



# Charities Act 2011

## 2011 CHAPTER 25

### PART 7

#### CHARITY LAND

##### *Restrictions on dispositions of land in England and Wales*

#### **117 Restrictions on dispositions of land: general**

- (1) No land held by or in trust for a charity is to be conveyed, transferred, leased or otherwise disposed of without an order of—
- (a) the court, or
  - (b) the Commission.

But this is subject to the following provisions of this section, sections 119 to 121 (further provisions about restrictions on dispositions) and section 127 (release of charity rentcharges).

[<sup>F1</sup>(1A) For the purposes of this Part, land is held by or in trust for a charity only if the whole of the land which forms the subject matter of the disposition is held—

- (a) by the charity solely for its own benefit (and, accordingly, is not being held as nominee or in trust for another person), or
  - (b) in trust solely for the charity.]
- (2) Subsection (1) does not apply to a disposition of such land if—
- (a) the disposition is made to a person who is not—
    - (i) a connected person (as defined in section 118), or
    - (ii) a trustee for, or nominee of, a connected person, and
  - (b) the requirements of—
    - (i) section 119(1) (dispositions other than certain leases), or
    - (ii) section 120(2) (leases which are for 7 years or less etc.),have been complied with in relation to it.

*Status: Point in time view as at 07/03/2024.*

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- (3) The restrictions on disposition imposed by this section and sections 119 to 121 apply regardless of anything in the trusts of a charity; but nothing in this section or sections 119 to 121 applies to—
- (a) any disposition for which general or special authority is expressly given (without the authority being made subject to the sanction of an order of the court) by—
    - (i) any statutory provision contained in or having effect under an Act, or
    - (ii) any scheme legally established,
  - [<sup>F2</sup>(aa) any disposition by a liquidator, provisional liquidator, receiver, mortgagee or an administrator,]
  - (b) any disposition for which the authorisation or consent of the Secretary of State is required under the Universities and College Estates Act 1925,
  - [<sup>F3</sup>(c) any disposition of land held by or in trust for a charity which is made to another charity otherwise than as—
    - (i) a disposition made with a view to achieving the best price that can reasonably be obtained, or
    - (ii) a disposition that is a social investment for the purposes of Part 14A (social investments),] or
  - (d) the granting, by or on behalf of a charity and in accordance with its trusts, of a lease to any beneficiary under those trusts where the lease—
    - (i) is granted otherwise than for the best rent that can reasonably be obtained, and
    - (ii) is intended to enable the demised premises to be occupied for the purposes, or any particular purposes, of the charity.
- (4) Nothing in this section or sections 119 to 121 applies to—
- (a) any disposition of land held by or in trust for an exempt charity,
  - (b) any disposition of land by way of mortgage or other security, or
  - (c) any disposition of an advowson.

#### Textual Amendments

- F1** S. 117(1A) inserted (14.6.2023) by [Charities Act 2022 \(c. 6\)](#), **ss. 17**, 41(4); S.I. 2023/643, Sch. para. 7
- F2** S. 117(3)(aa) inserted (7.3.2024) by [Charities Act 2022 \(c. 6\)](#), **ss. 18(2)(a)**, 41(4); S.I. 2024/265, reg. 3, Sch. 1 para. 4(b)
- F3** S. 117(3)(c) substituted (7.3.2024) by [Charities Act 2022 \(c. 6\)](#), **ss. 18(2)(c)**, 41(4); S.I. 2024/265, reg. 3, Sch. 1 para. 4(c)

#### Modifications etc. (not altering text)

- C1** S. 117(3)(a) excluded (coming into force in accordance with s. 13 of the amending Act) by [Monken Hadley Common Act 2022 \(c. ii\)](#), **ss. 9(6)**, **12(4)** (with s. 8(3))

## 118 Meaning of “connected person” in s.117(2)

- (1) In section 117(2) “connected person”, in relation to a charity, means any person who falls within subsection (2)—
- (a) at the time of the disposition in question, or
  - (b) at the time of any contract for the disposition in question.

