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Consultation on the Home Report – Analysis of Responses



social
research

**CONSULTATION ON THE HOME REPORT
ANALYSIS OF RESPONSES**

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EXECUTIVE SUMMARY

The consultation

1. The Home Report was introduced into Scotland in December 2008. The Scottish Government is currently undertaking a two-stage review of the Home Report with a public consultation exercise forming the first part of that review.
2. The consultation sought the views and experiences of people who have used the Home Report and of those that are involved in the house buying and selling system including buyers, sellers and industry professionals. A total of 23 questions were divided between three sections: Section 1 considered whether the Home Report is meeting its objectives; Section 2 looked at how the Home Report operates in the current market; and Section 3 covered the content, layout and usefulness of the Home Report documents.
3. A total of 144 responses were available to the analysis team, with 97 individual members of the public submitting a response along with 47 groups or organisations. The group respondents included Chartered Surveyors, Legal Profession and Estate Agent Respondents, Local Authorities, Construction Industry Respondents, Consumer, Advice & Campaign Groups and Property Management, Maintenance and Conservation Respondents.

The Home Report's objectives & potential

4. The original objectives for the Home Report focused on: improving information about property condition and providing an incentive for repair or maintenance works to be carried out; addressing the problem of buyers paying for multiple valuations and surveys; and addressing the practice of setting artificially low asking prices. A clear majority of respondents thought the Home Report is meeting its original objectives and that those objectives are still appropriate.
5. For example, it was suggested that the incidence of multiple valuations and surveys on the same property has been reduced. It was also suggested that properties are generally being marketed at or close to their Home Report valuation. Respondents sometimes pointed to the continuing importance of meeting the original objectives, including through the provision of robust and comprehensive information, and the use of a standardised approach with which both buyers and sellers will become increasingly familiar.
6. In contrast, some respondents did not consider the original objectives to still be appropriate, with this group including some who stated that they had never considered them to be so.
7. The majority of respondents did not support the establishment of a national register of Home Reports. Concerns included that the benefits to be derived from such a register are not clear or are insufficient and that implementing and maintaining a register would inevitably come with resource implications.

How the Home Report is working

8. The second section of the consultation sought views on how the Home Report is working, looking at different stages of the process including costs, commissioning, production, marketing, timescales, access, enforcement, access to mortgage finance, redress and exceptions.
9. A clear majority of respondents did not think that upfront costs are preventing potential sellers from putting their property on the market. However, most did think there are issues with the majority of Home Reports being commissioned through selling agents. The principal concerns of many respondents were lack of transparency and actual or perceived conflict of interest, particularly with regard to the relationship between selling agents and chartered surveyors.
10. At present, the Single Survey and Energy Report elements of the Home Report must be completed by a surveyor registered with or authorised to practice by the Royal Institution of Chartered Surveyors. A substantial majority considered this requirement should continue.
11. Most did not think the requirement for a Home Report before marketing a property is leading to delays in properties coming on to the market and did think Home Reports are a useful marketing tool for sellers. In terms of how the Home Report proves useful, respondents tended to point to homeowners having the opportunity to rectify any urgent repairs issues before marketing their property. The benefits of including a realistic valuation were also highlighted.
12. A Home Report must be no more than 12 weeks old when the property is put on the market. A seller can take their property off the market for no more than 28 days on any number of occasions and put it back on the market without requiring a new Home Report. A clear majority of respondents considered the 12 week deadline to be appropriate and reasonable. Most of those who had concerns about the 12 week deadline considered the period to be too short.
13. As with the 12 week rule, a clear majority of respondents supported the 28 day rule. Further comments highlighted the range of valid reasons why a seller might need or want to temporarily remove their property from the market. However, some respondents considered the 28 day rule to be a meaningless provision or suggested that it should not matter to buyers if sellers have taken a longer break.
14. A Home Report must be given to a potential buyer within 9 days of them asking for it. However, there are circumstances under which a seller or selling agent can refuse a request. A clear majority of respondents did not think there were any issues with potential buyers accessing Home Reports.
15. A valuation was included in the Home Report to stop the practice of sellers setting unrealistic asking prices. It was never intended for the Home Report to guarantee mortgage finance. A number of group respondents outlined their understanding of current practice amongst lenders. At one end of the spectrum, respondents suggested that the majority of lenders accept the Single Survey valuation, some suggested lenders accept a generic Mortgage Valuation Report (MVR), whilst at the other end of the spectrum, it was suggested that many

lenders are not prepared to accept these valuations at all. A number of respondents noted that lenders will only accept valuations carried out by a firm on their approved panel list.

