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CORFF CYNRYCHIOLWYR YR EGLWYS YNG NGHYMRU  
THE REPRESENTATIVE BODY OF THE CHURCH IN WALES

## CHURCH HALL CLOSURE AND DISPOSAL

### GUIDANCE NOTE

This guidance note is designed to help Parochial Church Councils (PCCs)<sup>1</sup> ensure the correct arrangements are put in place when a church hall is to be permanently closed and disposed of by sale or lease. These arrangements are intended to avoid delay and unnecessary costs; as well as help us comply with our legal obligation as a charity to ensure that the terms of any disposal are the best that can be reasonably obtained. Failure to follow these arrangements could result in a loss of income, a potential legal dispute, or undue delay and expense.

#### Title Check

If a PCC is contemplating closure of a hall, it is important that the legal title to the property is checked in advance. This process will ascertain whether there are any constraints upon disposal and how any proceeds of sale can be used. Some halls may be subject to a “reverter” whereby a closed hall (or its sale proceeds) will return entirely to the heirs of the person who donated the property originally. A hall may also be subject to a covenant that says it can be used for certain purposes only. It is important to investigate such matters at an early stage.

Title to a hall will usually be held by the Representative Body of the Church in Wales (RB) so enquiries should be addressed to the Property Services Department in the first instance.

In some cases, title is held by the Diocesan Board of Finance or Diocesan Trust so, if the RB does not hold title, the matter will be referred to the Diocese. The Diocese would then advise on their process for the disposal. The notes below set out the approach taken where the hall is owned by the RB.

#### Development Potential

Evaluating or realizing development potential in land is a complicated matter, requiring professional input. Seeking planning consent for an alternative use is expensive with no guarantee of any positive result. Agents would generally advise on whether it is advisable to seek consent in advance of sale or whether it will not impact on value. If you believe that there is specific development potential to be unlocked, please let us know. If it is advised that planning consent should be obtained, we can discuss how the costs can be met prior to sale.

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<sup>1</sup> The term “Parochial Church Council” is used within this document to describe the local church trustee body responsible for the management of the hall. These bodies may also be known as the Ministry Area Council, the Local Ministry Area Council, Rectorial Benefice Council, Mission Area Conference, or any other term designated by diocesan policies.

## Sale or Lease?

In most cases, PCCs will wish to sell the freehold of the hall to raise funds for other mission priorities.

However, it is possible to consider leasing a hall to a third party. Tenants for leases may be found by open marketing or may be identified through local discussion about the future of the hall.

The RB will advise on the process in each case, but the views of an external valuer will be taken to advise on market value of the asset being sold or leased. Charity law is clear that we must obtain best value when disposing of property.

## PCC Approval

The PCC must pass a resolution consenting to the closure of the hall and disposal by the RB. A copy of the PCC resolution must be sent to the Diocesan Office and the RB.

## RB Approval

The RB, through its Property Committee, will need to approve the proposed disposal of the hall following receipt of PCC approval. The Committee's consent will be subject to the external valuer's advice as to best value terms.

## Bishop's Assent

The PCC should seek written confirmation that the Bishop approves the proposed disposal.

## Ongoing Management

Until the hall has been transferred to a third party, the PCC will continue to be responsible for its management and maintenance including insurance and utilities. In some halls, utilities may have been disconnected for some time before sale. If a utility account has been closed, PCCs should retain or, if necessary, locate the last copy of any utility bill. These bills can reassure potential buyers that utility connections are available.

## Boundaries and Access

It is important that boundaries are clearly identifiable. If there is adjoining land which the PCC will retain, and there are fences or walls that need to be erected, or gates or doors that need to be blocked up, it is preferable where at all possible that the PCC should carry this work out itself before any sale. Clarifying boundaries can complicate the conveyance, and it is sometimes difficult to compel purchasers to carry out this work even if there is a contractual obligation for them to do so. Therefore, it is always more practical for a PCC with adjoining land to carry out these works itself.

PCCs with land adjoining the hall should also consider what rights of access they wish to grant, if any, over that adjoining land, and all PCCs should consider the question of rights generally. The public, or a neighbouring house, for example, may have a footpath or easement across the hall's land. Finally, PCCs should also try to establish who has responsibility for any boundary features.

## Insurance

The PCC must notify the Ecclesiastical Insurance Group (EIG) (or other insurer of the property) as soon as is reasonably practicable once a hall is no longer being used (closed). The insurer will confirm details of any additional premium due and their requirements for the closed hall.

EIG will require regular inspections of the hall are undertaken and will confirm to the PCC the frequency of these.

## Unoccupied Building Requirements

The PCC must arrange for:

- Mains services including electricity, gas and water to be turned off at the incoming mains and any water systems to be drained down.
- All waste and unfixed contents to be removed both internally and externally.
- Access doors and windows to be secured.
- All keys to be accounted for and in one place.
- The health and safety and fire risk assessments to be reviewed and updated to reflect the change in risk as the building is unoccupied.
- The asbestos survey for the building should be provided to the RB as this will be required as part of the disposal process. If one is not available, the RB can advise on how this can be obtained.

## Instructing an Agent/Valuer to Handle the Disposal

In most cases, the hall will be placed on the open market for sale by a suitably qualified agent/valuer. The RB holds an approved list of agents covering all parts of Wales and will be able to suggest which would be most appropriate in each case. PCCs can, of course, suggest an agent they consider suitable and the RB will consider instructing them accordingly. The RB reserves the right to select a different agent if it considers the disposal will be better handled by them.

The valuer may be engaged at an earlier stage in the process particularly where the PCC is exploring options and wishes to get an estimate of value before making the final decision to sell. If this is the case, please contact the RB and we will work with you to select the right agent to advise.

As a first step, the agent will provide a marketing appraisal with an indication of likely sale value. This will not be a formal valuation (unless one is specifically commissioned and paid for) but will give a general view of likely proceeds. Clearly, the actual value will only be revealed after marketing and offers are received.

The appraisal will also indicate the recommended method of sale. This will usually be by Private Treaty. This means bidders make offers to the agent but the agent can negotiate the

price accordingly. Sometimes, informal tender is recommended as this brings all offers to the table at the same time. In some cases, sale by auction is recommended especially where the property represents a speculative proposition for buyers. Formal binding tenders are rarely used as they can be off-putting to prospective buyers.

The RB has standard restrictive covenants it places on the sales of its halls. The precise details may vary in each sale but generally these include restrictions on using the hall for the manufacture, distribution or sale of alcohol; religious use; weddings; immoral, sacrilegious, offensive or noisy purposes; use for the occult or psychic mediums; use as a club or any use which may cause nuisance or annoyance to the RB or the use of any retained land where present.

The RB will coordinate the sale process and liaise with agents to finalise an agreed sale. The PCC will be consulted as the sale progresses. The RB will instruct an external lawyer to handle the conveyancing process (by sale or lease) and see the matter to completion.

### Disposal Costs

All the costs associated with the sale will be deducted from the proceeds of sale. The RB will meet costs and recoup these at completion. These costs will typically be agents and lawyers fees. The RB does not charge for its service in handling the sale.