

# PROCEDURE FOR CHURCHES APPLYING TO APPOINT THE INDEPENDENT METHODIST ASSOCIATION AS A HOLDING TRUSTEE OR CUSTODIAN TRUSTEE

## Application and Appointment

Any church on the Model Deed may apply for the Independent Methodist Association Incorporated to be appointed as a Holding Trustee<sup>1</sup> or the Custodian Trustee<sup>2</sup> of the church. The application should be made on the official Application Form<sup>3</sup> which should be returned to the Association Secretary for consideration at the next meeting of the Association. In specified circumstances the Secretary will, after due consideration, agree to the appointment that will be ratified at the next Association meeting<sup>4</sup>.

The Association as a Holding Trustee OR as Custodian Trustee would have overall responsibility to ensure that the requirements of the Model Deed were fulfilled and could manage the sale of the property, if the church decided to close, its membership fell below ten or if the church decided to secede from the Denomination.

Trustees are responsible to ensure that the requirements of the Model Deed are adhered to (including insurance, property management, church government / worship / doctrine according to the Independent Methodist Statement of Faith)<sup>5</sup>

## Association as a Holding Trustee

On receipt of an application and prior to any decision being made, the Association Secretary should ascertain: (the following questions to be asked on the Application Form)

- The current number of Trustees<sup>6</sup>
- The current condition of the property.
- Is the church a 'Listed Building' or subject to a conservation order
- The last time any major property refurbishment (incl. rewiring) was undertaken
- That the church is adequately insured (incl. Employers / Public and Property Liability insurance) / name of insurance company issuing the policy
- The insurance value of the property (up to date independent valuation)
- The financial position of the church (incl. Debts / loans etc.) as per the latest accounts
- That the Trustees hold at least one meeting per year<sup>7</sup>

*The church should also:*

- Supply a copy of the minute of the Church Members' Meeting asking the Association to accept trusteeship
- Give sight of the Title Deeds relating to all the property of which the Association is being asked to accept trusteeship (Freehold / Leasehold)
- Supply a copy of insurance policies in force
- Supply a copy of the church rules or constitution (if different from 'Model Church Rules')
- Supply a copy of the church's Child Protection Policy / names of CPP Officer(s)
- State where the Deeds are kept
- A copy of any local agreements / subletting agreements etc.

If the above information is not available or is not in order the Association may not agree to appointment as Trustee. It may be prudent / necessary to visit the church to discuss the above matters before the appointment is made.

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<sup>1</sup> Holding Trustee – added to the list of serving Holding Trustees

<sup>2</sup> Custodian Trustee – IM Association as the only Trustee

<sup>3</sup> The Application Form should include an undertaking by the church to comply with the Association's procedures and a signed declaration that they are not aware of any outstanding breach of trust.

<sup>4</sup> The specified circumstances / procedure would be agreed by the Independent Methodist Association Inc.

<sup>5</sup> There must be clear understanding by the Association, the managing trustees and by the church members of the responsibilities each has and their relationships with each other

<sup>6</sup> Current Trustees – eligible and able to serve / not disqualified

<sup>7</sup> The Association must be invited to attend all Trustees' meetings, not less than two weeks notice to be given of each meeting.

## Association as Custodian Trustee

The Association may be appointed as Custodian Trustee<sup>8</sup>:

- a) On the receipt of a formal request from a Church
- b) When a church decides to close
- c) When a church decides to secede from the denomination

Before any decision is made and before the current trustees are discharged the Association Secretary should ascertain:

- The current number of Trustees<sup>9</sup>
- The current condition of the property / up to date property survey
- Is the church building a 'Listed Building' or subject to a conservation order
- The last time any major property refurbishment (incl. Rewiring) was undertaken
- That the church is adequately insured (incl. Employers / Public and Property Liability insurance) / name of insurance company issuing the policy
- The insurance value of the property / up to date independent valuation
- The financial position of the church (incl. Debts / loans / etc.) as per the latest audited accounts

*The church should also:*

- Supply a copy of the minute of the Church Members' Meeting asking the Association to accept Custodian trusteeship
- Give sight of the Title Deeds relating to all the property of which the Association is being asked to accept trusteeship (Freehold / Leasehold)
- Supply a copy of insurance policies in force
- Supply a copy of the church rules or constitution (if different from 'Model Church Rules')
- Supply a copy of the church's Child Protection Policy / names of CPP Officer(s)
- State where the Deeds are kept

If the above information is not available or is not in order the Association may not agree to the appointment as Custodian Trustee. It may be prudent / necessary to visit the church to discuss the above matters before the appointment is made.

## Custodian Trustee - Property Owner / Landlord (following closure of a church)

When the Association is appointed as Custodian Trustee following closure of a church the Association may:

- a) Allow the Independent Methodist Church / Mission / Associate to use the premises subject to a suitable property agreement with the group concerned.
- b) Sell the property as per Clause 20 in the Model Deed. A written report<sup>10</sup> / valuation should be obtained from a qualified surveyor and a certificate of valuation obtained.
- c) Following a decision by Connexional Committee - Allow an 'outside' body (church fellowship or other Christian organisation) to enter into a short-term lease agreement (seven years or less) which gives them exclusive use of the property for a defined period as per current Charity Commission Rules (*Charities Act 1993, Sections 36 - 42*)<sup>11</sup>.

