

Home survey standard
1st edition, professional statement
Effective from 1 June 2020

Basis for conclusions

Project background

There is a plethora of documents, practice statements, guidance and requirements produced by RICS for members and regulated firms delivering condition-based home surveys. Most of the existing guidance is attached a specific product of the RICS Home Survey Product Suite. i.e. Condition Report, HomeBuyer Report, Building Survey.

Based on member, consumer and industry feedback, existing guidance is often confusing, applied inconsistently, and is in urgent need of an update to meet market needs.

In January 2018, RICS formed a technical working group to review the entire home survey guidance suite. The review identified the following risks:

- Standards not being applied consistently.
- Lack of consistency on the service delivered by home survey practitioners to consumers.
- Client complaints/dissatisfaction and consumer needs not being met.
- Lack of consistency in products being developed in the marketplace.
- Lack of clarity on mandatory guidance requirements for delivering home surveys.
- RICS existing guidance not reflecting the evolving role of technology.
- Lack of prominence of professionals' skills and role in the home buying and selling process.
- Consumer confusion on the importance of home surveys; difference between survey and valuation; and the different survey service levels delivered by home survey practitioners.

The review clearly identified the need for a professional statement providing a set of concise mandatory requirements for all RICS members to ensure a consistent approach in serving the changing needs of the market and helping improve the home buying and selling process.

These requirements establish 'benchmarks' around which RICS members and RICS regulated firms can design and deliver services that meet their clients' needs in a changing environment.

This professional statement provides a clear, flexible framework within which RICS members and RICS regulated firms can develop their own services the public can recognise and trust, and are consistent with the high standards expected by RICS.

Stakeholder engagement

As part of the review, RICS developed an extensive stakeholder engagement strategy to capture insight and consultation feedback from members and industry-wide stakeholders. RICS established leaders' forums to capture the views of lenders, consumers and other relevant sectors. RICS also conducted consumer research to identify what type of information consumers want to see in a condition survey. The stakeholder engagement strategy included:

- **RICS members and regulated firms.** A technical working group comprised of leading firms in residential surveying in the UK and SME/independent practitioners. A Scotland working group was also formed that made up of 95% of the Scottish residential survey market. Extensive engagement with members outside of the working group also took place throughout the standard development process.
- **Consumers.** A consumer focus group was set up with the purpose of capturing insight, supporting the development of the standard, supporting the consultation process and

developing education and information tools for consumers in collaboration with consumer-facing organisations.

The group included representation from Which, HOA, National Trading Standards, CEDR, consumer leads and price comparison websites and portals. Key outputs during the consultation included consumer-led content from Phil Spencer.

Prior to consultation, RICS commissioned Comres research on 23-24 February 2019 to further investigate consumer needs. The resulting feedback has been reflected in the professional statement.

- **Legal.** Extensive engagement with the Conveyancing Association, Law Society, SCL, and the addition of three legal experts in the technical working group for comprehensive legal review.
- **Insurance.** RICS engaged with PII experts during the consultation period to explore insurance implications for the standard.
- **Software providers.** Extensive engagement with key tech affiliate programme members delivering software solutions to RICS members and regulated firms to ensure they will adopt this standard in their practices and processes.
- **Lenders.** RICS convened a lenders forum in October 2018 to engage with key national and regional lenders, panel managers and lender organisations such as UK Finance and BSA. The purpose of the forum was to capture insight and ensure consistency in messaging from financial organisations.
- **Professional bodies.** Throughout the development and consultation of the standard, RICS engaged with relevant professional bodies such as NAEA Propertymark, Law Society, Conveyancing Association, BSA, UK Finance, RPSA, ISVA and SAVA.
- **Government.** MHCLG launched a home buying and selling guide for consumers this year. RICS contributed to this, to ensure RICS members are referenced in consumer guidance.
- **Home Buying and Selling Group.** As part of our stakeholder engagement strategy for the *Home survey standard*, RICS is supporting the HBSG group in the capacity of the group secretariat. The group's aim is to improve the home buying and selling process for consumers by convening different sectors, private and association/member groups, working together alongside the Ministry of Housing, Community & Local Government (MHCLG).

