

Discussion on fundamental principles of proposed Model Trust 20 policy

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Background Context	MC/19/11 Model Trust 20 Review of Disposals at an Undervalue MC/18/40 Sales under Paragraph 20 of the Model Trusts

Background

The Methodist Council considered the principle of sales at an undervalue under Model Trust 20 earlier in the calendar year. The conclusions were that there should continue to be the ability to transfer or lease property at an undervalue but only in limited circumstances and only where such a disposal would further *Our Calling*. It was also important to members of the Council to find ways to ensure the interests of the Methodist Church in the property or land were protected should the intended use cease.

This paper seeks to set out the key principles of a proposed new policy. There will clearly be a lot more detail to be included within any final policy and precedent terms. At this stage views on the proposed principles are being sought.

Criteria for a Disposal at Undervalue

A disposal of Model Trust property or land at an undervalue should only be:

- 1) **To another Christian Church** – where there is clear evidence that the use would further *Our Calling* through:
 - Worship** – increase the awareness of God’s presence and celebrate God’s love
The worship of the Christian Church would have to be compatible with the doctrines of the Church; the Church would have to be a member of Churches Together in Britain and be gazetted to the Shared Buildings Act 1969.
It is not proposed that there could be a sale to another Christian Church unless there is an intention to worship on the premises.
- 2) **To a Methodist charity** - where there is clear evidence that the use would fulfil *Our Calling* through either:
 - Evangelism** - Making more followers of Jesus Christ
 - Service** – to be a good neighbour to people in need and to challenge injustice

The definition of Methodist charity would have to be tightly defined being clear a Methodist charity is one with same or similar objectives to the Methodist Church in Great Britain as a charity and has the majority of its trustees appointed by the Methodist Conference, Methodist Council, a Synod or District Policy Committee.

There must be continued Methodist involvement through the relevant local church or Circuit.

One additional Option – how feasible is this?

- 3) **To a Charity with objects the same or similar to the Methodist Church of Great Britain** – where there is clear evidence that the use by the charity would further *Our Calling* through either:
- Evangelism**
 - Service**
 - Learning or Caring**

The definition of a charity with sufficiently similar objectives would need to be tightly confined and it would have to be for the Circuit Meeting and District Policy Committee to decide that the charity's objectives met those of the Methodist Church in Great Britain.

There would need to be continued Methodist involvement in the charity and a local church or circuit project being run from the Methodist premises.

Basis for Any Disposal under paragraph 20 of Model Trusts

There shall only ever be a **freehold transfer of legal title for a disposal at 80% or over** of the market value.

- Freehold transfer shall include overage provisions for 25 years so if the property were sold within 25 years.
- If the new owner sell within 25 years, the difference between the market value and the purchase price subject to CPI would be payable to Church.
- The Church will not benefit from increased value of the property due to improvement works undertake by new owner.

There shall **NOT be any freehold transfer of property or land at less than 80%** of the market value.

Where a sale at less than 80% of the mark value is proposed – the disposal can only be by way of a lease for up to 30 years.

- Rent reviews shall be included with the terms of the lease so that the managing trustees may review the level of the rent at undervalue being paid. First year of rent review would depend on level of rent being paid or if a premium was paid.
- Until 2021 and any amendment to the Model Trust, there still cannot be a lease to other denominations for worship.
- Approved terms for legal contracts of these sale and leases would be non-negotiable when making disposal under paragraph 20.

Process for approval of disposal at an undervalue

- Shift responsibility to the District Policy Committee (DPC) which will need to decide whether or not the disposal at undervalue aligns with their District Mission Development Plan and whether the loss of capital is justified in furthering *Our Calling*.
- Request will have to be made to the DPC for approval at very early stage and before any negotiations have taken place with the proposed purchaser or tenant.
- The Property Development Committee would need to concur with the decision of the District Policy Committee.

Thoughts on the above are welcomed.