

# Use of church halls for village hall and other charitable purposes

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# 1. What is this guidance about?

This guidance explains how a church hall may be used for other charitable purposes if it is no longer needed 'exclusively' for church purposes. It also explains the options open to trustees where there is no longer any need for the property to be used for the purposes for which it was originally intended.

The guidance deals mainly with the position of 'freehold' church halls. Where the property is held by the church hall trustees under a lease and the hall is no longer needed for church purposes, the trustees will need to consider the terms of the lease. They may also have to consult the freeholder with regard to any change of use of the building. The contents of this guidance may, however, still be applicable in these circumstances.

This guidance is not concerned with the occasional casual use of a church hall for other purposes. It is intended to deal with longer-term changes of use.

## 2. Technical terms used in this guidance

The Charities Act: means the [Charities Act 2011](#).

Church hall: means any building which, according to its trusts, is to be used for church purposes.

Use for church purposes: means use for any purpose for the advancement of religion, including use by organisations connected with the church. For example, use of the premises for:

- the celebration of Divine Service
- evangelistic activities
- confirmation classes
- religious festivals
- Sunday schools
- meetings of the clergy
- activities associated with religious services (eg wedding receptions)

It may also include meetings of:

- the brownies, cubs, guides and scouts
- church clubs and societies (eg Mothers' Union)

Governing document: means any document which sets out the charity's purposes and, usually, how it is to be administered. It may be a trust deed, constitution, conveyance, will, or scheme of the Charity Commission.

Trustees means charity trustees: charity trustees are the people who, under the charity's governing document, are responsible for the general control and management of the administration of the charity. Some charities also have a custodian trustee (or, in the case of the Church of England, a diocesan authority) whose function under the governing document is restricted to holding its property. The custodian trustee has no power to make management decisions and must act on the lawful instructions of the charity trustees. In the Church of England the Parochial Church Council will often be the charity trustees of a church hall and the Diocesan Board of Finance will be the Diocesan authority.

The trusts of a charity mean the provisions contained in the governing document. Where land is involved, and there is no formal governing document, the trusts may be inferred from the way in which it has been used.

## 3. Part I: Church halls needed for both church and other charitable purposes

### 3.1 When can a church hall be used for other charitable purposes?

Sometimes the trustees of a church hall may find that:

- the hall is not needed all the time for church purposes, although it is needed on an occasional and regular basis
- they have insufficient funds available to maintain the hall or to improve it to acceptable standards
- the hall is needed by the community for an additional 'charitable' use, which does not qualify as a church purpose, such as for a village hall or youth centre

Where this is the case, unless the governing document of the charity permits the use of the property for non church purposes, the trustees cannot simply allow the hall to be used for another charitable purpose. This is because they are bound by the trusts upon which the hall is held, ie for use for church purposes only.

However, if the trustees find there is no longer any genuine church use for the property they must consider selling or letting the hall on the open market.

### 3.2 How can a change of use be achieved?

Where a lease of the hall which only permits the use of the premises as a church hall is held by the church hall trustees, they will need to consider:

- negotiating a variation in the lease with the landlord to permit a change of use
- surrendering the existing lease and negotiating a fresh one

Where the freehold of the hall is held by the trustees on trust for use as a church hall, the trustees will need to consider whether the property is subject to any covenant restricting its use. If it is, the trustees may need to seek a variation of the covenant.

In both cases the trustees will need to seek legal advice on any change in their title deeds.

Apart from questions of title, the trustees will have to consider whether the change of use requires the commission's consent. Unless the trusts of the charity confer upon the trustees a power of amendment, any change in the trusts of a charity will normally require the commission's sanction. Where trustees have a power of amendment, any change in the use of the church hall must be made strictly in accordance with that power.

Where the church hall is held by the trustees under a lease, a variation in the terms of the lease can be effected in accordance with one or other of the alternatives, but the variation may need the commission's sanction by way of an order or a scheme, and the commission should be consulted before any irrevocable legal steps are taken.

Where the freehold of the church hall is held by the trustees, any change in the trusts laying down the use of the hall will have to be made by scheme. The scheme will authorise the trustees of the church hall to permit a wider use or to grant a lease of the hall to another appropriate charity. In the case of a lease it may still be necessary to consider whether or not the restrictions on disposing of land contained in the Charities Act apply to the transaction; the guidance [Sales, leases, transfers of mortgages: what trustees need to know about disposing of charity land \(CC28\)](#) deals with these requirements in detail. Any lease will have to be in the terms set out later in this guidance.

It is important to note that a lease cannot be granted until after the scheme has been made.

In addition to requiring the commission's consent to any lease or sale of property, the church hall trustees may need to obtain the formal consent of the diocesan authority. For example, where the property is held by the parochial church council under section 6(3) of the Parochial Church Council (Powers) Measure 1956, or (more rarely) under the Incumbents and Churchwardens (Trusts) Measure Act 1964.

### 3.3 What will a scheme do?

The scheme will provide authority for the trustees either to permit a more extended use of the church hall or to grant a lease of the property, subject to the condition that the lessees shall use it only for the specified charitable purpose (for example, as a village hall). Normally the scheme will also specify, where appropriate:

- the additional uses
- the period of the lease
- the rent to be paid
- the days and/or occasions on which the use of the premises is reserved for the church hall trustees without payment
- how the rent or other payment to be received by the church hall trustees shall be applied by them for other charitable purposes

The scheme will form part of the church hall charity's governing document, but the trusts of the lessee charity should be set out in a separate document (which might be in the schedule to the lease itself).