16. The majority thought the current enforcement arrangements for the Home Report legislation are appropriate. In terms of the redress options available to buyers who have concerns about their Home Report, the majority of respondents thought the current options are reasonable and appropriate.
17. The majority also thought the current arrangements for exempting some properties from needing a Home Report to be appropriate. Those who favoured change tended to suggest they should be required for new build homes.

The content and usefulness of the Home Report documents

18. There are three documents within the Home Report – the Single Survey, the Energy Report and the Property Questionnaire. Section 3 of the consultation sought views on the appropriateness and usefulness of each of these.
19. The majority of respondents thought the Single Survey provides a useful and appropriate level of information and did not think that the repairs categories should be amended to make them consistent with those used in the Scottish House Condition Survey. Many of the further comments focused on the frequent use of caveats and the need for more detailed information on property condition.
20. A very clear majority of respondents thought the Single Survey valuation is useful. Further comments often suggested the valuation is not just useful but is potentially the most important element of a Home Report. However, a small number of respondents had a very different perspective - for example, it was also suggested that many buyers do not trust Home Report valuations.
21. Most respondents thought the information provided in the Energy Report to be appropriate and useful. Further comments made by those that supported the current content sometimes focused on the importance of buyers being provided with energy efficiency-related information. However, even amongst those who thought the Energy Report to be useful, some questioned the extent to which buyers actually consider the information contained within it or use it to inform their buying decisions. Nevertheless, a number of respondents suggested the Energy Report could and should go further.
22. A majority of respondents also thought the information provided in the Property Questionnaire is appropriate and useful. Further comments sometimes set out the strengths of the Property Questionnaire, including that it provides a range of relevant information, particularly in terms of what a potential buyer can expect in terms of financial outgoings. Other comments focused on the completeness and veracity of the information provided.
23. The final question asked respondents if an additional question on land maintenance fees should be added to the Property Questionnaire. Compared to other issues covered by the consultation views on this issue were relatively evenly balanced, although a small majority did favour its inclusion.

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1 INTRODUCTION

Background to the consultation

- 1.1 The Home Report was introduced into Scotland in December 2008 and came about because of concerns about unacceptably high levels of disrepair in the private housing stock. The majority of houses for sale in Scotland must have a Home Report, with the key components of that Home Report being:
- A Single Survey which contains an assessment by a surveyor of the condition of the home, a valuation and an accessibility audit for people with particular needs;
 - An Energy Report which includes an assessment by a surveyor of the energy efficiency of the home and its environmental impact, and recommends ways to improve these; and
 - A Property Questionnaire which is completed by the seller of the home. It contains additional information about the home, such as council tax banding and factoring costs, that will be useful to buyers.
- 1.2 The Scottish Government is currently undertaking a two-stage review of the Home Report with a public consultation exercise forming the first part of that review. The second stage, an independent investigation of how the Home Report has performed over its first five years of operation, will be published later this year.

The Consultation Process

- 1.3 This report presents an analysis of the responses submitted to the Scottish Government's consultation on the Home Report. The consultation sought the views and experiences of people who have used the Home Report and of those that are involved in the house buying and selling system including buyers, sellers and industry professionals.
- 1.4 The consultation document set out a total of 23 questions divided between three sections as follows:
- Section 1 considered whether the Home Report is meeting its objectives and if these objectives are still the right ones.
 - Section 2 looked at how the Home Report operates in the current market, by exploring topics raised by stakeholders and the general public since the introduction of the Home Report, namely costs, commissioning, production, marketing, timescales, access, enforcement, access to mortgage finance, exceptions and redress.
 - Section 3 covered the content, layout and usefulness of the Home Report documents.

1.5 The consultation period ran from 5 December 2013 with responses invited by 27th February 2014, although this was later extended to early March. Craigforth was commissioned to undertake the independent analysis of responses received which is presented in this report.

