



LPS TERMS OF ENGAGEMENT

April 2018

These Terms of Engagement apply to all valuation reports and valuation advice provided by Land & Property Services (LPS) to its clients unless they have been superseded by alternative terms specified in a Service Level Agreement or other agreement. **The terms have been updated to account for the publication of the RICS Valuation – Global Standards 2017 (incorporating the updated International Valuation Standards 2017) which are effective from 1 July 2017.**

The Terms may be subject to supplementary, special or amended terms and assumptions issued by the Valuer dependent upon the instruction received.

Status of the Valuer

1. In all instructions undertaken the Valuer will be an external Valuer. (An external Valuer is one who has no material links with the client or the property.) Only in exceptional cases will a Valuer fall within the definition of an internal Valuer (ie has a material link with the client or property) and when this occurs the client will be informed by LPS. The Valuer will advise in the report if they have had any previous involvement with the subject and will declare any conflict of interest with regard the client.
2. LPS is occasionally instructed to act for both parties in a transaction, particularly where a transfer or lease of property is proposed between public bodies. When this happens both parties will be informed and permission sought for either one valuer to act between the parties or for different Valuers to represent each client's interest. This will be disclosed and agreed at the commencement of the commission or immediately LPS becomes aware of the conflict.
3. LPS confirms that all its Valuers have sufficient current, local and national knowledge of the particular market within which they undertake commissions together with the skills and understanding to undertake the valuations competently.

The Client

4. LPS mainly provides services to government departments and public sector bodies. We do not undertake work for private individuals. On occasions we undertake work for commercial organisations, charities, community groups or other voluntary bodies.
5. It will be assumed that the instructing department or public body is the end user of the valuation report. Where this is not the case the true client must be revealed as the Valuer requires this information to ensure advice is fit for purpose and that there are no conflicts of interest.
6. The client will be identified in the acknowledgement letter issued by LPS upon the receipt of each fresh instruction.

The Purpose of the Valuation

7. The client must state the purpose of the valuation in order that the Valuer can advise on the appropriate basis of valuation. Where the purpose is statutory the instruction must refer to the relevant legislative provisions governing the valuation. LPS will confirm the purpose of the valuation on receipt of instructions and when reporting to the client.
8. Where no statutory authority is quoted the Valuer will assume that none exists.
9. Where the client declines to reveal the purpose of the valuation the report may not be published or disclosed to third parties and the Valuer will in his report state that the purpose has not been revealed.

Identification and interest of the property to be valued

10. The client must identify the property and interest to be valued by providing a full postal address and details of the interest to be valued e.g. freehold, leasehold or a right over property. Where the property is land only, or where boundaries are not clearly defined on the ground the property should be identified on a map provided by the client indicating the area to be valued. The Valuer will confirm the property valued in the report.
11. Where the valuation is of a number or portfolio of properties and where there is doubt about what constitutes a single property, the Valuer will generally 'lot', or group, the properties for valuation in the manner most likely to be adopted in the case of an actual sale of the interest(s) being valued. However, the Valuer will discuss the options with the client and will confirm the approach adopted in any amended Terms of Engagement and the Valuer's report.
12. It will be assumed that machinery, trade fittings, furnishings and other equipment on the property are to be excluded from the valuation unless the client's instruction specifies otherwise. Where a valuation of plant and equipment is carried out by the client or a third party concurrently with a valuation of an interest

in land, it is essential that the plant and equipment Valuer liaises with the Valuer of the interest in the land to ensure that items of this nature are neither omitted from, nor duplicated in, the valuation. It will be necessary to agree with the client any items of plant & equipment to be valued separately.

13. In the case of a tenanted property, the client should identify any improvements undertaken by tenants and state whether or not these improvements are to be disregarded on renewal, or review, of the lease, or if they may give rise to a compensation claim by the tenant when vacating the property.
14. The instruction must specify the interest or ownership in the property which is to be valued and should include either copy documents of title or provide a synopsis of title including details of any tenancies to which the property is subject. The client is obliged to make a full disclosure of all relevant facts pertaining to title. The Valuer will confirm the interest being valued in the report.
15. The Valuer will not normally investigate title but will rely on the information provided by the client. Where no information on title is provided the Valuer will assume good title free from all encumbrances.
16. The instruction should identify the category of the property according to the purpose for which it is held e.g. whether it is owner-occupied, held as an investment, is a specialised property, is held for a specific purpose, or is surplus to requirements. If the client has not identified the category the Valuer will assign a category within the report based upon the findings at the date of inspection.