The professional statement technical working group includes representatives of a number of key stakeholders in the residential sector including corporate member firms, SME practitioners and legal experts. Firm and member representation ranged from SME practitioners through to the large corporates such as Legal & General, Connells, e.surv, SDL and Countrywide. The working group chair is Paul Cutbill, Professional Development Director at Countrywide Surveying Services.

The technical author for the professional statement is Phil Parnham, Director at BlueBox Partners.

Consultation process

As part of the consultation process RICS engaged extensively with members and all stakeholder groups identified above by hosting a series of forums, meetings and one-to-one discussions at engagement events and virtually throughout the UK, attended by a member (SME and corporate), legal, insurance software solution providers and industry bodies, to capture insight and work through any issues identified at consultation.

The matters identified were in line with the broad consultation themes (as highlighted in the table below) and emphasised the need for supporting materials, appropriate training and consumer education to accompany the professional statement.

Consultation responses

The public consultation opened on 29 April 2019 and closed on 31 August 2019. For the first time, RICS included two targeted questionnaires; one for consumers and one for industry.

The consultation document was downloaded 772 times.

149 comments were received via the traditional iconult platform. 169 responses were received for the targeted questionnaires; 103 industry/ 66 consumer comments.

136 comments were received via email, outside of the formal consultation channels. These responses were collated and also considered by the working group.

A number of responses on single or multiple points were received from individuals, firms and other organisations containing some very constructive observations.

Key RICS stakeholder organisation wide responses received included Countrywide Surveying Services, e.surv, SDL, L&G Surveying Services, Allied Surveyors, Connells Survey & Valuation and a large number of responses from SME and sole practitioners. We also had a considerably large number of responses from individual consumers.

Responses were received from relevant industry organisations such as SAVA, ISVA, CILEX, CIAT, and RPSA.

Responses from key stakeholders have provided positive sentiments for RICS demonstrating real effort in addressing consumer requirements as part of the home buying and selling process. Member consultation feedback has been generally positive with members largely agreeing that something needed to be done to improve the client experience with home survey services delivered by RICS members and regulated firms.

Member responses through the formal consultation channel:

“The standard as set out will, in my opinion, bring greater clarity and understanding to the client regarding the condition of residential property.”

“ It clarifies what is expected of RICS members who carry out home surveys.”

“Positive in that the new standard comprises a useful and cohesive tool to assist in the more efficient and professional delivery of residential condition surveys the scope and content of which are easier for clients to understand.”

“This is a great move forward, few more steps and it could make a massive difference to housing stock.”

“Greater emphasis will be placed on consumer clarity and product awareness which is greatly needed”.

Other industry responses through the formal consultation channel:

“We support the Standard insofar as it will enhance clarity and drive improved performance of surveying activities”

“The steps outlined in the Home Survey Standard will effectively benchmark performance and will alleviate the confusion that potential homeowners experience in relation to the purpose and range of available surveys.”

Consumer responses:

“The standard makes clearer the importance of getting surveys right and the need for good communication.”

“It allows greater clarity in deciding which survey to have on a property”.

“Ideally it will make it easier for a client and surveyors to communicate any issues or concerns.”

“The standard helps with consistency across the industry which I think is important and ensuring quality, safe homes for people to live in. I think this especially applies to the renting sector.”

The standard has received support to date with large firms and SMEs embracing the professional statement. Leading firms are already adopting its proposed principles to develop their own consumer-led products such as L&G Surveying Services, Countrywide Surveying Services and Nationwide, as well as software firms publicly declaring their support for the standard e.g. Landmark. Other professional bodies have agreed to support communication activities for the standard.

Throughout the consultation process and indeed going forward, RICS will continue to work with key industry stakeholders, members, consumer groups, government and relevant industry bodies to ensure consumer education is enhanced and the importance of condition surveys in creating trust and confidence for consumers is elevated.

