31. Methodist Independent Schools Trust (MIST) – Legal Structure

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<td>31/3. The Conference consents to the proposed amendments to the Articles of Association of the Methodist Independent Schools Trust as detailed in paragraph 6.</td>
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<td>31/4. The Conference approves the Deed of Retirement of Trustees and Appointment of a Trustee of the Methodist Independent Education Trust and authorises the President of the Conference to sign the Deed on its behalf.</td>
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1. The Methodist Council has considered proposals regarding amending the legal structures upon which Methodist independent schools property is held.

2. The trustees for MIST want to move the legal title for the school property away from the individual holding trustees who currently hold the legal title on the Methodist Independent Education Trust dated 1903. Initially it was proposed that a new property company would hold the legal title with the 1903 Trust being wound up. Concerns were raised about this approach by the Conference Officer for Legal and Constitutional Practice as it would limit or potentially remove, in the future, rights of the Conference in respect of the property. It is now proposed that the 1903 Trust should not be dissolved but rather amended to ensure the property remains subject to trust provisions with the legal title being held by a newly established trust corporation (Property Company).

3. The key reason for wanting to move the legal title away from the individual trustees has been to remove the potential for personal liability of the trustees, to ease the administration of property transactions and to seek to ring fence the property from commercial liabilities. There is a review of the governance and legal structure of the schools more generally but this is a matter for the trustees of MIST.

4. The proposed amendments to the Methodist Independent Education Trust 1903 are:

   - That the assets and undertaking of the schools (excluding land and property) be transferred from the trusts to be held by MIST as the legal and beneficial owner.
   - The land and property of the schools be vested in the Property Company as a trust corporation.
- The amended Trust deed appoints the Property Company as the trustee of the Trust.
- The serving individual trustees will be discharged of their duties.
- To include reference to the schools being administered and managed by MIST as the
governing body shall be removed (this is being addressed through the review of the
governance and legal structure of the schools and MIST).
- To include a preference being given to the advancement of education, if the Conference
were to exercise its power to determine the property be used for other charitable objects of
the Methodist Church.
- To remove the power of MIST to delegate to a body of local governors or to another
company all or part of its functions.
- To remove the administrative powers or responsibilities of the individual trustees as well as
reference to MIST needing to ensure obligations under the Charities Act are complied with.
- To include provision for the President of the Conference to appoint three individuals as the
protectors of the Trust who shall oversee the rights of the Conference in respect of these
trusts. The Property Company shall report to these three individuals each year and provide
such additional information as requested.

5. The holding of the legal title shall pass to a Property Company on the following basis:

1) The trustees of the 1903 Trust will retire in favour of the Property Company which will then
hold the legal title for the school property but upon the same objects as the current 1903
Trust.
2) There will be an indemnity to the former trustees of the 1903 Trust.
3) The amended Trust will ensure that the Conference still has the power to redirect the use of
the school property for other charitable purposes of the Methodist Church whilst giving
preference to educational purposes.
4) The continuing trust provisions will ensure that the property can only be used in accordance
with Methodist doctrines.
5) The Conference will continue to have the power to revoke, alter or add to the trust
provisions for property or declare new trusts.
6) The Conference may also replace the Property Company as the trustee of the Trust.
7) The Conference will continue to appoint and have the power to replace the trustees of MIST.
8) The trustees of MIST appoint the trustees of the new Property Company.
9) The Property Company would have no income and would merely hold the legal title to the
property.

6. It is proposed that the Articles of Association of MIST are amended:

1) To include a proviso that, if MIST is dissolved, a preference be given by the Conference to
applying the assets of MIST for the advancement of education in accordance with the
purposes of the Methodist Church.
2) To include a proviso that, if the Conference were to direct that the school property be used
for other charitable purposes, that preference is given by the Conference to the school
properties being used for the advancement of education.
3) Consequential amendments are made to reflect changes in officeholder titles and company
law since the last draft of the documents.

7. The Articles of Association of MIST continue to provide for:

1) The Conference appointing the trustees for MIST.
2) The Conference being able to determine the application of MIST’s assets on its dissolution.
3) The Conference being required to give consent to alterations to the Articles.
4) The Conference having to consent to the winding up of MIST.
5) The Conference is able to direct that the school property be used for other charitable objects of the Methodist Church.

8. The Articles of Association for the new Property Company provide for:

1) The Conference being able to determine the application of the Property Company’s assets on its dissolution.
2) The Conference is required to give consent to any alteration to its Articles.
3) The Conference is required to give consent to the winding up of the Property Company.
4) The Conference is able to direct that the school property be used for other charitable objects of the Methodist Church (with a proviso that preference be given to the education purposes of the Methodist Church).
5) MIST as a corporate body is the sole member of the Property Company and appoints the trustees of the Property Company.

9. The Conference does not have to consent to the disposal of any school property nor to structural alterations or demolition of buildings. This has been a matter of discussion between solicitors. No such provision is provided for in the current 1903 Trust. However, it is anticipated that if the protectors of the Trust were concerned about the actions of the trustees of MIST in respect of the property, the Conference might be asked to exercise its ability to replace the trustees for MIST or ultimately use its power to redirect the purpose that the property is used for. The net proceeds of sale from any disposal can only ever be used for the charitable purposes of the Methodist Church which obviously include educational purposes and the objects of MIST.

10. The Council has considered the amendments to the 1903 Trust, the Articles of Association of MIST and those of the new Property Company. The Council is content that the proposed legal documentation and change to the legal structure preserves the rights of the Conference in respect of the school property. Copies of the amended documentation in full are available from the Conference Office.

***RESOLUTIONS

31/1. The Conference received the Report.

31/2. The Conference approved the proposed amendments to the Methodist Independent Education Trust 1903 as detailed in paragraph 4.

31/3. The Conference consented to the proposed amendments to the Articles of Association of the Methodist Independent Schools Trust as detailed in paragraph 6.

31/4. The Conference approved the Deed of Retirement of Trustees and Appointment of a Trustee of the Methodist Independent Education Trust and authorised the President of the Conference to sign the Deed on its behalf.