

## Methwold Hall Complex Charitable Trust – the position to date

St George's Hall and the old social club are now run by the Methwold Hall Complex Charitable Trust (MHCCT). This process has taken more than a year and has been reported in the Minutes of the Parish Council.

The reason for this is because the Borough Council had mistakenly given the parish council a discretionary waiver on Business Rates. In the years before accepting the gift of the old social club, from the Club's Trustees, St George's Hall was free from rates. When the parish council took over the social club they advised the Borough Council of the change in ownership and were advised (incorrectly as it appears) that the two buildings would be zero rated. This was apparently an oversight by the Borough Council who advised that as of the beginning of the financial year 2021/2022, the parish council would have to pay full business rates on both buildings - £10,603.75 annually this is expected to rise year on year and would be in addition to the rates that the parish council pay on the cemetery £399.00. The parish council discussed the options available:

- Increase the annual precept to meet the additional expense of the business rates.
- Endeavour to raise the monies through activities in the buildings (possibly increasing hire charges).
- Transfer the buildings to a charitable trust which would receive an automatic discretionary waiver of 80%, with the Borough Council able to increase that to 100%.

The parish council took advice and following discussion believed that the formation of a Charitable Trust to take responsibility for the buildings would be in the long-term best interests for the community:

- The Charitable Trust would be free from paying rates on the two buildings
- The parish council would then be only responsible for the rates on the cemetery; this being their only chargeable property. The rates payable would receive a discretionary waiver saving the parish council a further £399.00.
- As a charitable trust it would have greater opportunity to seek improvement grants. [As a parish council – as precepting authority - such grants are significantly harder to claim].

The formation of a charitable trust appeared to be the best way forwards. The advice was that the council should become the Sole Trustee for the charity. This would have the benefit that that there are always as many trustees as parish councillors and because it is the parish council there is no requirement to register or de-register trustees – trustees can never be lost or forgotten! As Sole Trustee every council member automatically becomes a trustee on election (or co-option) to the council and ceases to be a trustee the moment they cease to be a parish councillor.

Solicitors were instructed to establish the trust and seek registration with the Charities Commission which would ensure a number of benefits including registration with HMRC for VAT refunding. A Deed of Trust was drawn up for the parish council to sign into existence in the Methwold Hall Complex Charitable Trust (MHCCT) in mid October 2021 and at the same time an application was submitted for registration with the Charities Commission. The advice was that consideration of applications was being delayed several weeks as a result of Covid-19 restriction.

In March 2022 we received an email from the Charities Commission (CC) including several questions that needed to be answered. The CC gave a deadline of 2 weeks to reply otherwise the application would be refused. The solicitors were advised, who then sought a further increase in their fee. There was insufficient time to seek council's approval to the increased expenditure and it was agreed to proceed to answer the queries without input from the solicitors. Community Action Norfolk who had been involved from the start of the process advised on the responses to the Charity Commission.

The questions included a request for details of the land/building ownership and conflicts of interest with reference to both the parish council office and the post office, independence and private benefit.

The parish council made clear in their reply that whilst the post office is not operated "as a way of generating income, so that the income can be applied towards furthering its actual charitable purposes" that the closure of the post office would make no material benefit to the Trust. The area of the post office (96 ft<sup>2</sup>) represents only 1.3% of the total area available for recreational purposes (7204 ft<sup>2</sup>). Additionally, its release would make no additional contribution to the recreational area in the complex, as the space is not viable for commercial use. Consequently, if

the post office should have to close then it was likely the space would be converted to storage resulting in a loss of rental income. Details of another the post office in North Walsham which is charged £4.63/ ft<sup>2</sup> for 1,944 ft<sup>2</sup> was offered as evidence of cheap rental rates. The Charity Commission were also advised that the post office provides a community service to the parish of Methwold, which is a rural community of some 1700 inhabitants within an area of West Norfolk described as “socially deprived”.

The Charity Commission asked “Whether there are enough unoccupied rooms/areas at any given time such that the area being used as a Post Office is surplus to need and does not restrict the hall being available for use in line with its declared recreational purpose. . . A copy of the booking schedule for the property may be useful to help in demonstrating this”. Three month’s booking schedules were provided with the replies.

In respect of the parish council office, the parish council responded that the charity would waive the rent in exchange for the time the parish clerk would act as administrator to the trust

In April the Charity Commission responded with further queries about the ownership of the land (which by this time had been transferred by Land Registry to the charitable trust), the parish office and post office; they were not satisfied with the benefits to the charity. The parish council agreed to cease sole use of the room which had been used as the parish office. In respect of the post office the Charity Commission required evidence of a commercial rent being charged to the post office which they considered to be a commercial business. A calculation based on a commercial hire charge for a room in the complex was used, this rate was adjusted for floor area and a hire fee per hour was provided, along with other requested information which included a full schedule of all the available rooms (including usage and dimension) and the MHCCT Conflict of Interest policy.

The answers provided to this 2<sup>nd</sup> tranche of questions satisfied the Charity Commission who formally registered the charitable trust on 14th June 2022 backdated within their records to the signing of the deed of Trust in October 2021.

It was appreciated by MHCCT that the rent increase for the post office would be unacceptable to the tenant and that further investigations are being made to resolve this issue.