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- (2) [<sup>F4</sup>Subject to subsection (2A), the] persons are—
- (a) a charity trustee or trustee for the charity,
  - (b) a person who is the donor of any land to the charity (whether the gift was made on or after the establishment of the charity),
  - (c) a child, parent, grandchild, grandparent, brother or sister of any such trustee or donor,
  - (d) an officer, agent or employee of the charity,
  - (e) the spouse or civil partner of any person falling within any of paragraphs (a) to (d),
  - (f) a person carrying on business in partnership with any person falling within any of paragraphs (a) to (e),
  - (g) an institution which is controlled—
    - (i) by any person falling within any of paragraphs (a) to (f), or
    - (ii) by two or more such persons taken together, or
  - (h) a body corporate in which—
    - (i) any connected person falling within any of paragraphs (a) to (g) has a substantial interest, or
    - (ii) two or more such persons, taken together, have a substantial interest.

[<sup>F5</sup>(2A) A person who is an employee of the charity does not fall within subsection (2)(d) if the disposition in question is the grant of a tenancy—

- (a) for a fixed term of one year or less or which is a periodic tenancy and the period is one year or less, and
- (b) which confers the right to occupy a dwelling as a home.]

(3) Sections 350 to 352 (meaning of child, spouse and civil partner, controlled institution and substantial interest) apply for the purposes of subsection (2).

#### Textual Amendments

**F4** Words in s. 118(2) substituted (14.6.2023) by Charities Act 2022 (c. 6), s. 41(4), Sch. 2 para. 28; S.I. 2023/643, Sch. para. 20(1)

**F5** S. 118(2A) inserted (14.6.2023) by Charities Act 2022 (c. 6), ss. 22, 41(4); S.I. 2023/643, Sch. para. 11

## 119 Requirements for dispositions other than certain leases

(1) The requirements mentioned in section 117(2)(b) are that the charity trustees must, before entering into an agreement for the sale, or (as the case may be) for a lease or other disposition, of the land—

- (a) obtain and consider a written report on the proposed disposition from a [<sup>F6</sup>designated adviser] instructed by the trustees and acting exclusively for the charity,
- <sup>F7</sup>(b) ..... and
- (c) decide that they are satisfied, having considered the [<sup>F8</sup>adviser's] report, that the terms on which the disposition is proposed to be made are the best that can reasonably be obtained for the charity.

(2) Subsection (1) does not apply where the proposed disposition is the granting of such a lease as is mentioned in section 120(1).

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- (3) For the purposes of subsection (1) a [<sup>F9</sup>designated adviser] is a person who—
- (a) is a fellow or professional associate of the Royal Institution of Chartered Surveyors or satisfies such other requirement or requirements as may be prescribed by regulations made by the Minister, and
  - (b) is reasonably believed by the charity trustees to have ability in, and experience of, the valuation of land of the particular kind, and in the particular area, in question.
- (4) Any report prepared for the purposes of subsection (1) must <sup>F10</sup>... deal with such matters <sup>F11</sup>... as may be prescribed by regulations made by the [<sup>F12</sup>Secretary of State].

#### Textual Amendments

- F6** Words in s. 119(1)(a) substituted (14.6.2023) by Charities Act 2022 (c. 6), ss. 20(a), 41(4); S.I. 2023/643, Sch. para. 9
- F7** S. 119(1)(b) omitted (14.6.2023) by virtue of Charities Act 2022 (c. 6), ss. 19(a), 41(4); S.I. 2023/643, Sch. para. 8
- F8** Word in s. 119(1)(c) substituted (14.6.2023) by Charities Act 2022 (c. 6), ss. 20(b), 41(4); S.I. 2023/643, Sch. para. 9
- F9** Words in s. 119(3) substituted (14.6.2023) by Charities Act 2022 (c. 6), ss. 20(c), 41(4); S.I. 2023/643, Sch. para. 9
- F10** Words in s. 119(4) omitted (14.6.2023) by virtue of Charities Act 2022 (c. 6), ss. 19(b)(i), 41(4); S.I. 2023/643, Sch. para. 8
- F11** Comma in s. 119(4) omitted (14.6.2023) by virtue of Charities Act 2022 (c. 6), ss. 19(b)(ii), 41(4); S.I. 2023/643, Sch. para. 8
- F12** Words in s. 119(4) substituted (9.11.2016) by The Transfer of Functions (Elections, Referendums, Third Sector and Information) Order 2016 (S.I. 2016/997), art. 1(2), Sch. 2 para. 25(2)(r) (with art. 12)

