

# **Church Manse Webinar**

**Wednesday 26 February 2019**

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**A recording of this training session and the slides  
will be available on our website**

# Introduction

1. Who is this Webinar for?
2. Please ask questions via Q&A panel
3. A recording will be available on our website in the next few days

# What we will be covering

- ✓ Why churches have a manse
- ✓ What is a suitable manse
- ✓ Providing a manse (renting and buying)
- ✓ Manse Property Trusts
- ✓ Manse Occupancy Arrangements
- ✓ Maintenance of a manse
- ✓ Options for a vacant manse
- ✓ Selling the church manse
- ✓ Manses and church accounts

# Why do churches have manses?

- Standard ministerial terms of appointment include a stipend and provision of accommodation
- Provision of a manse by a church to a minister “for better performance of duties” does not give rise to a taxable benefit...  
...whereas either a higher stipend or explicit housing allowance to cover housing costs would be subject to tax and NI
- Must be local to church to qualify

# What is a suitable manse?

- Needs to be appropriate to the needs of the minister and their family
  - Needs sufficient bedrooms for the family
  - Usually a spare bedroom for guests
  - Meet any specific requirements of the family (e.g. disabilities)
  - A study for the minister to work
  - Suitable number of reception rooms for hosting meetings/guests

# Providing a Manse - Rent or Buy?

- Long-term settled requirement?
  - If so, buying likely to be cheaper in the long term
- Need flexibility?
  - Renting may be more suitable.
- What can the church afford?
  - Can you raise cash for a >30% deposit?
  - What monthly amount can you afford for rent or loan repayments
  - Remember charities are exempt from stamp duty!

# Providing a Manse - Purchase

1. Agree the budget
  - loans available from the Baptists Together Loan Fund
  - Likely to need consent of church members
2. Select a appropriate property and agree price
3. Appoint suitable solicitors to act for the Church and Property Trustees for the purchase
4. Arrange for a Home Buyer Report and any follow up surveys that this recommends
5. Agree the exchange and completion dates to allow time for any improvements needed

## Providing a manse - renting

- Agree as a church to rent a suitable property within the church budget
- Appoint two members of the leadership team other than the minister to act on behalf of the church in entering into rental agreement.
- Agreement MUST be in the name of the church and the church MUST pay the deposit and monthly rent cost directly from its bank Account otherwise a substantial tax and NI liability may arise

# Providing a manse – minister owned property

- It is possible that a minister already owns, or purchases a property suitable to act as manse.
- This can be advantageous to all parties in some circumstances
- BUT: this must be structured carefully
- Please contact [legal.ops@Baptist.org.uk](mailto:legal.ops@Baptist.org.uk) for detailed advice and template documents

# Providing a Manse - Shared Ownership

Sometimes the Minister and the Church may consider an shared ownership arrangement

- The Minister and Family may have a desire to have a foothold on the property ladder as part of future retirement planning
- The church may have a desire to release funds from the Manse for other purposes
- May allow purchase of a larger manse than otherwise possible

# Providing a Manse - Shared Ownership

We do not recommend churches enter into a Shared Ownership arrangement.

- Hard to put in place if the Minister needs to borrow due to current mortgage market.
- At the end of the ministry, this can cause significant difficulties over the plan for the property and valuation
- Can create a challenge for the church or minister to fund purchasing the other's share, often at short notice

# **Providing a Manse – Preparing a manse for occupation**

Moving and starting a ministry is stressful for a minister, so try to make the property a welcoming as possible:

- Ensure the property is in as good a state as possible
- Fix any outstanding maintenance items
- Manse should usually be freshly decorated internally in advance of occupation in line with terms of appointment
- Ensure major items are in good order (as funds allow):
  - Kitchen, bathroom, heating, flooring, electrics, lighting, roof, guttering, windows.

