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PROPERTY VALUATIONS FOR CHARITIES

The Charities Act 2011

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When looking to dispose of an interest in property, certain charities will need to comply with particular provisions within the Charities Act 2011 ("the Act") before the transaction can take place. The idea is that, before a charity disposes of land or an interest in that land, the trustees should take valuation advice from a qualified surveyor to ensure that the terms of the transaction are the best terms that can reasonably be obtained for the charity. Section 119 of the Act provides that charity trustees must:

- Obtain independent advice from a qualified surveyor acting exclusively for the charity;
- Advertise the sale of the subject property for such a period and in such a manner as is advised within the valuation report;
- Decide that they are satisfied, having considered the valuation report, that the terms of the proposed disposal are the best terms that can reasonably be obtained for the charity.

Where the proposed disposal is the granting of a lease of 7 years or less, a separate and more straightforward process applies pursuant to s.120 of the Act. Section 119 also states that a qualified surveyor must be a fellow or professional associate of the RICS, and they must have ability in and experience of the valuation of land of the particular kind, and in the particular area, in question.

The Valuation Report

The RICS Valuation – Professional Standards, more commonly known as the RICS Red Book, sets out certain professional standards in relation to most valuation work, including matters which should be included within the valuation report. The Red Book also contains a variety of guidance notes for different types of valuations, and UK Guidance Note 7 deals with Valuations for Charities.

Specifically for valuations carried out pursuant to the Act, a comprehensive list of prescribed information can be found within the schedule to The Charities (Qualified Surveyors' Reports) Regulations 1992 ("the 1992 Regulations"), and this prescribed information should all be included within the valuation report.

Our Experience

The people who are going to pay critical attention to the valuation are the beneficiaries. Sometimes, a large beneficiary raises critical questions after the report has been issued to make absolutely certain that they are receiving best value. The valuer therefore has to bear in mind that their report may come under critical analysis by somebody who is not just going to take the conclusions at face value.

In some cases, solicitors and charity clients come to us for preliminary advice before any marketing is carried out. In other cases, the marketing is completed first, an offer is received and then we are approached for advice. We tailor our advice to the particular circumstances and requirements of each client.

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