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WELSH PUBLIC SECTOR CONFERENCE
27TH NOVEMBER 2018



Today's Topics

- *New Red Book*
- *Measurement Standards*
- *EPC's*
- *Service Charges in Commercial Property*
- *Money Laundering Regulations 2017*
- *SuDS*
- *Electronic Communications Codes*

Red Book

- *RICS Valuation, Global Standards 2017, took effect on 01 July 2017.*
- *Global Standards incorporates International Valuation Standards.*
- *Regional supplements ie Germany, Italy, France, China, Hong Kong, USA*

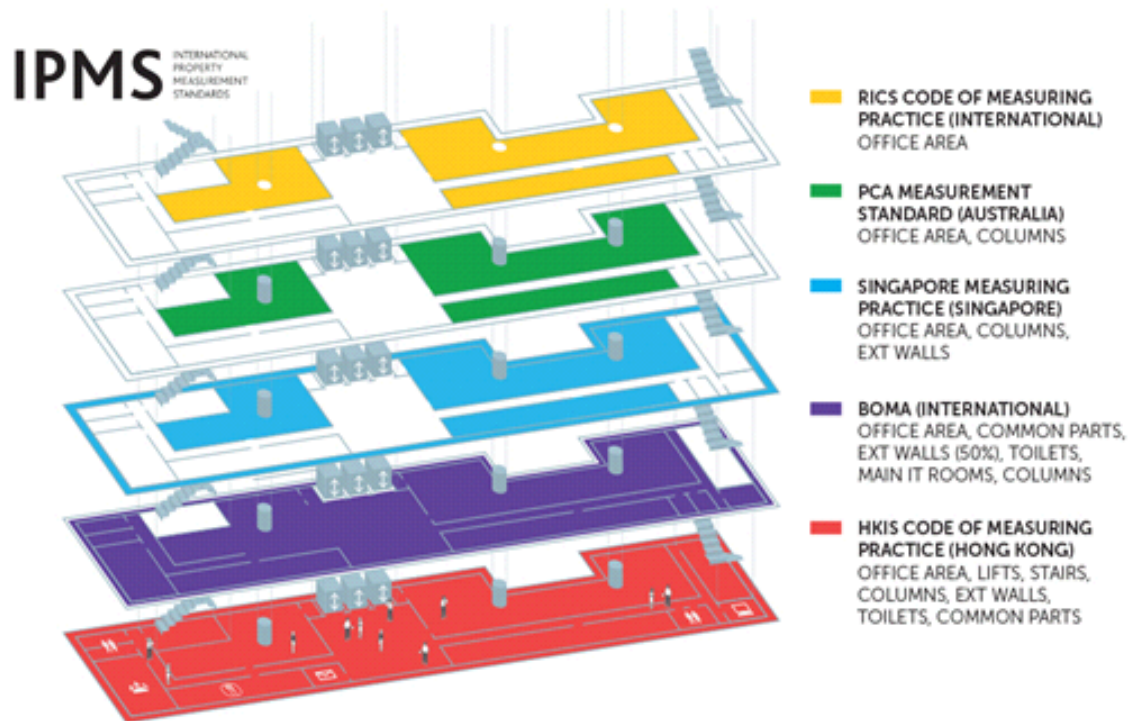


- *RICS Valuation, Global Standards 2017 UK National Supplement, was published 14th November and comes into effect on 14th January 2019*
- *The National Supplement focuses on UK statutory and regulatory requirements directly impacting valuations in the UK*



Depreciated replacement cost method of valuation for financial reporting RICS guidance note 1 Edition.





Source: JLL – Infographic from 10,000 sq. ft to 7,600 sq. ft in five steps

RICS Property Measurement Professional Statement 2nd Edition

Mandatory from 1 May 2018

Includes:

IPMS – offices

IPMS - residential

For all building classes except offices and residential buildings, the bases of measurement contained within the Code of measuring practice, 6th edition still apply though the application of this professional statement applies to all building classes.

