

## Methodist Publishing House Integration: Update

### Basic Information

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<b>Status of Paper</b>	Interim. As matters currently under negotiation proceed, the updated information will be provided to SRC and Conference
<b>Action Required</b>	<p><b>Information</b> The main body of this report provides an update to the progress of the integration of continuing mph functions within the Connexional Team and of plans for the future of Epworth Press.</p> <p><b>Decision</b> Council is asked to approve the resolutions below regarding copyright permission on behalf of TMCP and the creation of Standing Orders to effect the previous decisions of the Conference in the light of this report.</p>
<b>Draft Resolution</b>	<p>1. In light of the decision of the Conference 2008 that <i>'mph should cease to exist as a separate entity within the Connexional structure'</i>, the Council delegates the authority to handle permissions for material where the copyright is the property of the custodian trustee TMCP (a power previously delegated by the Council, acting as managing trustees, to mph) as follows :</p> <p>a) in respect of Epworth Press imprint and Epworth Review, to the Chair of the Epworth Press Committee and the Commissioning Editor for Epworth Press.</p> <p>b) in respect of all other TMCP copyrights that were previously handled by mph, to the appropriate Connexional Team staff, normally the Director of Communications and Campaigns, the Methodist Publishing Manager or the Publications Coordinator.</p> <p>NB This resolution is in draft form and we are awaiting the approval of TMCP for this form of words. This will be available at Council.</p> <p>2. The Council notes the report on progress towards integrating the continuing mph functions into the Connexional Team, and directs that in consultation with the Law &amp; Polity Committee appropriate amendments to Standing Orders 242 and 243 be brought to the 2009 Conference to effect the previous decisions of the Conference in the light of it.</p>
<b>Alternative Options to Consider, if Any</b>	N/a

### Summary of Content

<b>Subject and Aims</b>	The purpose of this report is to update members of the Council on the progress with integrating Methodist Publishing House with the Connexional
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	Team
<b>Main Points</b>	<ol style="list-style-type: none"> <li>1. The integration of Methodist Publishing House into the Connexional team is on schedule to be completed by 31 August 2009. A timetable is attached which describes the remaining steps required to complete integration.</li> <li>2. The continuing functions of Methodist Publishing have been agreed and the operations at Peterborough down-scaled accordingly. A paper is attached which describes the activities to be carried forward by the new “Methodist Publishing” function.</li> <li>3. A revision is required to Standing Order 243 with regard to Epworth Press that was adopted last year</li> <li>4. A replacement for Standing Order 242 is also required to identify the proposed functions and responsibilities of Methodist Publishing and Epworth Press as the legitimate and only successors to the ‘Book Rooms’ of the Methodist Church as specified in the Deed of Union Clause 21 (ii) and (iii).</li> </ol>
<b>Background Context and Relevant Documents (with function)</b>	<p>2008 Conference mandated that <i>“steps should now be taken to place responsibility for all aspects of Methodist Publishing, centrally in the Connexional Team”</i>.</p> <p>Work has been underway all year and this paper gives an update on some of the key decisions that have been made and actions remaining to complete the integration.</p>
<b>Consultations</b>	<p>Lynn Jones (PWW Solicitors) – for advice on how to formally effect the transfer of assets and liabilities from MPH to the Connexional Team.</p> <p>Richard Antcliffe (Baker Tilly, Auditors) – to ensure that the timetable for integration is satisfactory from an audit perspective.</p> <p>Nick Moore, Nick Addo (Finance) – to ensure that the timetable for integration is acceptable from a Finance perspective</p> <p>Neil Joubert (Interim CEO, MPH) – to ensure that the operations in Peterborough can be made ready for integration in accordance with this timetable</p> <p>Peter Brophy (Chair, MPH) – to ensure that the timetable for integration is acceptable to the MPH board.</p> <p>Ken Howcroft (Member of MPH Board, Assistant Secretary of Conference) to ensure that the timetable for integration is satisfactory from a Governance perspective.</p> <p>Janet Morley, Toby Scott (CCEA Cluster) to ensure that CCEA is prepared to absorb the remaining MPH functions in accordance with this timetable</p>