Profile of respondents

1.6 A total of 146 responses were received by the Scottish Government. Two responses were received after the extended deadline and were not available for inclusion within the analysis presented here¹. A total of 144 responses were available to the analysis team, with 47 of these submitted by groups or organisations and 97 by individual members of the public. A further breakdown by type of respondent is set out in the table below.

Respondent Type	Number	%
Chartered Surveyors	9	6
Construction Industry	3	2
Consumer, Advice & Campaign Groups	5	3
Legal Profession and Estate Agencies	8	6
Local Authorities, including Trading Standards	7	5
Property Management, Maintenance and Conservation	7	5
Other	8	6
Individuals	97	67
TOTAL	144	100

1.7 Of particular note in terms of the profile of respondents is:

- The Chartered Surveyor Respondents included a professional body for the industry. This respondent noted that they had consulted with members when preparing their response. The other responses in this category were submitted by chartered surveying firms.
- Construction Industry Respondents were a membership body for the industry, a training board and a national federation.
- The Consumer, Advice & Campaign Groups were: 2 disability organisations; an organisation which works to help people reduce energy consumption; a consumer focused non-departmental public body; and a coalition group calling for action to transform Scotland's existing housing stock.
- The Legal Profession and Estate Agent category includes 2 representative bodies for the legal profession, one legal practice, one estate agency and 4 firms which offer both legal and estate agency services.

¹ These responses have been considered separately by the relevant Scottish Government officials.

- 7 Local Authority responses were received, with 2 received from different services within one Local Authority area. The specific services submitting responses included 2 Trading Standards and 2 Environmental Health Services.
 - The Property Management, Maintenance and Conservation Respondents were: an association representing property factor firms; a professional body for building conservation practitioners and historic environment specialists; a social housing, community regeneration and care group which also provides factoring services; and 4 property maintenance and/or factoring firms, one of which is not-for-profit.
 - The Other Respondents group contains a diverse range of respondents: 2 representative bodies for private sector landlords; 2 public bodies; 2 financial services representative bodies; and a water company and an energy company.
- 1.8 A list of the groups that submitted a Respondent Information Form (RIF) as part of their response to the consultation is included as an annex to this report.
- 1.9 The majority of responses were submitted by individual members of the public. A number of these responses contained information which suggested they belonged to one of four broad groups: individual members of the chartered surveying profession; individual members of the legal and/or estate agency profession; former or current property sellers; and former or current property buyers. A small number of those in these latter two categories referred to their experience of being both a seller and a buyer.

Structure of the report

- 1.10 The remainder of this report presents a question by question analysis of responses given at each of the 23 questions set out in the consultation document. Again mirroring the consultation document, the analysis is represented in three sections.
- 1.11 The results of the 'Yes/No' question included for 22 of the 23 questions are presented in tabular form. A small number of respondents adapted the response form at certain questions to give a mixed view - for example either by selecting both 'Yes' and 'No' or by adding a third option (for example, 'yes and no', mixed, both). These responses have been included within the tables under 'Mixed'. The N/A column represents 'Not Answered'.
- 1.12 Please note that a small number of respondents did not make their submission on the consultation questionnaire, but submitted their comments in another format. When these responses contained clear answers to one or more of the 'Yes/No' questions these have been recorded. The remaining content was analysed under the most directly relevant consultation question.
- 1.13 A small number of respondents also submitted extensive written reports or analysis, sometimes suggesting these materials could inform the evaluation of

the Home Report (as at paragraph 1.2 above). These responses have been highlighted to the Scottish Government.

2 THE HOME REPORT'S OBJECTIVES & POTENTIAL

2.1 The first section of the consultation focused on the Home Report's objectives and for what else the Home Report could be used.

2.2 When the Home Report was introduced the original objectives were:

- To improve information about property condition and thereby provide an incentive for repair or maintenance works to be carried out;
- To address the problem of buyers paying for multiple valuations and surveys which was prevalent in "market hotspots"; and
- To address the problems created by the practice of setting artificially low asking prices.

2.3 Home Reports also provide information on the energy efficiency of a property and can help buyers obtain mortgage finance with the addition of the Generic Mortgage Valuation.²

Question 1: Do you think the Home Report is meeting its original objectives?

2.4 Question 1 asked respondents to consider whether the Home Report is meeting its original objectives. A breakdown of responses by respondent type is set out in Table 2 below.

