY

A/C No: DLFD A0501 A DEVELOPMENT FUND **Type:** DLF

Posting Date	Document No.	Description	Debit	Credit
		Opening Balance		23814.60
17/02/18	SJ13601	PCC CHQ		2000.00
31/03/18	SJ13701	Interest		64.50
05/04/18	SJ13720	DD COLLECTION		1500.00
21/06/18	006121	Allsorts Builders	5,815.00	
30/06/18	SJ13798	Interest		66.25
18/07/18	SJ13852	PCC CHQ		2500.00
06/09/18	SJ14012	DD COLLECTION		800.00
30/09/18	SJ13798	Interest		76.80
17/10/18	006431	Allsorts Builders	925.00	
31/12/18	SJ15543	Interest		78.21
		Total Transactions in Period: DLFD A0501 A	6,740.00	7,085.76

Balance: 24,160.36

APPENDIX III – SAMPLE INTEREST CHANGE NOTICE

January 201X

To: All Treasurers

DIOCESAN INTEREST RATE CHANGES – JANUARY 201X

Diocesan Loans Fund

With an [increase] in the Bank of England Base Rate it has become necessary to increase the Diocesan interest rate to *.**% from 1 January 20**. This supercedes that of *.**% which was effective from 1 January 20**.

Interest is calculated on a daily basis and added to the account quarterly. Upon request, interest may be paid to the parish at not less than quarterly intervals. The minimum period of a deposit is one calendar month.

If parishes have money, which is not immediately required, then by depositing in the Diocesan Loan Fund not only is interest received but the money is also available to help other parishes.

Loans for approved purposes can be made to PCCs subject to adequate provision for repayment. The maximum period is usually 5 years with an interest rate normally at 1.00% above the Bank of England Base Rate, but subject to a minimum of 3.00%. PCCs do not have to have a DLF account to obtain a loan as the facilities are available to all PCCs. Enquiries should be directed to the Finance Director in the first instance.

Church Repair Fund

It is also necessary to reduce the interest rate payable on deposits into the Church Repair Fund. The rate will reduce to 0.*% from 1 January 20**. This supersedes the rate of 0.3% which has been in place since 1 January 20**.

Interest is calculated on a daily basis and added to the account annually. As with the Diocesan Loans Fund, parishes are encouraged to put aside funds into the Church Repair Fund.

Approved loans for repair and restoration work from the Church Repair Fund will continue to be interest free.

Enquiries about accounts in the Fund should in the first instance be directed to the Finance Team who will be please to assist..

Yours sincerely

Rev Richard Williams BSc FCA

Finance Director

01634 560000 (Switchboard); 01634 560009 (Direct Line)

07947 010382 (Mobile)

APPENDIX IV – DIOCESAN LOANS POLICY

Diocesan Loans Policy

Background

The Diocese operates two savings schemes: the Church Repair Fund (CRF) and the Diocesan Loans Fund (DLF); both of which accept deposits from PCCs. PCCs are able to apply for a loan from one of these as appropriate.

Further details of both the Diocesan Loans Fund and the Church Repair Fund can be found in the comprehensive guidance booklet '*The Church Repair Fund and Diocesan Loans Fund*'.

Parishes are encouraged to make deposits into the schemes as they are able. This then enable further resources to be available for others.

Any money that is borrowed is on the understanding that it will be repaid in accordance with the loan terms.

The Church Repair Fund allows for the borrowing of money if a PCC has insufficient available to meet necessary and identified repairs, and the PCC has been contributing into the scheme in accordance with a recommended contribution rate. Normally, any loan is interest-free.

The Diocesan Loans Fund allows for the borrowing of money for any normal purpose of the PCC, or where the Church Repair Fund is unable to make a loan, subject to the PCC satisfying the Finance Committee of the ability to meet the repayments. Loans from the DLF are normally interest-bearing.

To this effect the Bishop's Council has agreed the following policy/procedure in respect of making loans available:

Procedure for Agreement to Loans

1. Loan applications are to be made in the first instance to the Finance Director. Preliminary discussions can be held before making an application, but these will always be on an informal basis and will only cover the basic process rather than specific details.
2. All applications are to be made in writing on the application form as attached and will need to specify:
 - What the project is
 - Estimates of the whole project;
 - Which fund is being requested for the loan
 - How much is required
 - When funds are required

- What existing funds are available for the project (or why certain funds the PCC may have are NOT available)
- How the PCC expect to meet the repayments (which could include grants from other bodies, increased parish income or planned gift days/fundraising events)
- What period the PCC wishes to have the loan over
- A written undertaking from the PCC that the loan repayments will be made without upsetting all existing financial commitments including parish offer payments
- Any other details that the PCC feel may help in their application.