## **NB - the church members cannot remove trustees from office unless the trustee resigns or is disqualified**

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<sup>8</sup> Custodian Trustee — The Association holds 'Title' to the Property but the responsibility for the property remains with the Managing Trustees

<sup>9</sup> current Trustees — Eligible and able to serve / not disqualified

<sup>10</sup> as laid down in the Charities (Qualified Surveyors' Reports) Regulations 1992

<sup>11</sup> There are two sets of requirements: a) one for leases of seven years or less b) one for all other transactions including sales, leases for more than seven years, exchanges of land, granting of easements and rights, etc.

## **Use of Property owned by the Independent Methodist Association Inc.**

### **Use by an Existing Independent Methodist Church / Mission / Associate**

Following the appointment of the IMAi as Custodian Trustee in an existing IM Church Fellowship the following formalized responsibilities of the Existing Church are as follows:-

- Ongoing Building Inspection —By the Church Fellowship
- Maintenance / Repairs — maintenance requirements as decided on by Church Fellowship
- Property Insurance — The Fellowship would be legally responsible to insure.
- Contents<sup>12</sup> / Employers' and Public Liability Insurance — The Fellowship would be legally responsible to insure.
- Annually at an agreed date a written report to the Custodian Trustee with a copy of insurance policies in force, a copy of the church's Child Protection Policy / names of CPP Officer(s) and State where the Deeds are kept (if not at the Independent Methodist Resource Centre).

### **Use by a new Independent Methodist Church / Mission / Associate**

Following acceptance as an IM Fellowship a 'Property Agreement'<sup>13</sup> (PA) would be drawn up to formalize the responsibilities of the Fellowship and the Association. This would cover:

- Initial Building Inspection — to determine the condition of the property at the commencement of the agreement. Any defects noted would be rectified.
- Ongoing Building Inspection — The buildings to be inspected every 12 months. Any defects would be rectified by the Fellowship subject to the Property Agreement
- Maintenance / Repairs — maintenance requirements as agreed with fellowship as per PA
- Fixed installations — responsibility to replace (either Fellowship or Association) as per PA
- Property Insurance — the Association is responsible and would insure the property (including Property Owners Liability and any fixed contents). The Fellowship would reimburse the premium payment.
- Contents<sup>14</sup> / Employers' and Public Liability Insurance — The Fellowship would be legally responsible to insure.
- Subject to local property agreement / conditions
- Term of Property Agreement — Period to be open ended or fixed term<sup>15</sup>. Details regarding rights of renewal or termination of PA and the required notice to be given
- Expenses — The Association would be able to claim any additional expenses incurred.

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<sup>12</sup> Contents — Items owned by the Fellowship

<sup>13</sup> The Property Agreement would be separate from / but subject to the Fellowships acceptance as a church / Mission / Associate. The PA would be administered by the Administration Group whereas the Church on Trial / Mission / Associate membership would be under the auspices of the Home Missions Department.

<sup>14</sup> Contents — Items owned by the Fellowship

<sup>15</sup> Term could be deemed to be as long as the Fellowship are 'members' of the Connexion

## Use by an 'Outside' Fellowship or Christian Organisation

Following a decision by Connexional Committee and discussion with the fellowship a 'Lease Agreement' would be drawn up and signed by the Fellowship / Group and the Association. This would cover:

- Initial Building Inspection — to determine the condition of the property at the commencement of the agreement. Any defects noted would be rectified. Arrange for a Chartered Surveyor to do a General Survey of the premises at the Church's expense. His survey is to ascertain whether any large expenditure is likely to be required within the next 3 years. This survey is to be made available to the IMA who will then also inspect the premises using the Chartered Surveyors report.
- If there are any issues that arise then these repairs and improvements will need to be carried out prior to the Lease being Agreed. A quinquennial survey would be written into the lease terms.
- The buildings would be inspected every 24 months. Any defects would be rectified by the Fellowship subject to the Property Agreement.
- Maintenance / Repairs — maintenance requirements as agreed with fellowship as per Lease Agreement
- Fixed installations — responsibility to replace (either Fellowship or Association) as per Lease Agreement
- Property Insurance — the Association is responsible and would insure the property (including Property Owners Liability and any fixed contents). The Fellowship would reimburse the premium payment.
- Contents<sup>16</sup> / Employers' and Public Liability Insurance — The Fellowship would be legally responsible to insure
- Rent — subject to local agreement / conditions
- Renewal of Lease or Licence — term to be specified<sup>17</sup> with details regarding rights of renewal or termination and the required notice to be given
- Expenses — The Association would be able to claim any additional expenses incurred

**General Point:** It was agreed that the Association should not become long-term landlords

### NOTES to the above.

The IMAi now are in the process of adopting a full set of rules that will apply to the use of IM Property by any outside body including the Baptist Union of Great Britain, the NWBA, NBA or any other local Baptist Associations. The major difference being that with ongoing I.M. Churches opting to leave the I.M. Denomination for the Baptists then the annual lease value charged will be £0.00.

[Procedure approved by Administration Group – January 2012

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<sup>16</sup> Contents — Items owned by the Fellowship

<sup>17</sup> Term of Lease — ref. Landlord and Tenant Act 1954. It is important to distinguish between a licence to use the premises and a tenancy. The tenant might acquire rights as a business tenant under the act. Ref. Compliance with Charities Act 1993