

# Lopping Hall: Change from Trust to Corporate Trustee status

Prepared by: Mike Walker

2 March 2016

The trustees have recommended changing the status of the organisation from a **Trust** to a **Corporate Trustee**. The plan was presented to the Annual General Meeting held on 6 May 2015. The meeting voted to accept the new arrangements.

The company has been registered and the former Trustees have been made directors of the company, known as The Lopping Endowment Corporate Trustee Limited. The Charity Commission has authorised this change.

The main reason for the change is to reduce the financial liability on individual trustees, but there are many other benefits that come from the change. Many charities have changed their governance to this more modern arrangement.

## Trust

### Pros

- Simple to understand
- Maintains the historical link

### Cons

- Trust deeds rarely contain provisions regarding the operation of the charity, which can lead to uncertainty and administrative issues down the line.
- There is no implied power to accumulate income as capital (rather than income), and powers to accumulate in trusts are subject to statutory restrictions, making day to day management difficult.
- Transfer of property when trustees change is not automatic.
- Third parties, whether they be employees, builders, bankers or customers who deal with a charitable trust are technically **dealing with the charity's individual trustees**. Any contractual or tortious acts by the charity are therefore the **responsibility of the individual trustees**. The individual trustees will be indemnified by the charity where expenditure has been properly incurred, but if the charity does not have sufficient funds to meet its debts, it is the **individual trustees who become liable** to make up any shortfall.
- Some of the objectives and original purpose of the trust are obsolete.
- The constituency (Householders paying the community charge of the ancient parishes Loughton) is not democratic by modern standards.

## Corporate Trustee Organisation

### Pros

- Much reduced liabilities of Trustees
- More modern and understandable
- More professional – appears like a company
- Opportunity to change constitution

## Cons

- Cost of change, up to £5.5k
- Disruption during the changeover eg transfer of liabilities, legacies, title
- Dual registration with Charities Commission and Companies House
- Perception of tinkering with something that appears to work.

We have taken the opportunity to re-examine our objects.

**Current object:** “....the permanent benefit of Householders of Loughton in substitution for their ancient right of lopping within Epping Forest....”.

The hall that was built using the capital funds, was to be “suitable for the purposes of a Reading Room and Lecture Room, and as a place of meeting for parochial purposes”. The Reading Room function has gone but the other uses still remain. A Dispensary was also suggested, which is also no longer relevant.

The trust document also allows the Trustees to let the rooms “for any purposes of amusement, instruction, or public business or interest”, on the condition that it is primarily for the householders of Loughton.


The Trustees “have absolute discretion in the management and disposal of the Lopping Endowment”. This, we believe, includes the transition to a Corporate Trustee. The existing Scheme allows it to be altered by reference to the appropriate authorities eg Charity Commissioners, High Court of Justice or others.

## Summary

1. We have changed the Scheme for the administration of The Lopping Endowment. The Trust will continue to exist but will have a single **Corporate Trustee**, which is a Company Limited by Guarantee. The Company, and consequently the Trust, will be administered by Directors, who are members of the board of the company.
2. We have kept the same objects but have substituted **Residents in the Ancient Parish of Loughton** for **Householders of Loughton**.
3. We will **continue to provide facilities** to the residents of Loughton and surrounding areas but with preference to Residents of Loughton Parish.
4. AGMs will allow **adult residents in the Ancient Parish of Loughton** to vote on the appointment of Directors and any matters presented for a decision. This supersedes the amended voting rights of 30 November 1990, which allowed one vote per residence, where the resident was liable to pay the personal Community Charge.
5. We have decided to continue with offering a place on the board to a member of **Loughton Town Council**.
6. The remaining board members will comprise: up to six elected members and up to two Assumed Directors.

- 7. The boundaries for residents is the Ancient Parish rather than the new boundaries. This maintains our link with the original trust which compensated the people of Loughton (in its old boundaries) for their loss of lopping rights.

## Loughton Parish Boundaries

New (current) boundary 

Ancient Parish boundary difference\* 