

Leasing of Methodist Premises

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Status of Paper	Final
Action Required	Decision
Resolution	23/1. The Council amends the policy on leases to permit three members of the Property Development Committee to grant an exception to the policy on security of tenure and to therefore permit a lease of Methodist premises or land to be granted with security of tenure.

Summary of Content

Subject and Aims	The Council is asked to review a policy adopted in October 2013 regarding exclusion of all leases from the Landlord and Tenant Act 1954.
Main Points	The Council adopted a policy to have a standard clause in all leases of Methodist premises to exclude the lease from security of tenure. This policy has led to concerns that it is not always possible for a managing trustee body to obtain the best achievable rent particularly where the lease is to a profit making organisation.
Background Context and Relevant Documents	MC/13/68 Leasing of Methodist Premises
Consultations	Trustees for Methodist Church Purposes

Summary of Impact

Personnel	Ratification by the Council of the key principles will help to reduce staff time within both TMCP and the Connexional Team in seeking to negotiate with managing trustees about why the standard clauses are necessary.
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1. The Methodist Council in October 2013 adopted a policy that all leases of Methodist premises should be excluded from the protection of security of tenure which is provided to all tenants of leased property under the Landlord and Tenant Act 1954, unless the landlord specifically excludes such protection.
2. TMCP as custodian trustee need to approve all leases of Methodist premises and under SO 931(3) the Connexional Team also have to approve the terms of a lease. TMCP advise the Connexional Team as to whether or not approval should be given. TMCP's practice has been to seek to exclude security of tenure from all leases but it had never been a policy decision of the Council until October 2013.
3. The Landlord and Tenant Act 1954 governs the rights and obligations of landlords and tenants of premises which are occupied for business purposes. In broad terms, the tenant of such premises has security of tenure when the agreed term of his lease comes to an end. This means that, even though the fixed term has ended, a tenant of business premises has the right to remain in occupation and the right to apply to the court for the grant of a new lease. The landlord can only object to this, and regain possession of the property, on certain grounds which can be difficult to prove.

4. The security of tenure provisions conferred by the Act can be excluded by agreement prior to the grant of a lease. This is normally done where very short lettings are involved or the tenancy comprises an under-letting of part of a larger holding. It is not common practice to exclude a lease from the Act where the lease is to a business which needs continuity and certainty.
5. It has transpired that having such a policy is causing difficulty for some managing trustees who wish to obtain the best rent achievable for a property that is not required for Methodist church purposes and therefore is being leased in order to provide an income. There have been a couple of examples where managing trustees have been told by their qualified surveyor that the inability to offer a lease within the 1954 Act and to provide security of tenure is lowering the market rent.
6. It is therefore proposed that the Council amend the policy to allow a lease with security of tenure to be granted in exceptional circumstances. The intention is not to make the granting of leases within the 1954 Act common practice but to permit an exception where a qualified surveyor has advised that a higher rent or premium is being offered by a prospective tenant who wants security of tenure than one willing to accept a lease outside the Act. It is proposed that the three members of the Property Development Committee consider applications for exceptions to the policy and to allow a lease to be granted with security of tenure and not to exclude the relevant sections of the 1954 Act.
7. The exception should only be permitted where evidence is provided that the managing trustees have considered the implications of providing security of tenure with professional advice being obtained as well as consideration being given to the impact on the mission of the relevant local Church or Circuit now and in the future.
8. The managing trustees will also provide evidence of advice from their qualified surveyor as to whether the higher rent or premium being offered outweighs the negative impact of granting security of tenure.

*****RESOLUTION**

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