#### 120 Requirements for leases which are for 7 years or less etc.

- (1) Subsection (2) applies where the proposed disposition is the granting of a lease for a term ending not more than 7 years after it is granted (other than one granted wholly or partly in consideration of a fine).
- (2) The requirements mentioned in section 117(2)(b) are that the charity trustees must, before entering into an agreement for the lease—
- (a) obtain and consider the advice on the proposed disposition of a person who is reasonably believed by the trustees to have the requisite ability and practical experience to provide them with competent advice on the proposed disposition, and
  - (b) decide that they are satisfied, having considered that person's advice, that the terms on which the disposition is proposed to be made are the best that can reasonably be obtained for the charity.

#### 121 Additional restrictions where land held for stipulated purposes

- (1) Subsection (2) applies where—
- (a) any land is held by or in trust for a charity, and
  - (b) the trusts on which it is so held stipulate that it is to be used for the purposes, or any particular purposes, of the charity.

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- (2) The land must not be conveyed, transferred, leased or otherwise disposed of unless the charity trustees have before the relevant time—
  - (a) given public notice of the proposed disposition, inviting representations to be made to them within a time specified in the notice, which must be not less than one month from the date of the notice, and
  - (b) taken into consideration any representations made to them within that time about the proposed disposition.
- (3) Subsection (2)—
  - (a) is subject to subsections (5) and (6), and
  - (b) does not affect the operation of sections 117 to 120.
- (4) In subsection (2) “the relevant time” means—
  - (a) where the charity trustees enter into an agreement for the sale, or (as the case may be) for the lease or other disposition, the time when they enter into that agreement, and
  - (b) in any other case, the time of the disposition.
- (5) Subsection (2) does not apply to any such disposition of land as is there mentioned if—
  - (a) the disposition is to be effected with a view to acquiring by way of replacement other property which is to be held on the trusts referred to in subsection (1) (b), or
  - (b) the disposition is the granting of a lease for a term ending not more than 2 years after it is granted (other than one granted wholly or partly in consideration of a fine).
- (6) The Commission may, if the condition in subsection (7) is met, direct—
  - (a) that subsection (2) is not to apply to dispositions of land held by or in trust for a charity or class of charities (whether generally or only in the case of a specified class of dispositions or land, or otherwise as may be provided in the direction), or
  - (b) that subsection (2) is not to apply to a particular disposition of land held by or in trust for a charity.
- (7) The condition is that the Commission, on an application made to it in writing by or behalf of the charity or charities in question, is satisfied that it would be in the interests of the charity or charities for the Commission to give the direction.

## **122 Instruments concerning dispositions of land: required statements, etc.**

- (1) Subsection (2) applies to any of the following instruments—
  - (a) a contract for the sale, or for a lease or other disposition, of land which is held by or in trust for a charity, and
  - (b) a conveyance, transfer, lease or other instrument effecting a disposition of such land.
- [<sup>F13</sup>(2) An instrument to which this subsection applies must—
  - (a) state that the land is held by or in trust for a charity,
  - (b) state whether the charity is an exempt charity,
  - (c) if the charity is not an exempt charity, state whether the disposition is one falling within section 117(3)(a), (aa), (c) or (d), and

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- (d) if the charity is not an exempt charity and the disposition is not one falling within section 117(3)(a), (aa), (c) or (d), include the statement required by subsection (2A).

(2A) The statement is—

- (a) in a case where section 117(1) applies to the disposition to which the instrument relates, a statement that the disposition has been sanctioned by an order of the court or of the Charity Commission, or
- (b) in a case where section 117(2) applies to the disposition to which the instrument relates, a statement that there is power under the trusts of the charity to effect the disposition and that sections 117 to 121 have been complied with.]

<sup>F14</sup>(3) .....

[<sup>F15</sup>(4) Where subsection (2)(d) has been complied with in relation to a contract for the disposition of land it is conclusively presumed, for the purposes of enforcing the contract, that the statement is true.

(4A) Where subsection (2)(d) has been complied with in relation to an instrument effecting the disposition of land it is conclusively presumed, in favour of a person who (whether under the disposition or afterwards) acquires an interest in the land for money or money's worth, that the statement is true.]