### 3.4 How does the church hall charity benefit from granting a lease to a non-church charity?

The whole purpose of granting a lease of this sort (rather than selling the property or letting it outright as an investment) is to retain the use of the property for church purposes at certain times. A lease of this type also preserves the building (whether through maintenance covenants or the charging of a proper rent) for future generations, should it once again be required for a wider range of church purposes. In the meantime, it brings into full use an under-used property, which perhaps cannot be properly maintained, or improved to modern standards, by the church hall trustees.

A lease should be granted when the church hall trustees do not wish to keep responsibility for the maintenance of the hall or no longer wish to be the major user. In other cases a simple extension in the use of the property may be more appropriate.

### 3.5 What provisions should a lease contain?

A lease should normally:

- contain suitable provisions for the repair and maintenance of the property and for the payment of rent by the lessees
- enable the church hall trustees to charge the best rent reasonably obtainable having regard to the reserved use for charitable purposes and the lessees' obligations under the lease
- reserve to the church hall trustees the right to use the property, free of charge, on specified days and/or on a specified number of occasions
- contain a covenant against assignment of the lease or underletting by the lessees
- provide for the lessees to have financial responsibility for the repair and maintenance of the hall

The church hall trustees should give clear instructions to, and ensure that they take independent professional advice from, for example, solicitors and surveyors when considering the terms of any lease they might grant.

### 3.6 How long should a lease be for?

Normally a lease should be for a period of not more than 35 years, with no option to renew. This will enable the lessees to apply for local authority grant-aid to improve or repair the property if necessary.

The commission recognises that if the lessees intend to spend very large sums (excessive for a 35 year lease) on the property, it is reasonable that they should enjoy security of tenure for a longer period. In such circumstances the trustees of the church hall charity should:

- take professional advice about the length of the term to be granted in any particular case
- take account of the need to review the arrangements from time to time
- inform the commission

### 3.7 Are there any special conditions where the lessees are to undertake building works?

If the lessees carry out building works, the church hall trustees may be prevented from using the hall, for example, where the premises are being demolished and rebuilt, renovated or improved. Further, the hall may be leased at a low rent partly because such works are to be carried out. In these circumstances it is reasonable that the church hall trustees should be protected from undue delays in completing the works (particularly as the proposal is likely to have come from the lessees). Where it is known in advance that building works will be undertaken, the scheme authorising the lease will require them to be completed within three years.

Where the existing hall is to be demolished and a new one built by the lessees, the lease will need to include special provisions about the new hall. To protect their own interests, the church hall trustees should take legal advice before entering into such a lease. They must also satisfy themselves that the lessees have the financial resources to complete the project.

In some cases substantial building works may be proposed after the lease has been granted. If the church hall trustees do not object, the commission is prepared to include a provision in the scheme allowing the terms of the lease to be varied in the event of substantial expenditure on rebuilding, repairs or modernisation being undertaken by the lessees after the lease has been granted.

### 3.8 What happens at the end of the lease?

Shortly before the end of the lease the church hall trustees will need to consider the future use of the property. Normally there will be three options.

- if the church hall is needed again solely for use for church purposes, no further lease should be granted and the church hall trustees should take control of the property
- if occasional but regular use for church purposes is still needed, there will usually be no reason why a fresh lease cannot be granted, once the commission has authorised the new proposals by a further scheme
- if the hall is no longer needed at all for church purposes, it should be sold (or let at full market rent if the trustees are so advised) because the church trusts have failed

### 3.9 What is the relationship between the church hall trustees and the lessees?

Legally, the relationship between the church hall trustees and the lessees will be that of landlord and tenant, and should be on a business footing.

Where the lessee is a charity a body of trustees will have to be established to take the lease on the terms set out above. If they have not done so already they will need to register their organisation with the commission as a separate charity, entirely distinct from the church hall charity. In many cases where the lessee is a village hall or youth centre, a management committee will already be in existence and may have been using other premises for some time. It may be appropriate for the church hall trustees to be represented on that management committee.

## 4. Part II: Church halls no longer needed for church purposes

### 4.1 Should the trustees sell or let the property?

Yes. If a church hall is no longer needed at all for church purposes the trusts of the charity can be said to have failed. The trustees should take professional advice about selling the hall (at the best price reasonably obtainable) or letting (at full market rent). The church hall trustees will also need to consider whether there are any statutory restrictions on their selling or letting the property (eg property held under section 6 of the Parochial Church Council (Powers) Measure 1956).

### 4.2 Are there any special requirements?

Yes. Before the trustees can sell or let the property they must have a power to do so. The charity's governing document may contain either an implied or a specific power to sell or let, and may set out how the income from the invested proceeds of sale or the rent from the property is to be applied in the future. If the governing document does not contain such a power, the commission will have to make a scheme to:

- provide the trustees with a power to sell or let the property
- provide for how the income of the charity should be applied for other church purposes

Once the scheme has been made, the trustees will be able to proceed with the transaction provided that they comply with the statutory requirements set out in the Charities Act.

Further information can be found in the guidance [Sales, leases, transfers of mortgages: what trustees need to know about disposing of charity land \(CC28\)](#) and [Changing your charity's governing document \(CC36\)](#).

### 4.3 Can the trustees sell or let the hall to another charity for less than its full value?

Yes, in some cases. If the governing document of the church hall charity specifically authorises the trustees to sell or let the property in this way, they may proceed with the transaction without complying with the statutory requirements set out in the Charities Act. Nor, in these circumstances, do the trustees need to seek the commission's consent to the transaction.

If the trustees have any doubt about whether the trusts authorise the proposed transaction, they should take their own legal advice before proceeding.