T04: Spending Permanent Endowment for Larger Funds

Your church may have one or more trust funds that are looked after jointly with the Diocese. These trusts can arise from money left in a will, the sale of a building, or some other reason.

The governing document (which could be a will, trust deed, Charity Commission scheme, or some other document, and will be held for safekeeping by the Diocese) sets out which part of the fund can be spent. In most cases:

- the "capital" (i.e. the amount to be held permanently and usually represented by shares) should not be spent; but
- The "income" (dividends or interest paid out periodically) should be spent, by the PCC (or the vicar and churchwardens), for the purpose set out in the governing document.

If your trust fund has property (assets such as money, shares or land and buildings) that must be kept rather than spent, this is called **permanent endowment.**

Applying to the Charity Commission

Under section 281 of the Charities Act 2011 it is possible, under certain circumstances, for the PCC to decide to spend the permanent endowment as well as the income. The PCC must be satisfied that it can achieve the purposes of the fund more effectively by spending the fund itself rather than just spending the income.

If the PCC decides to spend the permanent endowment, it can only be spent for the purposes set out in the governing document of the fund.

If the market value of the endowment fund exceeds £25,000, the fund is classed as a "larger fund", and the PCC will need Charity Commission approval. The PCC should follow the "**Rules for spending from a higher value fund**", which can be found here:

Permanent endowment: rules for charities - GOV.UK

The Diocese can help with the application by supplying any information needed, including fund values and copies of governing documents.

After Charity Commission approval has been granted

Once Charity Commission authority has been granted, documentation from the Charity Commission to evidence their decision should be send to trustadmin@oxford.anglican.org and the change of conditions will be noted in the Diocese's records. Following this, the trustees can request a drawdown from the trust fund in the usual way, using **T1a Trust Withdrawal Request form**.