Respondent Type	Yes	No	Mixed	N/A	Total
Chartered Surveyors	8	-	1	-	9
Construction Industry	-	1	-	2	3
Consumer, Advice & Campaign Groups	4	-	-	1	5
Legal Profession and Estate Agencies	1	5	1	1	8
Local Authorities, including Trading Standards	3	3	1	-	7
Property Management, Maintenance and Conservation	3	2	1	1	7
Other	3	2	-	3	8
Individuals	60	26	-	11	97
TOTAL	82	39	4	19	144
Percentage	57%	27%	3%	13%	100%
Percentage of those responding	66%	31%	3%	-	100%

² For information, the insurance valuation and market valuation is included as part of the Single Survey. However the generic Mortgage Valuation Report is separate and is not a legal requirement of the Single Survey at the point of which the Home Report is commissioned.

- 2.5 A clear majority of respondents (66% or 82 of the 125 respondents that answered this question) thought the Home Report is meeting its original objectives. Chartered Surveyor, Consumer Group and Individual Respondents were particularly likely to consider the Home Report was meeting its original objectives, while Legal Profession and Estate Agent Respondents were more likely to think it was not. Local Authority, Property Management and Other Respondents were relatively evenly divided on the issue. A small number of respondents held mixed views with 4 respondents answering 'yes and no' to the main question.
- 2.6 Many respondents structured their further comments around the three original objectives for the Home Report (as set out above at paragraph 2.2), namely property condition, avoiding multiple surveys and artificial pricing.

Property condition

- 2.7 In relation to property condition, those who thought the Home Report is meeting its original objectives raised the following issues:
- Prior to the introduction of the Home Report, the proportion of buyers who commissioned a condition survey was relatively low, with buyers often relying on mortgage valuations to make purchasing decisions. This meant they often had little or no information on the condition of the property they were purchasing.
 - Being equipped with information of the condition of the property allows buyers to make informed decisions about the possible purchase of a property. Specifically, having condition-related information allows buyers to consider the cost implications of making any necessary repairs and reflect those costs in any offer for the property. A number of individual respondents were amongst those identifying this as a strength of the Home Report system.
 - The draft report on the Single Survey provided to the seller gives them the opportunity to address any outstanding repair or maintenance issues before the report is finalised. Some sellers are also undertaking repairs prior to commissioning the report.
 - One private rented sector body noted that lenders are sometimes requiring that condition-related problems are rectified as a condition of a loan on that property.
- 2.8 In addition to making one or more of the specific points set out above, a small number of respondents suggested that one of the overall impacts of the Home Report has been to improve the condition of the private housing stock in Scotland. In contrast, a small number of others reported that they were yet to see any evidence of such an improvement.
- 2.9 Respondents who did not think the Home Report was meeting its original objectives in relation to property condition or who had mixed views sometimes pointed to areas in which they felt the Home Report lacks the necessary, or

indeed, any detail. Specific suggestions made included common building elements and the roofs of tenemental buildings in particular. It was also noted that the costs associated with 'unexpected' repairs to common areas can be very considerable. One Property Maintenance Respondent went on to suggest that, while it would not be fair to make sellers responsible for detailed surveys of common property, regular surveys or maintenance plans could be organised by the property factor or the group of owners in the block, and that this information could be included within Home Reports.