A copy of the latest Report and Accounts, Management Accounts to date and a Budget for the forthcoming year should be attached.

3. Loan applications will be reviewed by the Finance Director and relevant Archdeacon, in the first instance, and any questions of clarification will be raised with the applicants.
4. Loans up to £25,000 can be agreed by the Finance Director, but any loan in excess of this amount or if there are additional terms requested will need to be put before the Finance Committee for approval.
5. In reviewing a loan request the Finance Committee will consider the above items, the financial situation of the parish and/or any comments or observations from the Finance Director, Diocesan Secretary, Archdeacon, Bishop or PCC representatives before agreeing to any loan.
6. A PCC can make a direct representation to the Finance Committee should they wish to do so. Indeed, the Finance Committee welcomes direct discussions with PCCs.
7. The Finance Committee reserves the right to place on any loan application any additional loan requirements before agreeing to any loan request.
8. The Finance Director will write to the parish to confirm the loan arrangements (or refusal), the particular terms and conditions that will apply, and when and how repayments are to be made.
9. If a parish does not keep up payments on a loan in accordance with the notified repayment schedule, the Finance Committee reserves the right to 'call in' the loan at a specified time and/or to change the loan terms.
10. Any loan at preferential rates of interest (for instance, CRF loans are interest-free) can be converted to a loan where interest is charged at rates equivalent to normal DLF terms (Bank of England Base Rate + 2.0%, minimum 3.0%), as the Finance Committee so determines.

The PCC is encouraged to talk with the Finance Director or the Archdeacon at an early stage if it feels there may be difficulties in meeting the repayment terms as agreed.

11. The decision of the Finance Committee in any loan application is final.

Normal Loan terms

Church Repair Fund Loans:

- Normally loans available to PCCs for repair and restoration work, but only if the PCC has been contributing into the scheme in accordance with recommended repair rates. Loans are normally interest-free and over a maximum 5 year term.
- If a PCC wishes to carry out repair or restoration work but has NOT been contributing in accordance with the recommended repair rates then a loan can only be given from the Diocesan Loans Fund, however, the Finance Committee may vary the interest rate payable on a case by case basis.
- In some circumstances the Chancellor may not agree to grant a Faculty until funding for the work has been arranged, which could include the agreement to a loan. It is therefore important for a PCC to agree in principle to the funding arrangements before going ahead with any work.

Diocesan Loans Fund Loans:

- Loans are available to PCCs for any purpose of the PCC. Loans are normally made at Bank of England base rate +2.0% (but subject to a minimum of 3.0%) and over a maximum term of 5 years. There is no penalty for early payment.

APPLICATION FOR A LOAN

Guidance

Before completing this form please discuss your plans with the Finance Director, or your Archdeacon.

Further details on diocesan loans can be found in the accompanying guidance notes.

The Archdeacon's support will be required.

Application

Name of Applicant/PCC		
		Official Use Only
How much is required?		
When is the loan needed?		
Which fund is requested to make the loan?	DLF / CRF / Other (delete as appropriate)	
Over what period will the loan be repaid? (maximum repayment term 5 years)		
What is the purpose of the loan and the benefits of the project? (please set out timescales, advice obtained etc.) Provide on a separate document if necessary		

<p>Total cost of project? (please give breakdown of costs together with any quotes, valuations or estimates obtained, and the sources and amounts of any other funding). Provide on a separate document if necessary</p>	
<p>Please explain how the funds to repay the loan will be provided and what plans there are to raise the necessary fund to meet these costs. Provide on a separate document if necessary</p>	
<p>Please attach an extract from the minutes of the PCC or other governing body approving the loan application.</p>	
<p>Please attach a written undertaking from the PCC that loan repayments will be made in addition to existing financial commitments such as parish offer.</p>	
<p>Is the Parish Offer in accordance with the Indicative Offer? Yes / No</p> <p>If 'No', please explain why not and how you plan to rectify this:</p>	
<p>Please add a copy of the latest PCC annual accounts together with the most up to date set of PCC management accounts (must be within 1 month of the date of this application) and a set of revised budget forecasts to take into account the impact of this project</p>	
<p>Name of Applicant_____</p> <p>Signature of Applicant_____ Dated_____</p> <p>Signature of Incumbent/Priest in Charge_____</p> <p>Dated_____</p>	
<p>For Office Use Only:</p>	

Parish Offer Payments?		
Support of Archdeacon		
Support of Finance Director		
Recommended Loan Rate		
Additional Comments for Finance Committee		

(Policy as agreed by Bishop's Council November 2019)