This basis for conclusion document focusses only on the more significant changes made, but a number of minor textual refinements put forward by respondents have also been adopted, which improve the overall clarity. RICS is grateful to all those who responded.

RICS and working group response

Feedback theme	RICS and working group response
<p>Further reading/ training/ supporting materials</p>	<p>Consultation comment(s)</p> <ol style="list-style-type: none"> 1) A request for additional reading and training materials, supporting materials and consumer education outputs to support the adoption of the professional statement. 2) During the engagement process, member firms and software solution providers as well as many SME firms noted they have sufficient processes in place and most elements are already implemented, though would welcome any additional support provided by RICS. <p>RICS response</p> <ol style="list-style-type: none"> 1) RICS will be developing supporting materials for members and regulated firms in the following areas: <ul style="list-style-type: none"> ○ terms of engagement templates ○ pre-inspection check lists ○ scope of inspection and benchmarking assets ○ list of equipment. 2) Form templates will be redesigned to capture consumer requirements and offered to members to utilise for their services. 3) Brand devices to benchmark services will be developed to support members in benchmarking their service levels and marketing those effectively to consumers. 4) RICS training and conferences teams are developing a suite of products, from online/face to face training through to incorporation into conference programming and the RICS CPD foundation. <ul style="list-style-type: none"> ○ RICS is also reviewing the RICSfirms site to update all consumer content. ○ RICS will be developing member facing consumer education materials to support members in marketing their services. ○ The working group agreed that supporting materials would be the most appropriate place to incorporate updates in technology, updates to equipment lists and interactive tools as the statement is intended to be high level and not the appropriate approach for this content, whereas supporting materials, content and training can be targeted to sector/regions, and also revised with greater ease than the formal process of amending the statement. ○ All members and regulated firms, regardless of firm size/ location/service will have access to a variety of educational opportunities and supporting materials.
<p>Home Survey Standard scope</p>	<p>Consultation comment(s)</p> <ol style="list-style-type: none"> 1) ‘Whether this PS applies to all undertaking residential surveys, regardless of output format, should be made crystal clear.’ <p>RICS response</p>

	<p>This has been clearly expressed on 1.1 Overview section of the standard: ‘To enable RICS members and regulated firms to adapt and innovate, RICS intends for this professional statement to provide a clear, flexible framework within which RICS members and RICS regulated firms can develop their own services the public can recognise and trust, that are consistent with the high standards expected by RICS’.</p> <p>Consultation comment(s)</p> <p>2) ‘As an independent building surveyor, I am often asked to provide 'non-standard' reports for purchasers of properties. This can include specific defect analysis, or perhaps an elemental report (only reporting on certain elements). The reasons a client may require something less than a 'full' report are numerous. What is not clear is whether this PS will apply to any and all forms of 'survey' report for residential property purchasers.’</p> <p>RICS response</p> <p>A line has been added on the document on 1.2 Scope to clarify ‘Residential property surveys’: ‘A residential property survey comprises an inspection, report and advice of the condition of residential property’.</p> <p>Consultation comment(s)</p> <p>3) ‘It seems contradictory to state in the first paragraph of this section that "... although some additional matters may be included..." and then list items (environmental matters, legal issues) which under Sections 3 and 3.1 are then specified as mandatory parts of the investigation. They cannot be expressed as optional here and then be made mandatory later.’</p> <p>RICS response</p> <p>The working group agreed to substitute ‘may’ with ‘should’ as seen on section 1.2: ‘The primary purpose of such surveys is to consider a property as a physical asset, although some additional matters should be included...’.</p>
<p>Home Reports in Scotland</p>	<p>Consultation comment(s)</p> <p>1) ‘The need for clarity isn't as big an issue in Scotland because we have "The Home Report" which contains a very clearly defined "Single Survey". In effect Scotland has already "clarified" the standards and therefore the "Home Survey Standard" draft must make this clear to readers outwith Scotland who may not understand fully the DNA of "The Home Report". I do not think it achieves this in its current form.’</p> <p>RICS response</p> <p>1) A separate chapter set out in the document highlights the Home Report in Scotland. Although the scope of this professional statement covers condition-based residential surveys at all service levels, the Home Report is a prescribed document in Scottish legislation. As such, Scottish legislation takes precedence over all other requirements within this professional statement. RICS convened a working group comprised of professionals practicing in Scotland to ensure Home Report and Single Survey differentiations are effectively addressed throughout the document.</p>