- 2.10 A small number of respondents, including one Public Body Respondent, raised very considerable and detailed concerns about the insufficiency of information regarding private water supplies, including the maintenance required to keep a private water supply safe for users. Particular attention was drawn to the level of lead which is leached from lead supply pipes and storage tanks, and the microbiological and chemical quality of water provided by Private Water Supply sources and their treatment.
- 2.11 One Legal Profession Respondent suggested that they do not contain the specific information required to judge the potential cost of repairs and hence prospective buyers may actually be equipped with less information than prior to the introduction of Home Reports. It was also noted that where a surveyor does not inspect a particular area, such as the roof, they are required to assume it is in good condition. The associated concern was that this could lead buyers to have a false sense of security about the value of their home and future maintenance costs.
- 2.12 Other concerns raised included that the risk-averse style of reporting adopted by those producing Home Reports detracts from their value, along with a perception that surveyors' lack of accountability for any future consequences is also a problem³. One Individual Respondent felt there to be an inherent conflict of interest in surveyors owing a duty of care to both the buyer and the seller. This respondent felt this means the survey rarely tells the buyer anything meaningful about the condition of a property.
- 2.13 Further issues raised were that, contrary to the view expressed by some other respondents, sellers are not proactively carrying out repairs or maintenance work identified through the Single Survey. More specifically, it was suggested that there remains a lack of interest in structural repairs relative to superficial appearance or that, if repairs *are* being carried out, they are probably being done to the lowest possible standard and only to facilitate a sale.
- 2.14 It was also suggested that there do not appear to be any arrangements in place to check the accuracy of the information included within the seller's Property Questionnaire, with the current approach pre-supposing that the seller has sufficient knowledge of the property's repair and improvement history, common property obligations, notices, title conditions, burdens etc. The Local Authority Respondent raising this issue went on to suggest that there may be a case for requiring sellers to source legal documents pertaining to these issues to accompany their Property Questionnaire. A further

³ The redress issue is discussed further at Question 16 (paragraphs 3.63-3.68 of this report).

suggestion was that Home Reports should include details of any pending, proposed or outstanding works and of owners' potential liabilities more generally.

2.15 Other issues raised included that:

- The Home Report does not consider the appropriateness and quality of maintenance and repairs.
- New build properties do not, but possibly should, require a Home Report.

Multiple valuations or surveys

2.16 In terms of the problems of buyers paying for multiple valuations and surveys, a number of both group and individual respondents suggested that the incidence of multiple valuations and surveys being undertaken on the same property has been reduced. One Chartered Surveyor Respondent noted that information provided by their members in Scotland over the last 6 months suggests that the Home Report has reduced the number of multiple surveys considerably. A number of these respondents also highlighted the cost-savings for prospective buyers and that, by extension, buyers no longer perceive that they are wasting money on surveys on properties they do not go on to purchase.

2.17 One Chartered Surveyor Respondent also noted that some initial problems with England-based lenders continuing to instruct their own valuations now seem to have been resolved as they have become more informed about and comfortable with the Home Report approach.

2.18 Respondents who did not think the Home Report was meeting its original objectives or who had mixed views raised the following issues in relation to multiple surveys or valuations:

- The problem of multiple surveys had largely been addressed prior to the introduction of the Home Report through buyers purchasing properties subject to survey.
- Consumer choice is being severely limited by certain lenders only accepting Home Reports produced by those on their list of approved bodies and/or some lenders still requiring buyers to commission an additional survey before approving their mortgage. One Legal profession respondent suggested that further work is required to both quantify the scale of this problem and how it can be resolved.
- The perceived limited lifespan of Home Reports means that sellers frequently have to pay additional fees for updated reports.

Artificial pricing

2.19 In relation to the original objective of addressing artificial pricing, those who thought the Home Report is meeting its original objectives pointed to the following:

- Properties are generally being marketed at or close to their Home Report valuation. One Legal Profession Respondent noted that over the last 2 years, 83% of properties marketed through ESPC had an initial asking price that was within 5% of the Home Report valuation figure.
 - In particular, the inclusion of a valuation has reduced the incidence of the artificially low price setting that was prevalent prior to the introduction of the Home Report. The Home Report requirement for a valuation to be carried out by a Royal Institution of Chartered Surveyors (RICS) member according to a strict set of mandatory standards ensures that valuations are both consistent and reflect demand in the market. A number of individual respondents welcomed this consistency and the transparency they felt the Home Report valuation process offers.
 - The standardisation of the valuation process has helped avoid potential buyers viewing, paying for surveys and/or submitting offers on properties they are unable to afford. One Chartered Surveyor Respondent noted that the first information requested by prospective buyers is often the Home Report valuation.
 - The approach also allows potential sellers to make a decision as to whether they can afford to sell.
- 2.20 Points raised by respondents who did not think the Home Report was meeting its original objectives or who had mixed views included that the increasing availability of house price data means valuation figures are actually of lesser importance.
- 2.21 It was also noted that the practice of setting artificially low asking prices was either over-stated or was more prevalent in a seller's market. Those taking this view suggested that any shift away from the 'offers over' approach may in part be due to changing market conditions rather than the inclusion of a valuation in the Single Survey. One Legal Profession Respondent suggested that there has not really been any change in price-setting practice and that, as before Home Reports and irrespective of the valuation contained therein, sellers can and will set whatever asking price they choose and/or believe the market will deliver. It was also suggested that the Home Report will not prove effective at addressing artificial pricing in a rising market. One respondent offered specific examples of artificial pricing in the Glasgow market to support this view.
- 2.22 Finally, other general comments made at Question 1 included that Home Reports offer transparency, are simple and straightforward, and can be easily accessed by potential buyers. In contrast, it was suggested that their length can make them inaccessible and that some consumers are not aware of the value of the information contained within them.
- 2.23 Some respondents commented on the contribution Home Reports have made towards increased understanding of the energy performance of properties, although others suggested that they could go further and one Consumer Respondent was looking for more evidence quantifying the impact of Home

