

Briefing two

Do charities get the right advice and support on property issues?



40% of charities have found the cost or availability of professional property advice a problem in the last three years.

Background

In 2012 the first national survey of property issues affecting charities in the UK was commissioned by the Ethical Property Foundation, the leading property advisor for charities. This paper summarises its findings, and outlines solutions to the problems identified.

Other topics covered in this series include:

- How charities can use their property to support their mission.
- How charities can use their property to survive in the current environment.
- A summary of survey findings.

Key findings on this issue

- 40% of charities consider their building is the greatest risk facing their organisation.
- An estimated 41,000 small charities (income below £100,000) are failing to get good quality property advice.
- Only 37% of charities get advice on property issues from commercial professional sources, and these tend to be large charities (over £1m income).
- 45% of charities get advice on property issues from informal unpaid contacts.
- 40% of charities have found the cost or availability of professional property advice a problem in the last three years.
- 29% of charities plan to acquire or dispose of property in the foreseeable future.

17% of charities fear that they will fail to deliver services due to property constraints.

Why is this happening?

The most common causes cited by charities for failing to get proper advice are that it is too expensive and that the right sort of advice is hard to find. Many stated a wish for more free advice.

However, the survey found that often charities are not fully aware of when advice is needed and how to determine what sort of advice is needed. This may be caused by undercapacity or lack of knowledge within the charity, by poor signposting of what is available, or by variable levels of property expertise in local infrastructure organisations.

The survey indicates that there is a large unmet demand among charities for property advice, support and mentoring.

Why does this matter?

Property is typically the second largest cost for charities, after staffing.

87% of charities consider themselves capable of managing property issues on a day-to-day level. But significant numbers actually experience serious property problems:

- 17% of charities fear that they will fail to deliver services due to property constraints.
- 44% of charities experience unforeseen maintenance costs.
- 27% of charities experience costs or compliance difficulties due to health and safety, environmental or other regulations.

Many charities say they lack information about key property issues, such as the running and maintenance costs associated with their buildings. This lack of proper advice potentially results in poor or no asset management decisions and unnecessary or additional costs.

Using non-specialist advisors may store up costs and problems for later years, because they lack specific property and charity knowledge and experience.

Relying on informal contacts means that there is no liability for future problems.

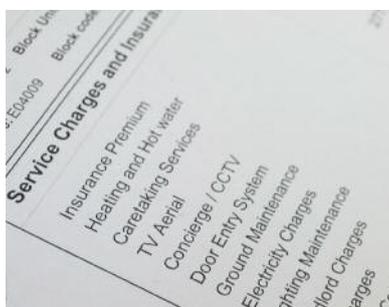
What can be done about this?

Top tips for charities:

Be clear about what advice you need. Identify exactly what your property issue is and therefore what type of advice you need.

Seek advice as early as possible. Dealing with problems at the last minute, or once they have become more complex is costly, time consuming and stressful.

Identify the appropriate property professional. Ensure property professionals have charity experience as different regulations apply. Consider whether specialist expertise is required – for example with listed or heritage buildings.





Charities can access advice and support from the Ethical Property Foundation.

Select your advisor carefully. Ask for a CV, a list of past clients, and references (preferably from other charities or community groups). For large-scale projects, take the time to interview candidates in both formal and informal settings, to establish whether you can envisage working closely with them over a long period.

Tender properly. If you are getting quotes from different professionals and contractors, ensure you are comparing like for like. Get three quotes to assess reasonable costs. Don't assume a friend or contact will be the cheapest or most appropriate.

Fulfill your legal obligations. There are legal requirements in charity law about how you must act to ensure best value from your assets, especially in the disposal of property. A qualified surveyor can help to ensure you are meeting these obligations.

Get the most out of a professional. Be an informed client – research the issue and your possible options, think and discuss with your board of trustees what you want to achieve or resolve.

Use your time and money wisely. Do the background thinking on an issue before giving it to a professional. That way you are only asking them to carry out specific technical work relevant to them.

Further information

A summary of the survey report is available for free download at www.ethicalproperty.org.uk.

The Ethical Property Foundation is the leading provider of property advice to the charity sector. Its advice and consultancy services include:

- Free online guide to all aspects of renting, buying and managing property for charities.
- Tailored advice and support on property problems, with initial help provided free.
- Access to a network of over 80 property professionals, offering free or discounted support to charities.
- Consultancy including business and strategic planning, options appraisals, feasibility studies and social audits.
- Training on all aspects of property from a charity perspective.

For further information, visit www.ethicalproperty.org.uk or call 020 7065 0760.

Survey methodology

The survey was commissioned by Ethical Property Foundation in partnership with the Charity Commission, and delivered by independent consultants Campbell Tickell. It comprised quantitative research on 250 charities, whose turnover, remit and geographic spread match the sector profile; and qualitative research with 20 representatives from infrastructure and frontline charities and local authorities.

Briefing issued April 2013

With support from  Esmée Fairbairn FOUNDATION 