# Providing a Manse – Preparing a manse for occupation

- Fitted carpets are a particular issue
- HMRC views carpets as contents rather than part of the fabric of the building
  - Providing them when the minister is in occupation will give rise to a taxable benefit
  - This can be avoided if the carpets are renewed prior to the minister taking up occupation
  - Needs to be suitable quality to last through the anticipated ministry

# Manse Property Trusts

- For unincorporated churches, a Property Trustee will need to hold the property on suitable trusts (e.g. Baptist Model Trusts for Manses 2004)
- Manse Trusts usually have relatively limited constraints on use of sale proceeds (unlike church trusts)
- Churches that are CIOs and CLGs can hold manse property directly

# Manse Occupancy Arrangements

- Many churches and ministers will only rely on the provisions for the manse in the Terms of Appointment
- However, some churches and ministers have put in place a written agreement, beyond those provisions
  - Can be helpful to fully clarify expectations
  - Very likely to be necessary for a worker that is not an appointed minister
    - Specific legal advice recommended in this situation.

# Maintenance of a manse

Church usually pays for:

- Buildings insurance
- Water and sewerage bills
- Council Tax
- Maintenance of the building fabric, including fitted kitchen, built-in appliances, bathroom, electrics, heating (similar to a commercial landlord)
- Bills should be in the name of the church and settled directly by the church
- None of this will usually give rise to a taxable benefit for the minister

# Maintenance of a manse

Minister usually responsible for:

- Contents insurance
- Energy bills (although churches may agree to reimburse these)
- Cleaning
- Upkeep of the garden
- Bills for any of the above should be in the name of the minister and paid by them
  - Reimbursement very likely to give rise to a taxable benefit.

# Maintenance of a manse

- Regular inspection by agreement with the minister is wise to ensure manse is properly maintained and meeting the minister's needs
- Keep a Manse Log Book to record works carried out
- Keep any guarantees and warranties
- Seek competitive quotes for best value
- Ensure you have Gas & Electrical Safety Checks and certificates held by the Church and Minister
- Landlord policies (e.g. British Gas or HomeServe) can save minister having to call out deacons in emergencies

# Options for a Vacant manse

- Advise insurers that the manse is unoccupied and comply with their insurance requirements
- Consider future needs:
  - Retain for a future minister?
  - If yes, rent or keep vacant during vacancy?
  - If no, sell or retain and rent as an investment?

# Options for a Vacant Manse – Renting out a manse

- Always appoint a professional agent to handle renting the manse and follow their advice. You have a legal obligation to get best value for the charity
- Agent should ensure compliance with regulations, eg. Right to Rent checks, EPC, Gas Safety and Electrical Test Certificates, Deposit scheme
- Assured Shorthold Tenancy is usually the best route
  - Consider how notice periods fit with any search for a new minister

# Options for a Vacant Manse – Deciding to Sell a Church Manse

- You may decide as a church to sell your manse:
  - Not anticipating a need from future ministers
  - Not likely to be the most suitable property for future ministers (size, location, age, costs etc)
  - Do not wish to retain as an investment property
- May wish to take advice from your Regional Minister
- Should usually ask your church meeting for consent

# Selling a Church Manse

- Check with the Property Trustees the details of the trusts that apply to the manse
  - Some older trusts may need to be updated
- Appoint the solicitors to act for the Church and the Property Trustees during the sale process
- Obtain a Surveyor report in line with Section 119 of the Charities Act 2011 regulations
- Remember that the funds will be held by the Property Trustees until use is agreed in line with the trust.

# Manses and Church Accounts

- A manse should included in the church balance sheet
  - Historic cost with depreciation applied
  - Insurance rebuild value
  - Market value – but must be independently revalued regularly
- Generally the manse asset will be in a designated fund
  - unless onerous trust provisions apply, in which case a restricted or endowment fund may be necessary
  - Shows that value is not available for general spending

# Manses and Church Accounts

- Most expenditure will just be operating costs recorded in the general fund
  - Minor maintenance, utilities, insurance etc.
  - However, major capital improvements (kitchen, roof, windows etc) should be added to historic cost and depreciated.
- Any letting income likely to be general fund income
  - Take care of relying on this income if you intend to appoint a minister!

# Final thoughts

- A church manse is a valuable asset for the church to use in support of their minister and their family
- Keeping the manse well maintained aids the church ministry
- BUGB guideline leaflets on website can be found using the following link: -  
[https://baptist.org.uk/Groups/220870/Property\\_Manses.aspx](https://baptist.org.uk/Groups/220870/Property_Manses.aspx)
- Further questions should be addressed to Legal and Operations team: [legal.ops@baptist.org.uk](mailto:legal.ops@baptist.org.uk)

# Any Questions?