**Summary of Impact**

<b>Standing Orders</b>	revisions to S.O. 242 and 243 required (see draft Resolution 2)
<b>Faith and Order</b>	None
<b>Financial</b>	<p>The 2008 MPH accounts will be signed off by the MPH board but the 2009 accounts of the remaining Peterborough operational will be consolidated with the Methodist Council and included in the overall audit. The details of how this process will work are still to be confirmed.</p> <p>MPH will cease to have a separate VAT registration from 1 June 2009.</p> <p>The impact of bringing MPH into the Connexional team has been communicated to the consultant carrying out the Finance Review.</p>
<b>Personnel</b>	The TUPE transfer of the 5 remaining staff will be completed 1 April 2009.
<b>Legal</b>	<p>All activities in the attached timetable have been discussed and agreed with the Methodist Council solicitors and is based on their advice on how the integration should be effected from a legal perspective. Formal legal documentation will be drawn up to effect the change of Management Trustees from the MPH Board to the Methodist Council.</p> <p>The timetable has also been discussed with the auditors.</p>
<b>Wider Connexional</b>	
<b>External (e.g. ecumenical)</b>	The Finance team will communicate the change of VAT registration with HMCR.
<b>Risk</b>	<p>HMRC have the right to object to moving the Peterborough operation onto the Methodist Church VAT registration if they perceive that it has been done solely to improve the Church's VAT position. This should be low risk but the necessary financial processes to generate a separate VAT return will be maintained until we have confirmation from HMRC do not object.</p> <p>Methodist Council is providing the MPH Board with an indemnity against any future claims against them in relation to their role as Managing Trustees of MPH. There are not thought to be any likely material claims (with the exception of the known pension deficit) but we will ask the MPH Board to disclose any possible liabilities at the point of signing the deed.</p> <p>The lease for 4 John Wesley Road and the contract with Big Web are still being negotiated, the timetable above is the earliest at which this process can be completed. Contingency plans for if either deal falls through are being discussed at the Implementation Meeting on 23 March.</p>

# 1. Integration of Methodist Publishing

## For information

### 1.1 Introduction

Conference 2008 mandated that *“steps should now be taken to place responsibility for all aspects of Methodist Publishing, centrally in the Connexional Team”*.

MPH is a separately defined trading entity which reports directly to Conference, it has its own Managing Trustees, staff and premises, bank account, chart of accounts, assets and liabilities etc.

This report outlines the key steps required to complete the integration of MPH with the Connexional Team along with their timing.

### 1.2 Drivers of the timetable

The two key milestones which influence the sequence and timings of events are:

- A requirement to *complete* integration by 31 August 2009, as per the Conference Resolution.
- The need to vacate 4 John Wesley Road by June 2009 to enable the prospective tenants, Ecolutia, to take occupancy. Negotiations are still ongoing with Ecolutia, they have expressed a preference to complete the process as quickly as possible and so June has been provisionally agreed as a move-in date.

Parallel discussions are being held with Big Web, who are our prospective warehousing and fulfillment partners, and who can also provide office space for the remaining 5 Peterborough staff after 4 John Wesley Road is vacated.

A period of 8-12 weeks is required between signing an initial “Agreement to Lease” with Ecolutia and them taking occupancy of 4 John Wesley Road. This time will be spent refitting the offices at Big Web to house the Peterborough team and making good 4 John Wesley Road in preparation for the new tenants.

The Agreement to Lease 4 John Wesley Road and the contract with Big Web should be signed by representatives of Council rather than the MPH Board; this requires the transfer of assets to have taken place.

The implications of this property timetable on the overall integration timetable are:

1. The Managing Trustees of 4 John Wesley Road must be changed from the MPH Board to the Methodist Council before the Agreement to Lease is signed. This change will be recorded in a deed to be drawn up by PWW Solicitors upon completion of which the new

Managing Trustees will automatically assume responsibility for all MPH assets and liabilities.

2. The above-mentioned deed will also provide for the MPH Board to be indemnified against any future claims against them in relation to their role as Managing Trustees of MPH and this indemnity will date from the date of the deed.
3. On completion of the deed the MPH Board are no longer the Managing Trustees of the assets and liabilities of MPH.
4. **This process would need to be completed by early-mid April 2009 in order to allow Ecolutia to take occupancy of 4 John Wesley Road by June 2009 ie the MPH Board will cease to have any operational responsibility in early-mid April 2009.**

### 1.3 The timetable

Assuming that we are aiming for Ecolutia to occupy 4 John Wesley Road by the end of June the timetable will be as described below:

Date	Action
<b>23 March 2009</b>  <b>Implementation Group Meeting</b>	Timetable formally agreed by Implementation Group.  Review of draft deed to change Managing Trustees and indemnify Board.  Draft lease for 4 John Wesley Road and contract with Big Web reviewed.  Agreement of how loose ends such as Wimbledon will be resolved.
<b>24 March 2009</b>  <b>MPH Board Meeting</b>	Timetable formally agreed by MPH Board.  Review of draft deed to change Managing Trustees and indemnify Board.  Agreement of how loose ends such as Wimbledon will be resolved.
<b>1 April 2009</b>	TUPE transfer of 5 Peterborough staff complete.
<b>3-4 April 2009</b>	Update to Council.
<b>Early- Mid April</b>	<b>Deed to change Managing Trustees and indemnify Board is signed. MPH ceases to exist as a separate trading entity but MPH Board retain some reporting responsibilities.</b>  Agreement to Lease 4 John Wesley Road signed by representatives

	<p>of Council.</p> <p>Contract with Big Web signed by representatives of Council.</p>
<b>31 May 2009</b>	Final MPH VAT return issued to HMRC.
<b>1 June 2009</b>	Peterborough absorbed into Methodist Council for VAT purposes and use Methodist Church VAT number.
<b>End June 2009</b>	<p>4 John Wesley Road occupied by Ecolutia.</p> <p>Peterborough staff move to Big Web offices.</p>
<b>7-9 July 2009</b>	Joint update on progress to Conference by the Board of MPH and Council, includes change to Standing Order 242 and MPH 2008 Accounts.
<b>31 August 2009</b>	Peterborough operation consolidated into Methodist Council financial statements through annual return process (details tbc) and audited as part of Methodist Council audit.
<b>1 September 2009 and thereafter</b>	Peterborough legally, financially and operationally integrated with the Connexional team.

## **2. Continuing functions of “Methodist Publishing”**

### **2.1 What is Methodist Publishing?**

Methodist Publishing = Functions transferred from MPH + Continuing functions carried out by Publishing team

### **2.2 What functions does Methodist Publishing carry out?**

- Publish the official documents of the Methodist Church under the Methodist Publishing imprint. Eg Conference Agenda, Hymn Collection
  - Methodist Publishing will manage a centralised publications budget within the Connexional Team and project manage the creation and distribution of all publications
  - Design and editorial will be done in house though may be outsourced for large projects such as the Hymn Book
  - Printing will be outsourced but managed in house
  - A photo library will be maintained, photos may also be purchased from stock companies
  - An electronic archive will be kept of all Methodist Publishing publications
  - Materials will be produced for use at exhibitions
  - Design templates will be created to enable the wider Church to produce their own materials
- Act as retailer of own titles and distributor of materials supplied at no cost
  - A transactional website and annual catalogue will be maintained in-house
  - Customers may order online, over the phone, by post through an in-house customer service team
  - Warehousing and distribution will be outsourced
- Manage all copyright issues on behalf of TMCP and ensure all publications published by Methodist Publishing have appropriate copyright permission
- Continue to publish the Epworth Review in the short term

### 2.3 What functions will Methodist Publishing NOT carry out?

- Methodist publishing will not be operating any bricks and mortar book shops
- Methodist Publishing will not be publishing or selling any titles under the Inspire or Epworth imprints
- Methodist Publishing will not be carrying out any fulfilment services on behalf of 3<sup>rd</sup> party organisations
- Methodist Publishing will not continue publishing the Upper Room or offering it as a subscription.
- Methodist Publishing will no longer be producing or selling non-communications products such as candles.

### 2.4 How will Methodist Publishing be governed?

Methodist Publishing is part of the CCEA cluster, within the Communications team. It is accountable to Conference via Council and the Strategy and Resource Committee

### 2.5 What criteria govern what Methodist Publishing can produce?

Methodist Council (October 2008) has noted the following criteria for all publications in Methodist Publishing:

*Apart from ecumenically agreed joint projects (with a specific promotion strategy), they should be what we can 'uniquely and best' undertake, namely:*

- *reflect Our Calling and Priorities for the Methodist Church*
- *be explicitly Methodist in appeal*
- *highlight and develop the charisms of Methodism*
- *if already published, be able to demonstrate that they are selling relatively well*
- *supply core Methodist Church needs*
- *meet the requirements of the Conference or the agreed communications strategy*
- *be resources Methodists cannot easily acquire elsewhere.*

