

Redevelopment of Camden Town Methodist Church

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Resolutions	See end of paper.
Background Context	Previous resolutions of the Council are shown in the appendix.

1. The Methodist Council, at its meeting in January 2016, was informed of the proposal to redevelop Camden Town Methodist Church with connexional funds in order to maintain the Christian presence that was otherwise at risk of being lost, due to the perilous state of the building. The intention has always been to redevelop the building for the local Church and as a hotel. The hotel once redeveloped will be leased to The Wesley (Methodist International Centre Ltd) on a market rent with distributable profits from the trading subsidiary being gift aided to the Methodist Council.
2. There has been a significant delay to obtaining acceptable planning permission for the redevelopment but permission was finally obtained on 16 August 2018 for a 39 bedroom hotel with a worship area and space for church/community use. The planning consent was granted subject to the signing of a section 106 agreement.
3. The Methodist Council in January 2018 received an update on the costings of the redevelopment given the proposed redevelopment costs had increased from the original estimate of around £5 million to £7.5 million. The Council accepted the budget had increased and directed that the redevelopment should still proceed on the basis that the budget did not exceed £8 million plus VAT with the funding being provided from connexional funds.
4. The fitting out costs and pre-opening costs are excluded from the redevelopment cost on the basis that these will be borne by Methodist International Centre Ltd and the amortisation of those costs is reflected in the projected results.

Valuation

5. Eddisons Taylors, Business and Commercial Valuers with hotel expertise, were instructed to assess the market rent and investment value of the completed development. Their assessment is that a fair representation of the market rent would be £440,000 per annum.
6. Based on a market rent of £440k, the investment value of the developed property has been estimated at between £9.2m at a 4.5% yield and £7.5m at a 5.5% yield with a mid point of £8.25m at a 5% yield.
7. It is prudent to pass more detailed resolutions to clarify authorisations and delegations.

Next Steps

8. The Council has previously agreed that Camden Town Methodist Church should be declared as connexional property and this has been agreed with the Church Council. It was however at the time assumed that the managing trusteeship would pass over when a development agreement was being signed. In light of the delay and need for a small group appointed by the Property Development Committee to oversee and steer the redevelopment, it is prudent

for the transfer to occur before the completion of a development agreement. Appropriate resolutions are proposed below.

9. A resolution was previously adopted that foresaw the redevelopment being overseen by Methodist International Centre Limited but it is now proposed that the Property Development Committee will oversee the redevelopment and only upon completion will be building be leased to MIC Ltd. One option that continues to be explored is the establishment of a trading subsidiary company that would enter into the contracts relating to redevelopment that would mitigate the risk to the Council. The Council has previously received a paper explaining the benefits of establishing a company for such transactions. Resolutions are proposed below to keep open the option of a company entering into such contracts rather than the Council.
10. There is no need to amend any resolutions regarding the budget of £8 million plus VAT nor that the redevelopment shall be funded from connexional funds.
11. Attached to this paper is an appendix setting out the resolutions already passed that still remain in place.

*****RESOLUTIONS**

- 77/1. The Council receives the report.**
- 77/2. The Council adopts the following resolutions to replace previous resolutions passed by the Council in respect of managing trusteeship and authorisation to enter into any agreements for the redevelopment of Camden Town Methodist Church and its funding.**
- 77/3. The Council resolves that the property known as Camden Town Methodist Church shall be for connexional purposes (as defined by the Model Trusts of the Methodist Church) in connection with the Methodist Council from a date to be agreed between the Superintendent of the Islington and Camden Mission Circuit and the Chair of the Property Development Committee.**
- 77/4. The Council resolves that in accordance with Standing Order 904 that the Connexional Trustees for Camden Town Methodist Church shall be the members of the Property Development Committee annually appointed by the Council.**
- 77/5. The Council directs the Property Development Committee to oversee the redevelopment of Camden Town Methodist Church and to make regular reports to the Strategy and Resources Committee on the feasibility and funding of the redevelopment.**
- 77/6. The Council authorises any two of the following members of the Council, the Chair of the Council, Secretary of the Council, Chair of the Strategy and Resources Committee or the Connexional Treasurers, upon the direction of the Strategy and Resources Committee, to sign any documentation relating to the funding arrangements for the redevelopment of Camden Town Methodist Church.**
- 77/7. The Council authorises any two of the following members of the Council, the Chair of the Council, Secretary of the Council, Chair of the Strategy and Resources Committee or Connexional Treasurers, upon the direction of the Property Development Committee, to sign a development agreement, agreement for lease and such other legal documentation necessary for the completion of the redevelopment and leasing of Camden Town**

Methodist Church upon completion.

- 77/8. The Council accepts that the preference would be for the party entering into such legal agreements and contracts for the redevelopment to be an incorporated body and therefore authorises the Strategy and Resources Committee to exercise the authority granted in resolutions 6 and 7 to apply to contracts and agreements being entered into by a trading subsidiary company of the Methodist Council.**

Appendix

Previous Resolutions of the Council

January 2016:

16.1.11 Development of Camden Town Methodist Church [MC/16/10]

- 10/1. The Council received the report.
- ~~10/2. The Council agreed to be the managing trustee for Camden Town Methodist Church and delegated to the Chair and Secretary of the Council responsibility for agreeing the date upon which the transfer shall take place, upon the signing of a development agreement or an equivalent document.~~
- ~~10/3. The Council agreed to sign a development agreement or equivalent agreement with MIC Ltd in respect of the redevelopment of Camden Town Methodist Church and declared that, on the basis the Camden Town Methodist Church Council pass a resolution to the same effect, the Camden Town Methodist Church building be used for connexional purposes from the date of the development agreement or its equivalent.~~
- 10/4. The Council agreed to connexional funds held in the Methodist Church Fund or elsewhere being utilised to fund the redevelopment of Camden Town Methodist Church.
- 10/5. The Council delegated to the Strategy and Resources Committee:
- (i) responsibility for finalising the details of how the redevelopment is funded from connexional funds and how such funds are repaid;
 - ~~(ii) responsibility for negotiating the terms of the development agreement or an equivalent document and the strategic oversight of the redevelopment as set out in this report;~~
 - (iii) the ability to agree the terms of any loan agreements following advice from the Investment Committee or to identify and agree alternative funding arrangements not in excess of £6 million.
- ~~10/6. The Council delegated responsibility for the signing of any loan agreement to any two of the following: the Connexional Treasurer, the Secretary of the Conference or the Chair of the Council.~~

January 2018:

18.1.29 Camden Town Methodist Church Redevelopment [MC/18/12]

- 12/1. The Council directed that the redevelopment of Camden Town Methodist Church should proceed, with a budget of no more than £8m + VAT, subject to satisfactory resolution of the planning conditions.
- 12/2. The Council directed that the redevelopment should be financed from connexional funds and delegated to the Connexional Treasurers the identification of the specific Funds to be accessed.