

## Model Trust 20 Review of Disposals at an Undervalue

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<b>Background Context</b>	MC/18/40 Sales under Paragraph 20 of the Model Trusts

### Background

1. The Methodist Council, at its meeting in April 2018, received paper MC/18/40 which highlighted concerns about the policy for sales at an undervalue or for nil value. The concerns related to two recently proposed sales of church buildings at nil value to other Christian denominations. The existing policy permits sales at undervalue for other Christian worship, for education and youth activities, to schools and to Housing Associations (in limited circumstances). There is no apparent reasoning behind this policy other than these were felt by the Methodist Council at that time to be the appropriate purposes for which sales should be allowed to proceed at an undervalue. There has not however been a review of the purposes of the sales at undervalue or a consideration as to what the Council is seeking to achieve by permitting sales at an undervalue, since the policy was adopted in January 2011.
2. In light of having agreed the Connexional Property Strategy this discussion paper is presented to the Council to give some consideration to the overriding question of:-

**Why would/should managing trustee bodies be permitted to dispose of property or land at an undervalue rather than market value?**

3. This paper is not looking to consider the terms of any sales at an undervalue but offers the Council the opportunity to reflect on why it is that property can be sold at an undervalue, should this continue and if so, what should be the overriding purpose(s) of such sales. A policy that reflects what the Council is seeking to achieve by allowing sales at an undervalue will then be drafted for a future meeting in response to the views of the Council.
4. The current Model Trust 20 policy is not provided to the Council in order to offer the opportunity to consider sales at undervalue and potentially nil value afresh.
5. It is however important to note the power that is contained within the Model Trusts that enables the Methodist Council to adopt a policy that sets the purpose and parameters of such sales.
6. Paragraph 20 of the Model Trust

***Special powers on disposal of property.*** (1) *If the board of the Property Division shall consider that any purpose of the Church would thereby be advanced, it shall be lawful for such board to authorise the trustees of any model trust property, by a written authority under the hand of its General Secretary or of any other person authorised by such board in that behalf to dispose of such property or any part thereof, in any manner whatsoever to any person upon trust for such purpose of the Church without the payment or provision of any consideration or for the payment or provision of less consideration than might otherwise be reasonably obtainable in respect of such property or such part thereof, and it shall be lawful for such trustees to enter into any transaction pursuant to such authority.*

*The functions of the 'board of the Property Division' (which no longer exists) are now exercisable by the Methodist Council by virtue of the definition of the latter in para. 1 above, but the name remains in this paragraph, which is unamendable (see para. 27). For similar reasons the functions of the 'General Secretary' of the board are now exercisable by the 'Property Secretary', as to whom see S.O. 006(2A).*

*For the conditions upon which model trust property can be disposed of to a Housing Association under this paragraph see S.O. 935.*

*(2) Where any model trust property or any part thereof comprises or includes a place of worship or a former place of worship, then, if the board of the Property Division shall consider that any purpose of the Church would thereby be advanced or tend to be advanced, such board may, by a written authority given under the hand of its General Secretary, or of any other person authorised by such board in that behalf, authorise the trustees of such model trust property or such part thereof to dispose of such property or such part thereof subject to any restriction (to be specified in such written authority) of the use of any land and any building or part of any building comprising such place of worship or former place of worship; and any transaction entered into by the trustees of such model trust property or such part thereof pursuant to any such authority shall not be capable of being impugned by reason of any such restriction.*

*As to the 'board of the Property Division' and its 'General Secretary' see the first note to sub-para. (1) above.  
See also S.O. 943(4).*

*(3) In the foregoing sub-paragraph 'former place of worship' means any property which was formerly a place or part of a place of worship but which, in the opinion of the board of the Property Division, ceased to be such a place or part of such a place not more than twenty years before the date of any written authority affecting the said property given by the said board pursuant to the powers contained in the foregoing sub-paragraph.*

## **Clarification of the purposes of the Methodist Church**

7. As part of the consideration of what the overriding principle for permitting sales at an undervalue should be, it is important to remind the Council of the purposes of the Methodist Church, these being the only purposes for which sales could be permitted to occur at an undervalue. The purposes of the Methodist Church are set out in section 4 of the Methodist Church Act 1976.

*4 Purposes. The purposes of the Methodist Church are and shall be deemed to have been since the date of union the advancement of –*

*(a) the Christian faith in accordance with the doctrinal standards and the discipline of the Methodist Church;*

*(b) any charitable purpose for the time being of any connexional, district, circuit, local or other organisation of the Methodist Church;*

*(c) any charitable purpose for the time being of any society or institution being a society or institution subsidiary or ancillary to the Methodist Church;*

*(d) any purpose for the time being of any charity being a charity subsidiary or ancillary to the Methodist Church.*

8. Clearly the purposes of the Methodist Church according to the Act are wide and allow much scope in terms of the purposes for which property could be sold at an undervalue. In light of *Our Calling* and the objectives which the Council agreed at its meeting in October 2018, it would be helpful to consider how sales at an undervalue and the permitted purposes that the sales would be achieving, fulfil *Our Calling* and assist in meeting the Council's objectives.

9. **Members of the Council are asked to work in groups and consider the following questions:**
- 1) **Why would/should managing trustee bodies be permitted to dispose of property or land at an undervalue rather than market value?**
  - 2) **What aspect of *Our Calling* is the Council seeking to fulfil by permitting disposal at an undervalue?**
  - 3) **In considering the response to question 2, what purposes would the Council want to seek to fulfil when permitting disposals at an undervalue?**
  - 4) **How could sales at an undervalue assist the Council in implementing the Connexional Property Strategy?**
  - 5) **Should disposal always be of the freehold or should consideration be given to only ever permit a lease for no more than 25 years?**