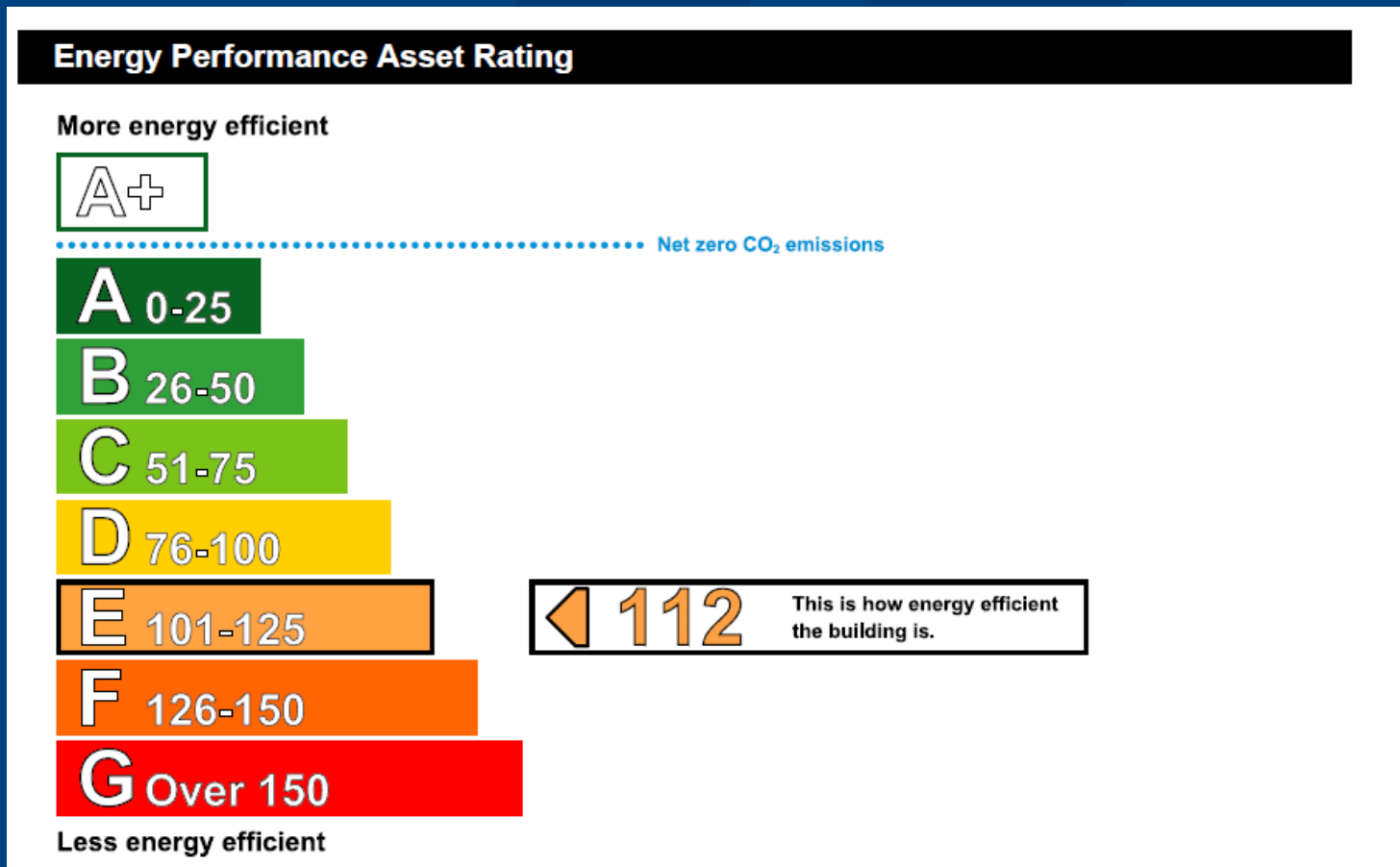


RICS Property Measurement Professional Statement 2nd Edition

- *IPMS Industrial – has been adopted but not yet included in RICS Statement.*
- *IPMS Retail – currently in consultation.*



In April 2018, the new legal standard for Minimum Energy Efficiency Standards Regulations 2015 (MEES) came into force



Applies to:

- *commercial and domestic buildings which are to be let (including renewals).*
- *both private and public sector landlords but not social housing.*

From the 1 April 2020 (domestic) Landlords must not continue letting a property where the rating is below an E.

From the 1 April 2023 (non domestic) Landlords must not continue letting a property where the rating is below an E.