[<sup>F16</sup>(5) Where subsection (2)(d) applies in relation to a contract for the disposition of land but the statement required by subsection (2A) has not been included in it, then in favour of a person who has entered into the contract in good faith the contract is enforceable as if—

- (a) the disposition to which the contract relates had been sanctioned by an order of the court or of the Charity Commission, or
- (b) there is power under the trusts of the charity to effect such a disposition and sections 117 to 121 have been complied with.

(5A) Where subsection (2)(d) applies in relation to an instrument effecting the disposition of land but the statement required by subsection (2A) has not been included in it, then in favour of a person who (whether under the disposition or afterwards) in good faith acquires an interest in the land for money or money's worth, the disposition is valid even if—

- (a) the disposition has not been sanctioned by an order of the court or of the Charity Commission, or
- (b) there is no power under the trusts of the charity to effect the disposition or sections 117 to 121 have not been complied with in relation to it (or both).]

(7) Subsection (8) applies to any of the following instruments—

- (a) a contract for the sale, or for a lease or other disposition, of land which will, as a result of the disposition, be held by or in trust for a charity, and
- (b) a conveyance, transfer, lease or other instrument effecting a disposition of such land.

(8) An instrument to which this subsection applies must state—

- (a) that the land will, as a result of the disposition, be held by or in trust for a charity,
- (b) whether the charity is an exempt charity, and

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- (c) if it is not an exempt charity, that the restrictions on disposition imposed by sections 117 to 121 will apply to the land (subject to section 117(3)).
- (9) In this section and section 123 references to a disposition of land do not include references to—
- (a) a disposition of land by way of mortgage or other security,
  - (b) any disposition of an advowson, or
  - (c) any release of a rentcharge falling within section 127(1).

#### Textual Amendments

- F13** S. 122(2)(2A) substituted for s. 122(2) (7.3.2024) by Charities Act 2022 (c. 6), ss. 23(2)(a), 41(4); S.I. 2024/265, reg. 3, Sch. 1 para. 5 (with regs. 9, 10)
- F14** S. 122(3) omitted (7.3.2024) by virtue of Charities Act 2022 (c. 6), ss. 23(2)(b), 41(4); S.I. 2024/265, reg. 3, Sch. 1 para. 5 (with reg. 9)
- F15** S. 122(4)(4A) substituted for s. 122(4) (7.3.2024) by Charities Act 2022 (c. 6), ss. 23(2)(c), 41(4); S.I. 2024/265, reg. 3, Sch. 1 para. 5 (with reg. 9)
- F16** S. 122(5)(5A) substituted for s. 122(5)(6) (7.3.2024) by Charities Act 2022 (c. 6), ss. 23(2)(d), 41(4); S.I. 2024/265, reg. 3, Sch. 1 para. 5 (with reg. 9)

## 123 Charity land and land registration

- (1) Where the disposition to be effected by any such instrument as is mentioned in section 122(1)(b) or (7)(b) will be—
- (a) a registrable disposition, or
  - (b) a disposition which triggers the requirement of registration,
- the statement which, by virtue of section 122(2) or (8), is to be contained in the instrument must be in such form as may be prescribed by land registration rules.
- (2) Where the registrar approves an application for registration of—
- (a) a disposition of registered land, or
  - (b) a person's title under a disposition of unregistered land,
- and the instrument effecting the disposition contains a statement complying with section 122(8) and subsection (1), the registrar must enter in the register a restriction reflecting the limitation under sections 117 to 121 on subsequent disposal.
- (3) Where—
- (a) any such restriction is entered in the register in respect of any land, and
  - (b) the charity by or in trust for which the land is held becomes an exempt charity,
- the charity trustees must apply to the registrar for the removal of the entry.
- (4) On receiving any application duly made under subsection (3) the registrar must remove the entry.
- (5) Where—
- (a) any registered land is held by or in trust for an exempt charity and the charity ceases to be an exempt charity, or
  - (b) any registered land becomes, as a result of a declaration of trust by the registered proprietor, land held in trust for a charity (other than an exempt charity),

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the charity trustees must apply to the registrar for such a restriction as is mentioned in subsection (2) to be entered in the register in respect of the land.

- (6) On receiving any application duly made under subsection (5) the registrar must enter such a restriction in the register in respect of the land.



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