

## Surveyors question the sheer quantity of cash

WHAT a wonderful world it is for Louis Armstrong, the £245,000-a-year chief executive of the Royal Institution of Costly Services. Only this month he was awarded a CBE for his services to the property industry, which will have banished any New Year St Louis blues. Into this happy tune, some jumped-up surveyor has injected a few discordant notes. Just what, tootles one Jeremy Hackett of Schofield Lothian, does this modern-day Satchmo do for his quarter-million, which comes courtesy of the RICS members?

Well, Mr Armstrong might reply, there's that magnificent building in Parliament Square to maintain, and every surveyor knows how pricey that is. Then there's the staff of 400 inside it, all beavering away educating us, researching and - crucially - lobbying and advising the government across the road.

You can tell how successful it all is, since stamp duty on most commercial property is now up to 4pc and the tax treatment of leases is much harsher than before. Think how much worse it could have been. Surely that's quite enough to justify the two-thirds rise in membership fees over the past five years? Besides, £245,000 hardly goes anywhere these days does it?

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Daily Telegraph Monday January 5th

### DON'T FORGET

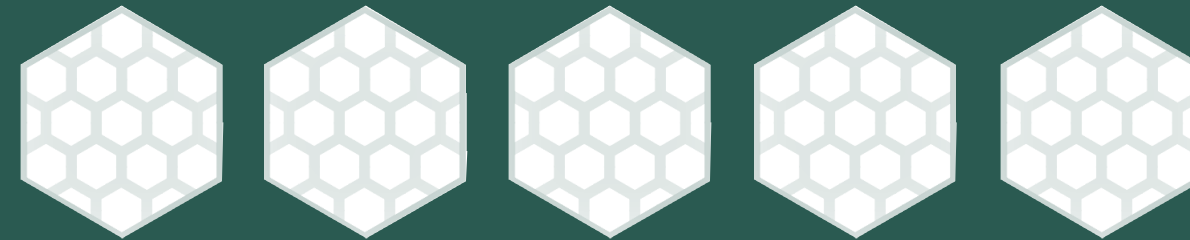
More news and views on issues of concern to surveyors; members privilege discounts and benefits. For an update log on, and use the Web site dedicated to members .....

[www.surveyorsweb.co.uk](http://www.surveyorsweb.co.uk)

## NEW MEMBERS 2003

Membership continues to grow and we warmly welcome the following Independent Surveyors who have just joined us.

**Peter Hill Chartered Surveyors:** Bedfordshire  
**Peter Tym, FRICS Ian Hyman & Company:** London  
**Richard Poole Surveyors:** Hampshire  
**A. Edwin Bryant & Associates:** Cornwall  
**Chiltern Associates:** Lancashire  
**David Price Associates:** Staffordshire  
**David Foster Associates:** East Sussex  
**Sargeants:** East Sussex  
**Richard McNeil Associates:** Hampshire  
**J. Barraclough CS:** Buckinghamshire  
**R M A Chartered Surveyors:** North Yorkshire  
**Bothams Mitchell Slaney:** Derbyshire  
**D.J. Bradshaw Property Consultant:** London  
**Cato Surveyors:** Hertfordshire  
**Invicta Chartered Surveyors:** Kent  
**Thatch International:** Hampshire  
**Conways Independent CS:** London  
**Charters-Reid Associates Limited:** York  
**Kimberworth Consulting Limited:** Surrey  
**John Warwick & Associates Ltd:** Norwich  
**Ewing Self:** Aylsham, Norfolk  
**Charles Bycroft & Company:** Gt. Yarmouth  
**Alan Davies BSc . FRICS . IRRV:** Devon  
**David Northridge BSc MRICS:** Devon  
**Edward Gallimore FRICS:** Worcestershire  
**Tawn Landles:** Kings Lynn  
**Gem Associates Limited:** Bedfordshire  
**Peter J Wilde FRICS Monkhouse Partnership:** Cheshire



# NETWORK ISA

## Editorial

Jeremy Hackett of Schofield Lothian, the ebullient QS promoting the 'Stop-the-Rot' campaign, has obtained support for calling an EGM from 901 Chartered Surveyors. Meanwhile in Westminster, the President's Review Committee has been assembled to consider and report its recommendations to Governing Council before the end of March. Both processes will be running side by side, and although the cost of holding an EGM is substantial, it represents merely £2.00 per member - a small price for democracy.