	<p>2) In addition, RICS instructed a legal expert to review the document in its entirety. Variations have been effectively identified and final amends made to the document made on the following:</p> <p><i>1.3 Home Report in Scotland</i></p> <ul style="list-style-type: none"> ○ Legislation in force has been highlighted: The Home Report is a prescribed document under the <i>Housing (Scotland) Act 2006</i> and <i>the Housing (Scotland) Act 2006 (Prescribed Documents) Regulations 2008</i> and as such it cannot be varied. ○ Second point was removed following legal review. The Home Report is mandatory, but it does not follow that there is no need for an explanation to clients. A prospective purchaser could still choose to instruct their own report. <p><i>3.4.1 Specific inspection details</i></p> <ul style="list-style-type: none"> ○ For the Home Report, the client will be the vendor. The prospective purchasers will need to know any limitations to the inspection. <p><i>4.11 Service completion</i></p> <ul style="list-style-type: none"> ○ A legal liability may extend up to a maximum of 15 years in England and Wales. In Scotland legal liability will extend for five years from the date of the valuation but may be longer in some circumstances. Refer to Risk, liability and insurance in valuation work (2nd edition), RICS guidance note for further guidance. <p>3) RICS will be developing specific technical guidance for members delivering Single Surveys and Home Reports in Scotland in 2020.</p>
<p>Glossary</p>	<p>Consultation comment(s) A number of comments were received from stakeholders requesting clarity on the definitions used in the Glossary.</p> <p>RICS response RICS have reviewed the glossary to ensure that the definitions are fit for purpose and regulatable, and ensure all terms are relevant for RICS members and/or regulated firms. Clarity and consistency of terms has been enhanced throughout. For example, the term ‘dilapidated’ referring to property condition has now been replaced with ‘neglected’ and is consistent throughout.</p>
<p>Setting up the service</p>	<p>Consultation comment(s) 1) Comments received on 2.1 Conflicts of Interest.</p> <p>RICS response This professional statement appropriately refers members and regulated firms to the <i>International Ethics Standards, RICS Valuation Standards, RICS Rules of Conduct</i> and <i>Conflicts of interest</i> professional statement to highlight that members and firms must declare any potential conflict and be transparent and open with their clients on referral fees and conflict of interest.</p> <p>Consultation comment(s) 2) Comments received re Qualification and competence.</p> <p>RICS response</p>

RICS agree that clarity should be provided within the statement and 'competence' has been replaced by 'experience', highlighted in 2.2 Qualifications and experience. In addition, a 'must' has been highlighted:

'Where appropriate, the RICS member must decline the instruction if the subject property type is beyond their knowledge and skill level.'

Consultation comment(s)

3) Comments received re knowledge of locality and nature of subject property type.

RICS response

These suggestions have been added to the document and references to 'subject property type' have been made, for example in 2.3 Knowledge of locality and nature of property, including:

- an awareness of the main principles of modern methods of construction
- the location of listed buildings and conservation areas/historic centres, the implications of these designations especially in relation to legislation that affect repair and improvement work
- a basic understanding of the types of tenure for the subject property.

In addition, a 'must' has been highlighted:

'Where appropriate, the RICS member must decline the instruction if the subject property type is beyond their knowledge and skill level.'

Consultation comment(s)

4) Comment on accessibility of the report

RICS response

RICS agreed amends to emphasise accessibility requirements.