Reports in raising consumer awareness about energy issues. These issues are discussed further in the analysis of comments made at Question 3.

Question 2: Are the original Home Report objectives still appropriate?

2.24 Respondents' views on whether the original Home Report objectives are still appropriate are set out in Table 3 below.

Respondent Type	Yes	No	Mixed	N/A	Total
Chartered Surveyors	8	1	-	-	9
Construction Industry	1	-	-	2	3
Consumer, Advice & Campaign Groups	1	3	-	1	5
Legal Profession and Estate Agencies	2	5	-	1	8
Local Authorities, including Trading Standards	6	-	-	1	7
Property Management, Maintenance and Conservation	5	1	-	1	7
Other	2	1	1	4	8
Individuals	64	20	-	13	97
TOTAL	89	31	1	23	144
Percentage	62%	22%	1%	16%	100%
Percentage of those responding	74%	26%	1%	-	100%

2.25 Very much in line with the balance of opinion on whether the original objectives of the Home report are being met, a clear majority of respondents (74% or 89 of the 121 respondents who answered this question) considered the original objectives are still appropriate. Chartered Surveyors, Local Authorities, Property Management and Individual Respondents were particularly likely to consider the original objectives to still be appropriate. Consumer Group and Legal Profession and Estate Agency Respondents were likely to consider them to be inappropriate.

2.26 Those respondents who suggested the original objectives are still appropriate sometimes pointed to the continuing importance of the fundamentals they saw as underpinning the Home Report regime – these included the provision of more and better information on property condition, increasing transparency and the use of a standardised approach with which both buyers and sellers will become increasingly familiar.

2.27 A number of respondents also noted that Home Reports have only been mandatory for 5 years and that this is a relatively short period of time - both in terms of engaging buyers and sellers and having a positive impact on the market and that some of the benefits of the approach will grow and become more apparent as time goes on and the housing market picks up. For example, one Individual Respondent suggested that resurgence in the

Edinburgh market, with multiple buyers submitting offers for one property, will mean the objectives of the Home Report are increasingly relevant. It was also suggested that any significant 'picking up' in the market could lead to a return to low upset pricing.

- 2.28 The need for continuing improvement in the condition of the private housing stock was also noted by some respondents. However, there were also concerns that irrespective of the Home Report's focus on property condition, the recession will mean that property owners simply lack the necessary resources to invest in their property.
- 2.29 Some of those who considered the original objectives to still be appropriate also highlighted risks associated with any rolling back of the current requirements. Individual Respondents were often concerned about any return to a system in which multiple surveys were required. It was also suggested that if the Single Survey was made optional, the majority of buyers would not obtain a condition survey prior to purchase.
- 2.30 Even amongst those respondents who considered that the original objectives remain appropriate there were sometimes calls for those objectives, along with the content of the Home Report, to be amended or expanded. Specific suggestions included:
- Including a rental valuation.
 - Developing the reporting format to allow for inclusion of the registered title plan and photographs.
 - Information on factoring arrangements should be included.
 - A more direct link to the information gathered through the Scottish House Condition Survey, ideally through the creation of one register holding all the relevant condition-related information.
- 2.31 One area in which a number of respondents suggested the Home Report should go further was in the area of energy efficiency, including in relation to Scotland meeting its climate change targets. The main analysis of comments made on this issue is set out at Question 3 below.
- 2.32 Some respondents did not consider the original objectives to still be appropriate, with this group of respondents including some who stated that they had never considered them to be so. Others suggested that the housing market has undergone significant changes since the Home Report was introduced in 2008 and that the objectives need to be reviewed and amended to reflect those changes. Those suggesting the objectives need to be reviewed to reflect current market conditions included those who thought the current objectives suited either a buoyant or depressed market, although they tended to give little further explanation of their position.