The Basis or Bases of Valuation

17. The basis of valuation is determined by the purpose or classification of property. The Valuer will advise on the appropriate basis of valuation for each property being valued and will stipulate the basis or bases of value in the report.
18. The RICS Valuation - Global Standards 2017 have been published and apply to valuations undertaken or after 1 July 2017. However, the RICS Valuation – Professional Standards (UK) January 2014 (revised April 2015) remain effective subject to the over-arching Global Standards 2017.
19. The RICS Valuation - Global Standards 2017, incorporating International Valuation Standards (IVS) 2017, now includes the IVS 2017 definition of *Equitable Value* as a basis of value. This supersedes the IVS 2013 definition of *Fair Value*, and is used for valuation dates of 1 July 2017 onwards.
20. The International Accounting Standards Board (IASB) definition of *Fair Value* (*IFRS 13*) remains applicable to asset valuations for financial reporting under the RICS Valuation – Global Standards 2017.
21. All values in the UK jurisdiction will be in pounds sterling.

Valuation Date

22. The valuation date may be different from the date on which the valuation report is to be issued. Unless specified in the instruction the Valuer will assume and state in the report that the valuation date is the date the valuation is made. A specific date will be stated.
23. Where a valuation, exceptionally, is to relate to a future date special assumptions will require to be applied and agreed with the Valuer.

The extent of the Valuer's investigations

24. The Valuer will carry out such inspections and investigations as are appropriate and possible in the particular circumstances. This will be confined to a visual inspection and will not extend to a building survey designed to establish details of any building defects or disrepair.
25. Unless informed to the contrary, the Valuer will assume that no deleterious or hazardous materials or techniques were used in the construction of the property or have since been incorporated.
26. The Valuer will specify any areas of the property that have not been inspected and will assume that inspection of those parts that have not been inspected would not reveal material defects.
27. The Valuer will assume that the property complies with all applicable and current statutory requirements to enable it to be occupied and used for the current use.

Building Services

28. The Valuer will not investigate the condition or efficiency of building services and associated plant and machinery. Unless informed to the contrary by the client, the Valuer will assume that the services and any associated controls or software, are in working order, free from defect and meet all current statutory requirements.

Planning

29. The Valuer needs to establish whether the property has the necessary statutory consents for the current buildings and use, and whether there are any policies or proposals by statutory authorities that could impact positively or adversely on the value. This information will often be readily available, but on other occasions delays may be incurred in obtaining definitive information. Where a valuation is required before such enquiries can be completed the Valuer will assume that the property is unaffected by any matters which would be revealed by a local search and replies to the usual enquiries, or by any statutory notice, and that neither the property, nor its use, nor its intended use, is or will be unlawful. Additional planning assumptions will be detailed in the valuation report.

Contamination

30. Where the Valuer has prior knowledge of the locality and experience of the type of property being valued, he or she will comment on the potential that may exist for contamination and the impact this could have on value and marketability. However, the Valuer will not normally be competent to advise on either the nature or risks of contamination, or hazardous substances, or any costs involved with their removal. Unless informed to the contrary the Valuer will assume that the property is free from contamination and hazardous substances.

Environmental Factors

31. Property may be affected by environmental factors that are either an inherent feature of the property itself or of the surrounding area and which could impact on the value of the property interest e.g. historic mining activity, risk of flooding or presence of electricity transmission equipment. Where the Valuer has prior knowledge of the locality or where the presence of such environmental factors can be established in the course of a normal inspection, the Valuer will comment on the potential impact on value and marketability. However, detailed commentary on their effects is outside the Valuer's expertise. Unless informed to the contrary or their presence is evident from a visual inspection, the Valuer will assume the property is unaffected by adverse environmental factors.