Daily Telegraph City Editor, Neil Collins, reports "What a wonderful world it is for Louis Armstrong, the £245,000-a-year chief executive of the Royal Institution of Costly Services". He is right - proficient business management demands that staff salaries should be closely monitored particularly as they make up a principal cost of running any business. Nevertheless ordinary members are golden geese whose eggs sustain RICS, but like battery fowl, are kept in the dark most of the time about how money is spent. Veils of secrecy which apply to the functions of most committees only add to lack-of-transparency and obfuscation which dominate Institution affairs. Lack of accountability of administrative and executive staff to the ordinary membership as well as general malaise, are issues which have no place in any democratic professional body and need to be routed out. Furthermore, every item of expenditure and cost needs tracking to ensure that it provides members with value.

President Brooke has a window of opportunity to review the malady that is affecting RICS affairs. Governing Council has a duty to react positively and bring about those changes which are required. Ultimately, by voting in the forthcoming EGM (which is unlikely to be held before the President's Review Committee has done its job) it will be up to individual 'grass-roots' members to decide whether or not enough has been achieved, and in time, to provide the stable foundations and fresh approach which are needed if practitioners are to flourish and gain benefit as individual members.

At present, there is perception by the ordinary member that membership provides little value other than a 'certificate to practice'. Cost of RICS membership, whilst important, only becomes of significance if it fails to provide value. We await a pro-active response from RICS Corporate before members vote with their feet. Unlike the previous EGM, where RICS brought about change with less than a 10% mandate, this time around surely there will be a greater response and less apathy. If not, Chartered Surveyors will have only themselves to blame for the way their representative body behaves in the future.

## And Finally.....

Thanks to *Property Week* for the story of a surveyor in Birmingham who was driving down the M40, late for a meeting with a client, only to notice a flashing blue light in his mirror. Realising he was above the speed limit, he pulled over.

The policeman in the patrol car asked if he realised how fast he was going. The agent nodded glumly, and asked if the ticket could be issued promptly so as not to make him even later. However, the officer proceeded with his lecture, and the agent became even

more worked up when the officer asked him: "What if Mr Fog had been around when you were speeding?"

Our Brummie friend curly retorted: "Well if Mr Fog had been around, I would have taken Mr Foot off Mr Accelerator and put in on Mr Brake".

The officer looked at him smugly and replied: "I think you misheard me sir. I asked you what would happen if mist OR fog had been around".

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Independent Surveyors Association

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Newsletter

# JANUARY BRIEFING

## HSV -V- HCR

Home Condition Reports, as part of the 'House Sellers Pack' remain very much in prospect.

RICS favours HSPs: There is convincing argument if it speeds up conveyancing. After all, the same principle applies to property auctions: Title documents are marshalled and proved; up-to-date searches are commissioned; purchaser's questions are anticipated. So far so good, but what about the survey?

Only one-in-five purchasers bothers with a survey. Others rely on a mortgage valuation to spot any fundamental flaws in the structure; buy new and take comfort from constructor's guarantee; or ultimately rely on their own judgement: Matters of personal choice and freedom. Some owners suffer problems with their new purchase; the majority do not. So how will the Home Condition Report improve matters?

### Will it speed up the process

Probably not. Surveyors are used to reacting rapidly and turning a report around in a matter of days.

House-selling stagnates for reasons other than speed of survey. Buyers change their mind for a multitude of reasons other than an adverse survey. The survey provides 'the cooling-off period' which applies to most major financial transactions.

### Will it save cost?

Not at all. It will make house-buying and selling more expensive.

Home Condition Reports may give at-a-glance summary of condition, but will offer neither advice, nor valuation - information for which 'one-in-five' buyers are currently prepared to pay extra.

### Will it remain a valid document to keep with the Title documents?

No. Proof of Title will remain current, but searches and the HCR itself have a shelf life, after which the whole process will have to start again at further cost.

### Will it enhance business for a Chartered Surveyor practice?

Maybe "profit", but possibly not "image." Projected average costs are £1,000 for a HSP, including £300 for the HCR.

HCRs will be carried out by 'Home Inspectors'. A whole new industry is whetting the appetite of 'middle-men' to meet demand of 1.25 million transactions which currently occur annually.

Whilst LeGrand was spearheading SAVA, he estimated accreditation of 8,000 Homes Inspectors to cope with industry demands. Now SAVA has sold out to NES (*National Energy Services*) his new Company, *Property Industry Research Limited*, proposes an army 18,000-strong through NVQ Level 4 courses leading to the qualification of HI. Various non-RICS bodies such as the BWPDA are putting themselves forward as assessment centres. Accreditation fees and HI's regular attendance at profit - driven compulsory courses as a condition of maintaining the qualification is attracting the 'money-men'.