Consultation comment(s)

5) Comment received re client liaison concerning clarity.

RICS response

RICS amended section 2.4 to include the additional points:

- agree the report format and method of delivery
- explain the intended future use of the property (for example Buy to Let).

In addition, the following has been amended:

'Where the RICS member finds the instruction is not suitable, the client should be given the reasons why and advised on the appropriate level of service.'

Consultation comment

6) Comment received re levels of service and terms of engagement:

'Surely, rather than "most importantly, in their terms of engagement" it should read "must be in their terms of engagement"?'

RICS response

Working group amends applied to section 2.5:

'The 'equivalent level' definition should be included on the RICS member's website, in their standard literature and in their terms of engagement.'

Consultation comment

7) Comment received re leaseholds and other tenures:

'Some of the matters raised here could apply to Freehold properties. I am thinking of situations where there might be shared services or some common areas or grounds. This can apply to some converted properties and/or where there are Flying Freeholds;

	<p>particularly relevant with older properties or those in older town centres. Should such be referred to here or elsewhere in the PS?’</p> <p>RICS response Amends applied to section 2.7.</p>
<p>Carrying out the service</p>	<p>Consultation comment(s) 1) Comments received re locality.</p> <p>RICS response The paragraph has been amended in response to comments received. Points from this section have been moved to appendix C: Knowledge of general environmental issues in a locality, as seen in 3.1: ‘Desktop research should include information about the general environment, neighbourhood and subject property as described in appendix C.’</p> <p>Consultation comment(s) 2) Comments received re information from property owners/agents: ‘This section needs qualifying with a ‘where practical’ as a minimum and ideally excluding totally as for the most part it is not realistically do able on a cost-effective basis AND it is info that should be obtained by the legal advisor in any event’.</p> <p>RICS response RICS has added ‘Where relevant and practical, the owner and/or seller or their agent should be asked to provide appropriate information...’ to section 3.2.</p> <p>Consultation comment(s) 3) Comments received re equipment lists.</p> <p>RICS response RICS agree that the overriding needed to be less prescriptive. This high-level standard emphasises the requirement for RICS members and RICS regulated firms to have access to suitable equipment to complete the service as seen in section 3.3. RICS will be developing supporting materials that are interactive and easily updated to reflect technological change and client requirements. This will include most widely utilised equipment lists.</p> <p>Consultation comment(s) 4) Comments received re specific inspection details and recording information.</p> <p>RICS response An addition has been made on section 3.4.1. Due to feedback on technology advances on photographs, the last bullet point on 3.4.3 has been modified to:</p> <ul style="list-style-type: none"> • ‘Appropriate dimensions and diagrams, sketch plans, and any images captured during the inspection’.
<p>The report</p>	<p>Consultation comment(s) 1) Comments received re level specific reporting.</p> <p>RICS response In response to comments, the working group agreed to add to 4.3.2: ‘Material defects should be described and the identifiable risk of those that may be hidden should be stated.’</p>

