

Charity Property '24: Big Trends. Big Issues. What you need to know

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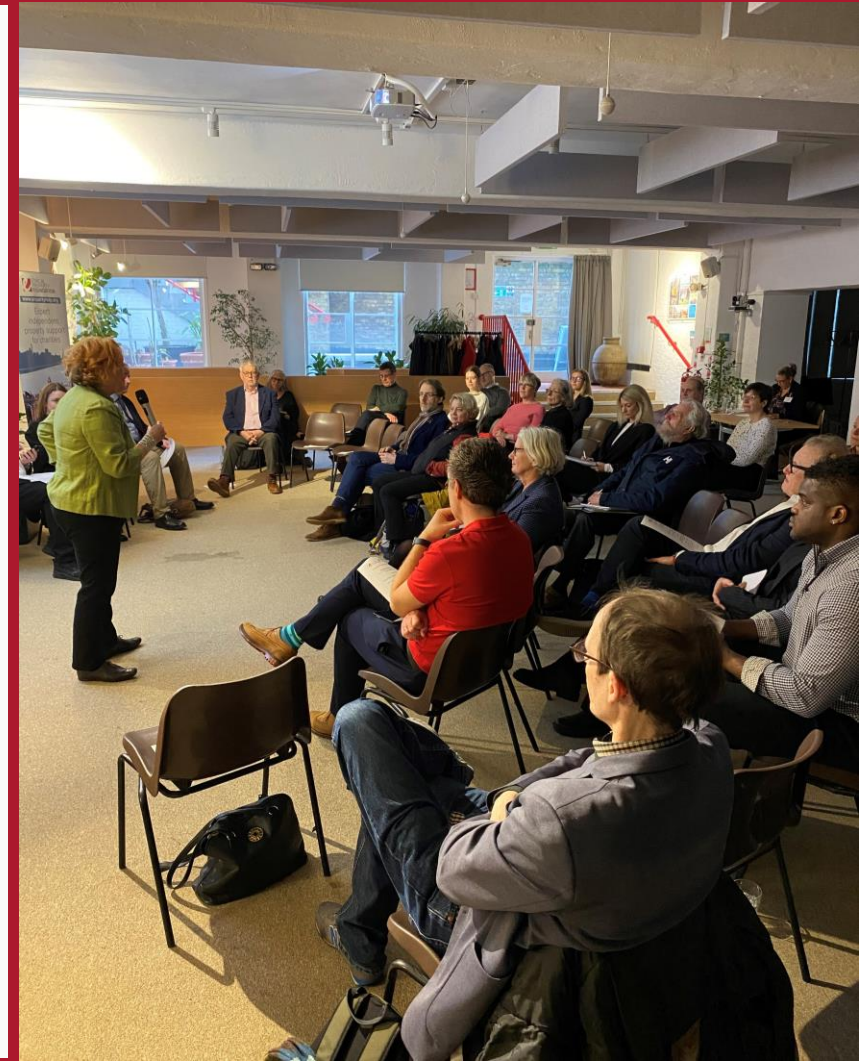
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Ethical Property Foundation

- **Incorporated in 2003**, Ethical Property Foundation (EPF) is the UK property advice charity for the voluntary sector.
- We offer **free property advice, training and online resources** as well as **affordable consultancy**.
- We work with an in-house team and our register of external **property professionals**.
- Since 2015 EPF has been **referral partner to the Charity Commission** for land and property advice

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What is happening out there?

- **Almost all public-facing charities occupy some premises – yet property rarely figures in discussion on capacity building, resilience and sustainability.**
- **Post pandemic – big shifts in property use and costs: hybrid working; energy costs; inflation...**
- **Sector is delivering services to meet soaring need – sometimes below full cost recovery.**
- **Changing context: huge financial issues for local councils: deficits, bankruptcies; pressing need to monetise council property – rude awakening for many charities.**
- **Charities Act 2022.**



Property: elephant in the room?

- Role of communication in property management.
- Role of trustees.
- Role of funders.



Post pandemic - big shifts in property use and costs

- Hybrid working – is it working?
- Energy costs.
- Inflation.



Reimagining your property

- Is it in the right place?
- Is it configured for the charity's use?
- Does it work for the charity's stakeholders?
- Who owns it?



Exiting property

- Freehold or leasehold?
- Dilapidations
- Alternative uses
- Costs – probably 10% of property value



Hybrid working - in practice

- Is it working?
- 50% of staff in the private sector in the office 5 days a week
- No team water cooler moments!
- Training of staff inconsistent



Energy costs and cutting carbon footprint

- Who cares?
- Many charities have made surprisingly little effort to reduce costs
- Carbon footprint – what is it?
- Major cost after staff and property costs



Working with the local authority - the past is no guide to the future

- **Market conditions - many charities supply essential services for local authorities but are then encounter the local authority's property department....**
- **Many charities are now private sector tenants rather than local authority tenants due to lack of suitable local authority space.**
- **Tenancies at Will becoming more prevalent (TAWs):**
 - London Top 5: Haringey, Brent, Greenwich, Tower Hamlets, Richmond**
 - Outside London Top 5: Newcastle, Bournemouth, Stoke-on-Trent, Cheshire East, Brighton and Hove**
- **Community Asset Transfers (CATs)**



Councillor perspective

Councillor's support for charity property proposals can be shaped by:

- Wider political context
- Budget pressures
- Ability of LA to 'invest to save'
- Personal drivers (3 kinds of councillor)
 - Career / Single Issue / Community
- Personal brand / image
- Ideological drivers
- Media profile / press coverage
- Public opinion / re-election
- Desire for control 'officers v members' at senior level.



Council Officers' perspective

Drivers

- Pressure from above
- Ongoing 'efficiency savings'
- Roles seen as at constant risk
- Extensive use of temps / interims / contract staff
- Concerns about long term asset control
- Sometimes supportive in principle
- Past experience of community run assets
- Overworked / overwhelmed
- Low priority/Risk of exposure

Expressions

- Multiple voices and changing requirements
- Risk aversion
- TUPE regulations and pensions
- Concerns over
 - organisational competence / capacity
 - long term stability
 - Excessive requirements / expectations
- Very slow / no progress



Part 1: Charities Act - any change?

- Previously, an interest to be disposed of by the Charity required a Qualifying Surveyors Report (QSR), as defined by the Act, and a Chartered Surveyor as the appointee.
- After changes, a Designated Adviser's Report (DAR) is now required, it is not a valuation report.
- To make matters more straightforward and cheaper for charities for simple transactions when selling or leasing property. Large charities found it too prescriptive.



Part 2: Charities Act - any change?

- The new practice since 14 June 2023 follows Sections 17 and 19-22 of the Charities Act 2022, still to get “Best Value,” allowing a broader number of people to be appointed.

Must be;

- Member of the Royal Institution of Chartered Surveyors (RICS) – Fellow or Associate.
- To make matters more straightforward and cheaper for charities for simple transactions when selling or leasing property. Large charities found it too prescriptive.
- Plus fellows of the Central Association of Agricultural Valuers (CAAV) and fellows of the National Association of Estate Agents (NAEA) PropertyMark of which 25% of estate agents are members. Also qualified trustees, officers and employees.



Looking to the future what next for our sector 2025-2035?

- Section 106 agreements can be extremely valuable for charities to acquire cost effective space.
- Dilapidations / schedule of condition often missed and financially ruinous when discovered.
- Charity shops need to professionalise themselves to compete with Ebay / Vinted.
- Rarely is property a croc of gold at the end of the rainbow but *can* deliver your charitable mission.



THANK YOU



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