Question 3: Should the Home Report play a more central role in promoting energy efficiency and property condition improvements among home owners?

2.33 As noted above, Home Reports also provide information on the energy efficiency of a property, while the Single Survey would be expected to raise property condition issues. Question 3 asked respondents if the Home Report could play a more central role in promoting energy efficiency or property condition improvements, with the balance of opinion on this issue set out in Table 4 below.

Respondent Type	Yes	No	Mixed	N/A	Total
Chartered Surveyors	8	1	-	-	9
Construction Industry	2	1	-	-	3
Consumer, Advice & Campaign Groups	4	-	-	1	5
Legal Profession and Estate Agencies	1	6	-	1	8
Local Authorities, including Trading Standards	5	-	1	1	7
Property Management, Maintenance and Conservation	3	3	-	1	7
Other	1	3	-	4	8
Individuals	45	39	-	13	97
TOTAL	69	53	1	21	144
Percentage	48%	37%	1%	15%	100%
Percentage of those responding	56%	43%	1%	-	100%

2.34 Overall, a majority of respondents (56% or 69 of the 123 respondents who answered this question) considered the Home Report should play a more central role in promoting energy efficiency and property condition improvements. Chartered Surveyor, Consumer, Advice & Campaign Groups and Local Authority Respondents were particularly likely to consider the Home Report should play a more central role. Legal Profession and Estate Agency Respondents generally thought it should not. Individual Respondents were relatively evenly divided on the issue, although a small majority (54% or 45 of the 84 that answered this question), thought it should.

2.35 In their further comments, respondents sometimes focused on the role that Home Reports could play in promoting energy efficiency. Some of these respondents set their subsequent remarks within the context of the Scottish Government's Sustainable Housing Strategy and its focus on reducing carbon emissions and improving the energy efficiency and sustainability of Scotland's housing stock. One Consumer Group Respondent noted the establishment of a Scottish Government Working Group to look at minimum standards for energy efficiency in private housing.

- 2.36 In terms of possible changes to the Home Report itself, it was suggested that there is scope for Energy Performance Certificates (EPCs) to be improved in terms of clarity, credibility and comparability. A number of respondents also noted or expressed concerns that consumers have limited interest in the energy efficiency-related components of the Home Report, including the EPC, and that a significant culture change will be required if this is to be remedied. However, not all respondents felt that the Home Report alone can help bring about such a change. For example, one Construction Industry and one Consumer Group Respondent suggested that households choosing to buy an energy efficient home could be rewarded through the Land & Buildings Transaction Tax regime.
- 2.37 In terms of how the Home Report could contribute to change and/or play an increased role in promoting energy efficiency, a range of suggestions were put forward. Suggested alternatives or additions were for Home Reports to include:
- The EPC rating, along with the colour banding, at the front of the document.⁴ The EPC rating could also include a clear comparison with the Scottish average rating.
 - Energy bill information, including the last 12 months of energy costs.
 - Estimated energy bill savings due to existing energy efficiency measures. One Consumer Group Respondent noted that research has shown that energy bill savings are the most motivating aspect of the energy saving message. Another Consumer Group Respondent noted that consumers do not understand CO₂ or KWh savings and that although the A-G rating system is useful it is not sufficient as consumers cannot themselves translate it into monetary savings.
 - A basic explanation of any installed small-scale renewables, along with a web link and the phone number of Home Energy Scotland so the buyer can access independent advice on these technologies.
 - Income generation figures for any small-scale renewables.
 - Information on whether a property is subject to Green Deal Finance⁵.
 - Information on Green Deal or other schemes available in the area. Other sign-posting to appropriate sources of information and advice and specifically to Home Energy Efficiency Programmes for Scotland (HEEPS).

⁴ As noted by some respondents, the Sustainable Housing Strategy suggested moving the EPC to the front of the Home Report document.

⁵ EPC started to contain Green Deal information from January 2013 and should now contain this information if relevant.