*SRC was concerned to ensure that all publications of **Methodist Publishing** should be of a high quality and subject to rigorous evaluation. **Methodist Publishing** will work to an agreed budget. It will not have the requirement to operate on a fully commercial basis but there would be an expectation that wherever possible, priced items should cover their costs and there would be proper discipline concerning:*

- *being able to demonstrate clear market research showing the need*
- *careful planning of formats to be inclusive and to make distribution easier*
- *realism about print-runs to avoid wastage and pointless warehousing*
- *all costs to be included in the budget for any publication*
- *effective promotional strategies.*

For free items and those which can justify it on clear grounds, **Methodist Publishing** may intentionally subsidize the costs to some extent but this will be a deliberate choice, where all costs are known.

### 3. Epworth Press

3.1 Epworth Press (EP) exists by virtue of Standing Order 243 which represents a long-standing commitment of the Conference to the Press. The rationale for EP has been/is

- To be a sign of the commitment of the Methodist Church to do its theology in the public domain
- To promote theological enquiry about Methodism, making the fruits available to the Connexion, the Methodist world family and the wider public domain (this involving and welcoming non-Methodists)
- To encourage and nurture Methodist theologians, particularly younger ones.

3.2 At one point in history the Conference directed mph to fund and service EP, but did not set clear guidelines, limits, or budgets.

3.3 In more recent times the Conference has decided to bring the continuing functions of mph under the management of the Methodist Council and the integration of (some of) its services with those provided by the Connexional Team.

3.4 The Conference specifically identified EP as falling outside this process and directed that arrangements be made and reported to Conference 2009.

3.5 Certain things can be noted at this stage:

- EP has an existing, effective editorial committee.
- EP does not have an existing, effective management or clear lines of accountability
- An interim Epworth Editor has been appointed for the Connexional year 08-9 to work half time, paid for by the Epworth Fund allocation for theological research and inquiry.
- Negotiations are underway to find office space at Guy Chester Centre
- The possibility of some admin support has been mooted.
- A notional budget of £50,000 was set for the year 08-9.
- SRC agreed that the EP Committee should consist of two sections: the first dealing with editorial matters (as at present); the second – two people – dealing with management matters.
- It is agreed that 4 issues of Epworth Review will be published in 2009.
- The interim Epworth Editor has been asked to provide as much detail as possible about the current circulation of the Epworth Review, trends in circulation, and the level of support needed – both financially and in terms of staff time – if the Review is to continue

3.6 Methodist Council October 2008 (MC/08/97) noted that 'Standing Order 243 requires amendment to strengthen the Epworth Committee with responsibility and resources for financial management as well as editorial responsibility'.

There are a number of key matters still to be resolved, eg:

- The legal status of EP and its governance needs to be established, and SO 243 needs to be re-worded to reflect this.
- The finances of EP need clarifying (including a realistic operating budget) and an effective structure for managing these needs to be established.
- Staffing capacity and line management requirements need to be agreed.

## Appendix: What has happened to the rest of MPH?

Past functions of mph	Change agreed	What this means
Publish the official documents of the Methodist Church under the Methodist Publishing House imprint. Eg Conference Agenda, Diary, Hymn Book	Continue under MP	Integrate remaining operations into Methodist Publishing
Published serious theological titles under the Epworth Press imprint	Will continue but not within MPH or MP	Transferred to Epworth Press Committee. Stock held at mph written off.
Published popular spiritual, devotional and informative titles under the Inspire imprint	Inspire imprint discontinued. No further books to be commissioned. Relationships with existing authors terminated.	Methodist Publishing will not sell any Inspire titles.  MPH will continue to sell until handover and then dispose of remaining stock.
Operated the bookshop in Methodist Church House	Book shop has now closed.	Methodist Publishing will not operate any bricks and mortar stores. Any remaining stock will be disposed of by MPH before handover.
Acted as retailer of own and selected other titles through catalogues and its website.	Own titles to continue for sale under MP	Integrate online and catalogue retail operation into Methodist Publishing.  Own titles and selected titles according MP criteria only.
Provided a fulfillment service (warehouse, order management and dispatch) for a number of other Christian publishers	This service to be discontinued	All fulfillment for other publishers has been terminated. An outsourced operation will continue under Methodist Publishing for MCH only.
Ad hoc printing and mailing services to the Connexional Team and to the wider church	Stop.	Printing machine has been returned, all large scale printing to be outsourced via Methodist Publishing.