There might be convincing argument of "the more, the merrier" if it improves speed of house sales and assists owners to provide the statutory

pre-sale information, whilst at the same time regulating costs by competition, but in reality the converse is true. Consider the following:

*Smith* proposes to purchase *Jones*' house, but first has to sell to *Brown* - the typical transaction chain, of which the industry is well aware.

*Smith* and *Jones* each have to obtain HCR's before they qualify even to enter the process. *Brown* is a first-time buyer who needs a mortgage.

None of the parties would previously have bothered with a survey, but *Brown* would have been required to pay a mortgage valuation fee.

*Smith* and *Jones* in future will each have to 'shell out' for an HSP upfront, or rely on benevolence of their Estate Agent to put together the package and charge later. Result - statutorily - incurred cost which was previously a matter of choice.

### How will the property market respond?

Quite clearly, by introducing the compulsory extra layer in the purchase process, supply of domestic property will become scarcer; (i.e. it's no longer possible to call an Estate Agent and 'test the market'. Marketing is formalised and made seriously expensive); Sellers' expenses immediately rise to take account of the HCR either by direct payment to the 'Home Inspector' or by an increased rate of commission if the Agent meets the cost within a sales package; Buyers themselves, with access to the HCR will not escape the cost of a valuation if they want mortgage facilities and may still require to pay for advice, or valuation or obtain a detailed report on condition and cost of repairs; Buyers will also be disinclined to exchange contracts until quotations for repair have been obtained, if such is identified in the HCR.

### So why is HM Government so much in favour of including HCRs in HSPs?

For one reason only, because of its commitment to making the UK housing stock energy efficient. Not a bad concept at face value, but when houses are graded in terms of energy-use efficiency (i.e. by the SAP Rating) with older types less favoured - watch out!

The SAP rating, included as part of the HCR, will affect house-price structures by discriminating against older less-well-insulated dwellings, in favour of new housing, better designed to conserve heat. Herein may lie the reasons why HCRs are to be compulsory and why SAVA has been swallowed-up by *National Energy Services Limited*. It's simply profit motivation. Every house sold will be assessed according to a specified system, and pay a fee which the assessors will be free to levy at whim. Fundamental principles of 'profit' apply, and the middle-man once more becomes the winner at expense of the consumer.

### How will HCRs enhance the image of Chartered Surveyors

Probably very little. HCRs may bring a different type of business and opportunity for those willing to don the shroud of Home Inspector, and shed the pelisse of surveyor. Home Inspectors will offer neither advice, nor valuation - Holding one's tongue might prove difficult for Chartered Surveyors who are used to making assessments and offering informed opinion for the benefit of the client.

Home Inspectors, as licensed agents, performing a function required by the State, will have status akin to Traffic Wardens - albeit a noble profession, but one with few friends.

RICS welcomes the HSP. Should ISA do likewise, or point out its potential to generate cost without much added advantage to the public?



## ROBERT WEST, FRICS

*Explaining thatching techniques at the first ISA specialist training seminar held at Attleborough, Norwich, in September 2003*

## Independent Surveyors Training Limited

2003 has seen IST conferences at Daventry and Basingstoke and two specialist training seminars in Norfolk and Devon devoted to thatch. More CPD is planned for 2004, but its continued success depends on support from members, and suggestions for topics of interest, and venues.

Conferences on issues relevant to topics of current interest are always arranged by ISA members for the benefit of other members, and involve considerable time and input entirely on a voluntary basis.

Although members of ISA Council do not actively seek plaudits for their work on behalf of members - our thanks to Trevor Hewitt of *Kimberworth Consulting Limited* who following a seminar on thatch, writes "Well done ISA for the best CPD event that I have ever attended. I found the day most valuable, the speaker to be excellent, the venue good, and the whole event well organised. Without a doubt the best

CPD learning experience that I have ever been part of, irrespective of the organising body. Bravo ISA and lets have many more, even some in Surrey".

The next conference is taking place at The Arden Hotel, Coventry Road, Bickenhall, Solihull, West Midlands on Wednesday, 17th March 2004 with top class presenters including Tom Edge, whose advice on improving business image is a 'must' for any small practice and includes:

- Tom Edge: 'Improving Business Image'
- Richard Buller: 'Latest Developments in Aerial photography'
- Hugh Dunsmore-Hardy: 'Opportunities for Surveyors'
- Phil Parnham: 'Home Condition Reports - Update'.

.. and of course, an update on what ISA is doing for you. Trade Stands will also be present at the event. For details, speak to Margaret Blyth on 015603 880017.