	<p>Consultation comment(s) 2) Comments received re summary or overall opinion.</p> <p>RICS response RICS agreed to remove prescriptive text of where the summary is contained in the report.</p> <p>Consultation comment(s) 3) Comments received re risk to occupants section.</p> <p>RICS response 4) A new ‘must’ requirement has been added to highlight that matters which RICS members or regulated firms are aware of that represent a safety risk to occupants must be described in the report. Buy to Let variations added as seen in section 4.7</p> <p>Consultation comment(s) 5) Comment received re findings of the report ‘There is a big difference between an informal follow up chat on the phone and written replies to written enquiries and the inspecting surveyor with experience will be well aware of this and the need in any event where applicable to fully document anything which goes beyond or is at variance with the content of any preceding formal report for whatever reason.’</p> <p>RICS response RICS agree there is no material rationale to remove the requirement to retain records of client engagement and advise. Records need to be kept so this section has been retained. The professional statement sets out the expected standard for record keeping. Section 4.10, 3rd bullet point has been amended to replace ‘permanent’ with written record of the exchange.</p> <p>Consultation comment(s) 6) Comments received on Japanese Knotweed. ‘The enquiry about Japanese Knotweed should specifically include reference to any Japanese Knotweed Management Plan and also asking whether Japanese Knotweed has been removed from land.’</p> <p>RICS response The working group have made an addition to section 4.6.2 to highlight that the client should be advised to ask their legal adviser on the following examples:</p> <ul style="list-style-type: none"> ○ ‘Japanese Knotweed management plan and any associated warranty/guarantee.’ <p>Consultation comment(s) 7) Several comments were made to highlight the need for this professional statement to include requirements for members and regulated firms on energy matters.</p> <p>RICS response A new section has been added on energy matters, see section 4.7. This includes a new ‘must’ requirement: ‘At all levels of service RICS members and regulated firms must be able to identify and advise on defects and deficiencies caused by inappropriate energy efficiency measures implemented at the subject property.’</p>
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<p>Levels of inspection</p>	<p>Consultation comment(s) Comments received on appendix B on benchmarking levels of inspection.</p> <p>RICS response For clarity and consistency, this appendix design format has been restructured. Key amends have been made to highlight the minimum standard expected for each level of service.</p> <p><i>Windows:</i> Include opening of one on each elevation for level one; open one on each elevation and one of each different type at level two and attempt to open all windows at level three. Inspection chambers and underground drainage have their own outlined level of inspection.</p> <p><i>Grounds:</i> A general sentence has been added for grounds.</p>
<p>Terms of engagement</p>	<p>Consultation comment(s) Comments received on appendix D on minimum requirements for terms of engagement from the formal consultation channel and outside of it, highlight the importance of prescribing terms of engagement requirements. Members also highlighted the need for terms of engagement templates for their service.</p> <p>RICS response</p> <ol style="list-style-type: none"> 1) Upon review from RICS regulation, legal experts and the working group, and in response to the feedback, minor amends have been made to this appendix including the addition of: <ul style="list-style-type: none"> ○ The nature and the intended future use of the property. ○ Cancellation rights. ○ Forewarning any restrictions due to health and safety implications that may arise on the day of inspection. ○ Confirm that any fees taken in advance are not client money and not subject to the RICS client money protection scheme. 2) RICS will be providing a terms of engagement template that follows the requirements set out in the professional statement.
<p>Risk to occupants – safety hazards</p>	<p>Consultation comment(s) 1) Comments received on risk to occupants re fire safety.</p> <p>RICS response Although the list in appendix E is not intended to be exhaustive, points have been amended to include references to fire precaution and protection measures; implications of external wall systems and their combustibility/ incorrect fixing; and unsecure fireplace surrounds.</p>

A comprehensive schedule of comments and responses to the consultation process is available upon request.

Effective date

In response to the consultation feedback and in order to allow firms (particularly SMEs) and members to familiarise themselves with the new requirements and, if necessary, amend their internal systems/processes, a period of **six** months from the date of publication will be permitted before the effective date.

As the benchmarking is not moving away from three level of surveys benchmarking and the information captured is remaining consistent, large firms, lenders and software providers indicated they already had appropriate controls/measures in place, such that the mandatory proposals would not materially impact their operations.

Member quotes on implementation extracted from the formal consultation channel:

“ The Standard content seems very close to the service already provided by myself and there is only myself here, so implementation should be straight forward.”

“The standard is largely in line with our existing standard practice regarding survey work. The potential benefit, if properly promoted by RICS, is an increase in customer awareness and clarity regarding the types of service available and how they might benefit.”

“The impact will be minimal to the business. It will be a case of changing working procedures and ensuring the necessary paperwork is in place. If the RICS can provide a standard template for the relevant documents, it will speed the transition up.”

In addition, given the primary concerns raised related to the provision of supporting materials, forms templates redesigned and comprehensive training programme, which as outlined above, will be addressed during the six months effective period, it is not anticipated there will be any objections raised.