

### What is a Building Reinstatement Valuation (BRV)?

The RICS states that it is an 'Assessment of Building Reinstatement Cost for Insurance purposes'. The assessment is typically carried out by a qualified surveyor who calculates the rebuild cost of the property.

### What are the Managing Agents duties?

The Property Owner or Managing Agents where appointed, are responsible for ensuring an appropriate level of insurance cover is maintained on the property. Failure to act would mean negligence under the law of Tort. This could result in the Managing Agents appearing in court.



### What should the building be insured for?

The building must be insured to cover the full cost of demolition and rebuilding together with any other allowances required by the lease terms. The insurance policy may cover ground rent and an alternative accommodation for the lessees, but this should be clarified with the insurance company. The BRV makes no allowance for anything other than the rebuilding cost; therefore it is the Managing Agents responsibility to obtain all other cost information.

### What if the property is under insured?

Should the property be under insured, the insurers are not obligated to pay the full costs required to reinstate the building. The Property Owner will lose their asset and the residents will lose their homes. As the Property Owner or Managing Agents where appointed, you will be liable for any shortfall in the insurance payout.

### What if the property is over insured?

If the property is over insured this may expose the managing agents to a determination from the Leasehold Valuation Tribunal, requiring them to re-pay the residents any premiums over paid by them.

### How often should BRV's be carried out?

To show an appropriate level of due diligence by the Property Owner or Managing Agents, a full BRV should be carried out on a 3 year basis with desktop valuations on a yearly basis. A BRV should also be carried out when there is a change in the building such as an extension or an improvement.



## Building Reinstatement Valuation

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### What information is required from the Property Owner or Managing Agent?

Accurate address, access to common parts, contact at property and building plans if available.

### What is assessed for the calculation?

Age, construction, number of storeys, area of building, location, services, demolition costs, site clearance, storey height, Party Walls, Planning, Statutory Requirements and Professional Fees.

### Is VAT applicable?

VAT may be applicable to the scheme; however it is common practice not to include VAT in any Building Reinstatement Valuation.

### For further information contact:

#### **Russell Markham BSc (Hons) MRICS**

Brighton office: t. 01273 231222 e. rmarkham@shw.co.uk

#### **Nick Woodcock BSc MRICS**

Crawley office: t. 01293 441328 e. nwoodcock@shw.co.uk

#### **Richard Turner BSc MRICS**

Croydon office: t. 020 8662 2702 e. rturner@shw.co.uk

#### **Haydon Murton BSc (Hons) MRICS MBeng**

London office: t. 020 7389 1509 e. hmurton@shw.co.uk