

## Leasing of Methodist Premises

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<b>Status of Paper</b>	Final
<b>Action Required</b>	Decision
<b>Draft Resolutions</b>	See report

### Summary of Content

<b>Subject and Aims</b>	The paper sets out some of the principles applied by the Trustees for Methodist Church Purposes (TMCP) and the Connexional Team when considering whether or not consent can be provided to a lease of Methodist premises. The Council is asked to ratify the principles applied by TMCP and the Connexional Team in this regard.
<b>Main Points</b>	Standard clauses are inserted in a lease of Methodist premises on the basis that they are in the best interest of the Managing Trustees. The Council has never previously been asked to consider whether or not the Council agrees with the standard clauses within a lease. The standard clauses exclude security of tenure and remove the requirement to re-instate if the premises are destroyed or damaged. Clarification is also sought on whether or not Sunday trading is permitted on Methodist premises.
<b>Background Context and Relevant Documents (with function)</b>	Paper to the Law and Polity Committee – LP/12/01/02
<b>Consultations</b>	Trustees for Methodist Church Purposes

### Summary of Impact

<b>Personnel</b>	Ratification by the Council of the key principles will help to reduce staff time within both TMCP and the Connexional Team in seeking to negotiate with managing trustees about why the standard clauses are necessary.
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1. This paper originates from work undertaken by the Law and Polity Committee in seeking to define Methodist premises. During the discussions about Methodist premises, their use and standard terms of disposals, it was highlighted that the Trustees for Methodist Church Purposes (TMCP) have standard clauses that they seek to ensure are contained within all leases of Methodist premises.
2. TMCP as custodian trustee need to approve all leases of Methodist premises and under SO 931(3) the Connexional Team also have to approve the terms of a lease. TMCP also advise the Connexional Team as to whether or not approval should be given. TMCP ask that standard clauses are inserted into all leases of Methodist premises as these clauses are considered by TMCP and the Connexional Team to be in the best interest of the Church.
3. On most occasions managing trustees will happily ask their legal advisers to insert the standard clauses. However, there are occasions when managing trustees will not insert all the standard clauses and TMCP have to advise the Connexional Team whether or not approval under SO 931(3) can be provided. Ultimately the Conference Officer for Legal and Constitutional Practice can refuse to sign the memorandum of consent required under paragraph 26 of the Model Trusts and the lease cannot complete. No clarification has ever been sought from the Council about the basis on which such a refusal should be made.
4. TMCP and the Connexional team have to date worked on the basis of four key principles that are set out below (para 7-10). These principles are in addition to the requirement for managing trustees to comply with charity law and other key terms that a qualified surveyor will require in order to confirm the terms are the best obtainable e.g. a rent review. TMCP and the Connexional Team would always withhold approval if managing trustees had not met the requirements of the Charities Act 2011.
5. The principles require standard clauses to be included within all leases of Methodist premises. One principle that causes particular difficulty for TMCP and the Connexional Team is whether or not to permit Sunday trading.
6. The Council is asked to ratify the principles that have to date been applied by TMCP and the Connexional Team in deciding whether or not approval can be provided under SO 931(3). Ratification of the principles will also help to ensure that there is consistency across leases of Methodist premises and that they are always, as far as possible, in the best interest of the Methodist Church.
7. **Principle 1: Exclusion of security of tenure**

At present TMCP request that all new leases, which are to be granted of Methodist premises are excluded from the protection afforded by Sections 24-28 of the Landlord & Tenant Act 1954 ('the Act'). If the relevant sections of the Act are not excluded then the tenant has 'security of tenure' meaning that when the lease term expires the tenant has the automatic right to renew the lease on more or less the same terms as the existing lease. The managing trustees do not have the ability to terminate the lease unless they can prove certain grounds under the Act. These grounds are often very difficult to prove which can mean that the

Managing Trustees are left with no choice but to grant a further lease to the tenant or go to a great deal of expense in proving these grounds and even if successful they might have to pay compensation to the tenant. A tenant in occupation can often limit the potential for obtaining the best price for the property should the managing trustees wish to sell. For the above reasons it is considered by TMCP prudent for all leases of Methodist premises to be excluded from security of tenure.

9. **Principle 2: No requirement to re-instate**

- 9.1 At present if a lease is to be granted and that letting is within the church site's curtilage, TMCP ask the Managing Trustees' solicitors to amend the lease so that there is no obligation on the Managing Trustees to reinstate the premises on damage or destruction by an insured risk. Instead the lease is to contain a right to determine the lease if the Managing Trustees decide not to reinstate.
- 9.2 The rationale for there being no requirement to reinstate a property following damage or destruction could present an opportunity to the Managing Trustees to consider whether the building in its current form is best serving their needs. By giving the Managing Trustees the opportunity to end the tenant's lease and consider their future needs could mean that the Trustees decide to modernise the property or sell the existing property and purchase a newer building which is less of a drain on resources and would enable the Trustees to spend more money on mission rather than the building.

10. **Principle 3: Sunday trading**

- 10.1 Standing Orders contain a number of restrictions on the use of Methodist premises e.g. the prohibition on gambling or use for masonic meetings. TMCP always ensure that clauses that are inserted in leases that enforce these restrictions.
- 10.2 The majority of the restrictions on use are set out in Standing Orders and Managing Trustees are therefore obliged to comply with these even when entering into a commercial lease of Methodist premises. However, no policy decision has ever been made on whether or not Sunday trading should be permitted on Methodist premises.
- 10.3 To date TMCP and the Connexional Team have dealt with questions on whether or not Sunday trading should be permitted on a case by case basis. Generally the principle being that any lease of property falling within the curtilage of the church site should contain a prohibition on Sunday trading. However, where the premises are not within the curtilage of the church site Sunday trading can be permitted and this normally includes investment property.
- 10.4 Given there is no Standing Order preventing Sunday trading on Methodist premises, TMCP and the Connexional Team have a limited authority in enforcing this principle.
- 10.5 The view of the Council is therefore sought on whether Sunday trading should not be permitted where the lease is of premises within the curtilage of the Church site but will be permitted where the lease is of investment property as classified under SO 908, "land which is church property but which is either let or for other reasons is not used for any of the purposes specified in head (b) to (m) of paragraph 13 of the Model Trusts (in this Part called "Methodist trust purposes) and which in either event has not at any time while it has been church property been used for Methodist trust purposes." There are however other types of

Methodist premises which are neither investment property nor within the curtilage of the Church site e.g. a Church bookshop with a cafe that wants to trade on a Sunday. It is proposed that other Methodist premises can also be allowed to trade on a Sunday but the Council's view is sought on this matter.

**\*\*\*RESOLUTIONS:**

**68/1. The Council approves the principle that all leases of Methodist premises should be excluded from the protection of security of tenure.**

**68/2. The Council approves the principle that all leases of Methodist premises which are within the curtilage of the church site should not include a requirement that the premises be reinstated if they are damaged or destroyed by an insured risk.**

**68/3. The Council approves the principle of allowing Sunday trading on Methodist premises which are investment property under SO 908 or premises outside the curtilage of the Church site.**