



Land &
Property
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LPS TERMS OF ENGAGEMENT

20th March 2020

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valuation reports and valuation advice provided by Land & Property Services (LPS) to its clients unless they have been superseded by alternative terms specified in a Service Level Agreement or other agreement.

All references to the RICS Professional Standards, Global Standards and National Supplement in these Terms of Engagement are references to the Royal Institution of Chartered Surveyors Valuation – Global Standards 2017 (for valuations undertaken on or after 1st July 2017 but before 31st January 2020), the Royal Institution of Chartered Surveyors Valuation – Global Standards 2020 (for valuations undertaken on or after 31st January 2020) and the UK National Supplement 2018 (effective from 14th January 2019).

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 (i.e. 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 2020 apply to valuations undertaken on or after 31st January 2020. The RICS Valuation – UK National Supplement (published on 14th November 2018) is effective for valuations with a valuation date on or after 14th January 2019. The RICS Valuation – Professional Standards

(UK) January 2014 (revised April 2015) remains effective where the valuation date is on or after 6th January 2014 but before 14th January 2019.

19. The main reason for the update to the RICS Global Standards is to take account of the changes to the International Valuation Standards (IVS), which the RICS Global Standard adopts and applies. Some additional minor changes and refinements were also made to the RICS Global Standards
20. The main updates from the previous RICS Global Standards include what constitutes a 'written' opinion (PS1 Paragraph 1.3) and additional information regarding valuation modelling (PS1 Paragraph 1.4).
21. A full list of the changes can be viewed in the RICS Basis for Conclusions document which can be accessed at the following website address <https://www.rics.org/uk/upholding-professional-standards/sector-standards/valuation/red-book/red-book-global/>
22. All values in the UK jurisdiction will be in pounds sterling.

Valuation Date

23. 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.
24. 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

25. Following the Prime Minister's announcement on 23rd March 2020 introducing additional measures to limit the spread of COVID-19, LPS have taken the decision to suspend the inspection of all properties, until further notice. LPS will continue to review the current policy, particularly as further government announcements are made, other measures introduced and as the situation changes and develops. In the meantime, LPS will carry out all valuations on a desktop basis, utilising existing property information held on LPS databases, mapping and GIS systems, as well as any information and details provided by the client, where that information is considered to be sufficient to enable a valuation to be provided.
26. Hereinafter, as the Covid 19 restrictions are being lifted, the level of inspection will be on a phased basis which may take the form of a drive by inspection only, or an on site external inspection only.
27. Full internal and external inspections will be undertaken only when Covid 19 restrictions allow. Once full internal and external inspections become possible,

the valuer will carry out such 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.

28. 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.
29. 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.
30. 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

31. 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

32. 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

33. 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 provide advice 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

34. 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

35. During the period of Covid 19 restrictions the ability to access the sources of valid information noted below may be reduced.
36. 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.
37. In addition, details on transactions may be obtained from estate agents and surveyors.
38. 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

39. 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.
40. Unless special assumptions are agreed between the client and the Valuer, any valuation will be undertaken in accordance with the RICS Valuation – UK National Supplement (effective from 14th January 2019) and over-arching requirement of the RICS Valuation – Global Standards 2020 (effective from 31st January 2020).

Restrictions on Use, Distribution or Publication

41. 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

42. 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 Northern Ireland Civil Service (NICS) email system. This is a secure network system, if a higher level of security is required for personal or confidential information this must be agreed between the client and the Valuer.

Charges for Services

43. 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.
44. 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

45. 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 2020 (effective from 31st January 2020), incorporating the RICS Valuation - UK National Supplement (effective from 14th January 2019), 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

46. 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

47. 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 2020 and RICS Valuation – UK National Supplement and seek to improve client satisfaction.

48. 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

49. 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

50. 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.
51. 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.