



St Albans Diocesan Board of Finance

SECURED LOANS TO PARISHES POLICY

Approved by: Diocesan Board of Finance

Policy originator: Glyn Barker, Finance Director

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Review period: Three years

Review Date: 26 February 2027

Introduction

The DBF is prepared to lend money to a PCC where it delivers the objectives of both parties and is also in their long-term interests.

The key benefits are financial and charitable. The DBF will support its own charitable objectives and those of the parish and will protect itself from financial exposure.

PCCs are able to take out loans under the Parochial Church Councils (Powers) Measure 1956 as amended and the Church Representation Rules (contained in Schedule 3 to the Synodical Government Measure 1969 as amended).

The Loan

The loan will:

- be short term, typically in the nature of a bridging loan
- be adequately secured on property
- be charged at a rate of interest which matches the total return requirement of the DBF pertaining at the time
- be made under a formal written agreement which includes reasonable repayment terms

The PCC

The PCC will provide written evidence of the PCC's application and subsequent acceptance of the terms of the loan, approved by the PCC.

The PCC's application, directed to the DBF, will:

- be clear why they wish to borrow money
- state how much they wish to borrow
- state the period for which the loan is required
- include a clear and robust repayment plan with an assessment of future cash flow

The DBF

Before granting the loan, the DBF will carry out sufficient due diligence to be satisfied of the ability of the PCC to repay the loan and for it to be able to continue to pay its immediate financial requirements during the period of the loan. This will include a review of parish share contributions.

Decisions

Can be made by:

- the DBF
- the Chair or Vice-chair in conversation with the Diocesan Secretary and Director of Finance between meetings and reported to the next DBF meeting
- a sub-committee named by the DBF