Nature and source of the information to be relied upon

32. The following LPS sources of information may be used in the preparation of a valuation: Measurement data and property descriptions from the Assessment Office database and transaction information supplied by HMRC.
33. In addition, details on transactions may be obtained from estate agents and surveyors.
34. Where information has been supplied by the client which is to be relied upon to provide a valuation this will be noted in the report. The Valuer will judge and comment upon the extent to which the information is reliable.

Valuation Assumptions

35. Unless otherwise expressly agreed, the Valuer shall, when making any valuation, estimate or apportionment requested by the client, rely on the information provided by the client or its legal or other advisors relating to tenure, tenancies and other relevant matters and shall assume that any defect in those parts of a building which were not inspected would not cause the valuation to be materially altered.
36. Unless special assumptions are agreed between the client and the Valuer, any valuation will be undertaken in accordance with the RICS Valuation –

Professional Standards UK January 2014 [revised April 2015] and over-arching requirement of the RICS Valuation – Global Standards 2017.

Restrictions on use, distribution or publication

37. Prior consent in writing is required from LPS for any reproduction or public reference to the valuation or report. The Valuer will provide a form of words to accompany the publication where this is required to avoid any possible misinterpretation of the valuation.

Description of Report

38. The report will be provided in a written format and delivered either by post or it will be attached as a pdf within an email and sent via the NICS email system. This is a secure network system, if a higher level security level is required for personal or confidential information this must be agreed between the client and the Valuer.

Charges for Services

39. The cost of services is calculated on a full cost recovery basis with no cross subsidisation between categories of work or client. An hourly rate is applied for each grade of Valuer who works on a case.
40. The hourly rate per grade is reviewed periodically and changes notified to all clients. Should a commission extend over one or more charging reviews the hourly rate for each review period will apply when billing occurs.

RICS Registration

41. LPS Valuation Services is registered with and regulated by the RICS under its Rules of Conduct and bye-laws. All LPS Valuers who undertake valuations governed by the RICS Valuation – Global Standards 2017, incorporating the RICS UK Valuation - Professional Standards, are either Fellows or Members of the RICS and are registered Valuers under the RICS Valuer Registration Scheme (VRS). The LPS regulated firm number under VRS is 002006.

Monitoring of Compliance to Standards

42. It is possible that the valuation report or valuation advice, or the subject of a commission may be investigated by the RICS for compliance with these standards. Guidance on the operation of the monitoring regime, including matters relating to confidentiality, is available from www.rics.org/regulation

Standards of Service

43. LPS strives to deliver services to clients which fully meet their agreed requirements and which are fair, accurate, prompt and helpful. Clients are entitled to expect accurate valuations, impartial advice, a service that is timely

and staff who are courteous. We regularly monitor casework for compliance with the RICS Valuation – Global Standards 2017 and RICS UK Valuation - Professional Standards and seek to improve client satisfaction.

44. Where a significant number of instructions are received from a client on a regular basis we will offer a Service Level Agreement, which will specify the service to be delivered and establish a means for joint monitoring of standards.

Complaints Procedure

45. Any complaint about the quality of service delivered may be made to the

District Valuer
Client Services HQ
Lanyon Plaza
7 Lanyon Place
Town Parks
BELFAST
BT1 3LP

46. The complaint will be fully investigated and the client will be provided with a report into the matter. If not satisfied with the outcome an appeal may be made to the Director of Valuation at the same address and further appeal may be made to the Chief Executive, also at the same address.
47. LPS also has a published complaints procedure that applies to members of the public. Any party dissatisfied with the LPS service may contact the Corporate Correspondence and Complaints Unit (CCCU).

The Complaints Procedure is published on our website at:

<https://www.finance-ni.gov.uk/how-make-complaint-lps>

Printed copies are available on request.

48. All references to the RICS Valuation – Global Standards and the RICS Valuation - Professional Standards in these Terms of Engagement are references to the Royal Institution of Chartered Surveyors Valuation – Global Standards 2017, incorporating the Royal Institution of Chartered Surveyors Valuation - Professional Standards UK, January 2014 (updated April 2015) together with any subsequent amendments and or additions.

For how we process personal information, see [LPS Privacy Notice](https://www.finance-ni.gov.uk/publications/lps-privacy-notice) on our website <https://www.finance-ni.gov.uk/publications/lps-privacy-notice>