Exemptions

- *Listed Buildings*
- *Places of Worship*
- *Buildings to be demolished.*
- *lease for more than 99 years*
- *lease for less than 6 months (without renewal)*



Penalties for breach

- *If breach occurs for less than 3 months the fine is the greater of £5,000 and 10% of the rateable value to a maximum of £50,000*
- *If breach occurs for more than 3 months the fine is the greater of £10,000 and 20% of the rateable value to a maximum of £150,000*

Service Charges in Commercial Property



Service Charges in Commercial Property

RICS Professional Statement, International Standard

Implementation 1 April 2019

RICS Professional Statement, International Standard

2019/20

- *1 All expenditure sought to be recover must be in accordance with the terms of the lease.*
- *2 No more than 100% of the proper and actual costs of the provision or supply of the services to be recovered.*
- *3 Service charge budgets must include appropriate explanatory commentary and be issued annually to all tenants.*
- *4 An approved set of service charge accounts showing a true and accurate record of the actual expenditure constituting the service charge is to be provided annually to all tenants.*
- *5 A service charge apportionment matrix for their property is to be provided annually to all tenants.*

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- *6 Service charge monies (including reserve and sinking funds) must be held in one or more discrete (or virtual) bank accounts.*
 - *7 Interest earned on service charge accounts must be credited to the service charge account after appropriate deductions have been made.*
 - *8 Where acting on behalf of a tenant, practitioners must advise their clients that if a dispute exists any service charge payment withheld by the tenant should reflect only the actual sums in dispute.*
 - *9 When acting on behalf of a landlord, practitioners must advise their clients that following resolution of a dispute, any service charge that has been raised incorrectly should be adjusted to reflect the error without undue delay*

Money Laundering Regulations 2017

In 2017 changes were made to the Anti Money Laundering Regime by the 4th EU Anti-Money Laundering Directive after the inspection of the UK by the Financial Action Task Force

The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017

Came into force in the UK on the 26th June 2017



Key changes: Cooke & Arkwright

- *New threshold of goods traded in cash with value over £10,000*
- *Enhanced requirements on Gambling providers*
- *Politically Exposed Persons (PEP)*
- *Customer Due Diligence*
- *Risk Based Approach*
- *Checks carried out on both vendor and purchaser when a business relationship is formed.*

Sustainable Drainage Systems (SuDS)

Schedule 3 of the Flood and Water Management Act 2010 makes SuDS a mandatory requirement for all new developments.



Sustainable Drainage Systems (SuDS)

From 7 January 2019 all new planning applications in Wales must include SuDS.

- All new developments of 1 house or more or where the construction area is 100 sq m or more will require SuDS.*
- Drainage systems for all new developments must be designed and built to comply with Welsh Ministers' Standards.*
- SuDS schemes must be signed off by SuDS Approving Body (SAB) before work begins.*
- SAB will be the responsibility of Local Authorities.*
- The Local Authority in its SAB role will have a duty to adopt compliant SuDS so long as it is built and functions in accordance with the approved proposals, including any SAB conditions of approval.*

A number of Statutory Instruments laid before National Assembly for Wales on 15th October 2018:

- The Sustainable Drainage (Appeals) (Wales) Regulation 2018*
- The Sustainable Drainage (Approval and Adoption Procedure) Regulations 2018*
- The Sustainable Drainage (Enforcement) (Wales) Order*
- The Sustainable Drainage (Application for Approval Fees) Regulations 2018*
- The Sustainable Drainage (Approval and Adoption (Wales) Order 2018*

Electronic Communications Code

Electronic Communications Code (Schedule 2 of the Telecommunications Act 1984, as amended) (“the Old Code”).

The Electronic Communications Code, (“the New Code”) came into force on 28 December 2017, The code was reformed as part of the 2017 Digital Economy Act.



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- *Agreements between landowners and operators are either business tenancies or code agreements – but not both.*
 - *Operators are provided with the rights both to share and to upgrade their apparatus, within certain constraints.*
 - *Rent is to be based upon the market value of the relevant person's agreement to confer or be bound by the code right, disregarding the fact that the site has a telecommunications use.*
 - *Minimum 18 month notice requirement for termination under Part 5.*
 - *New code disputes will primarily be referred to the Lands Chamber.*

Joint statement on the Code

- *“boost coverage and connectivity across the UK”*
- *“a leading global economy underpinned by world class full fibre network and 5G infrastructure”*
- *“ensuring that landowners receive a fair payment for allowing their land to be used”.*

Electronic Communications Code

Virgin Media launched a legal claim against Durham County Council under the new code