- Information on the condition, age and service history of the central heating system. Photographs of various energy efficiency-related elements, such as insulation in the roof space, the boiler, any solar panels etc.
- 2.38 Respondents identified a range of possible benefits which could be derived from a greater focus on energy efficiency, including that:
- With a backdrop of increasing energy costs and reports of increasing fuel poverty it is important for buyers to have clear information on the energy efficiency of any possible future home and to be able to use this information to inform their decision-making.
 - A greater focus on the EPC rating could encourage sellers to invest in their property prior to putting it on the market.
- 2.39 Other issues raised included:
- Those working in the property industry (Chartered Surveyors, Solicitors, and Estate Agents for example) often take little cognisance of renewable technologies when valuing a property. Nor do they make potential buyers aware of the financial benefits of these technologies.
 - However, the industry has also expressed strong interest in learning more about the Green Deal in particular. Poorly conceived or executed retro-fitting of energy efficiency measures can be costly to rectify and have a negative impact on the fabric of the building.
- 2.40 Finally on the issue of energy efficiency, a small number of respondents considered that energy efficiency already has an adequate profile with the Home Report and provides sufficient information to allow buyers to make informed decisions.
- 2.41 A small number of respondents noted that there are other factors which contribute to the creation of sustainable homes but that the current Home Report focuses very much on energy efficiency. Other factors that were suggested as warranting coverage in the Home Report were:
- Accessibility, and in particular the ability to meet the needs of an increasing population of older and more disabled buyers. The Advice and Campaign Group Respondent raising this issue suggested that the accessibility audit should have greater emphasis within the Home Report.
 - Water efficiency measures, including in relation to the retro-fitting of water efficiency measures. It was noted that water efficiency measures are now a compulsory part of the Scottish Building Standards, meaning that in future all new housing in Scotland will have water efficiency measures installed, and that over time these new builds will come up for resale.
- 2.42 Only a small number of respondents commented on the potential of Home Reports in promoting property condition improvements, with those that did often expressing concern either about the current condition of the private

housing stock and/or the level of understanding many owners have about the disrepair affecting their property.

- 2.43 One Construction Industry Respondent wished to draw particular attention to the extent of disrepair to the private housing stock and suggested that disrepair, and disrepair of critical elements in particular, are given insufficient prominence within Home Reports. An explicit connection was also made between property condition and energy efficiency – for example, it was noted that a property will not be energy efficient unless it is wind and water-tight and that the consultation on the Sustainable Housing Strategy identified making a property wind and water-tight and structurally sound as most important within its hierarchy of needs for looking after a property.
- 2.44 Further comments made in relation to the Home Report playing a more central role in promoting property condition improvements were that:
- There is currently a significant degree of inconsistency around the contents of the Single Survey and that tighter guidelines for surveyors could prevent confusion and help to stop buyers making inaccurate assumptions.
 - Information provided about repairs could look to the longer term, not least because most housing is purchased as a long term asset.
 - Information on the potential costs associated with ongoing maintenance of the property, sinking funds and common repair responsibilities could be included.
 - Sellers could be encouraged to make condition improvements through the creation of standardised ‘refresher surveys’ which would comment on specific improvements made since the first Home Report was produced.

Question 4: Should a national register of Home Reports be established? If yes, please explain why, including who should have responsibility for development and maintenance.

- 2.45 The final question in Section 1 of the consultation document concerned a national register of Home Reports. As the consultation document sets out, Scottish Ministers have powers to set up a register for Home Reports and make regulations on who can keep the register. There is already a register of EPCs.
- 2.46 The balance of opinion on the establishment of a national register is set out in Table 5 below.

Table 5: Question 4 - Response by Respondent Type					
Respondent Type	Yes	No	Mixed	N/A	Total
Chartered Surveyors	3	5	-	1	9
Construction Industry	2	-	-	1	3
Consumer, Advice & Campaign Groups	2	-	-	3	5
Legal Profession and Estate Agencies	3	4	-	1	8
Local Authorities, including Trading Standards	2	3	1	1	7
Property Management, Maintenance and Conservation	3	3	-	1	7
Other	2	2	-	4	8
Individuals	28	55	1	13	97
TOTAL	45	72	2	25	144
Percentage	31%	50%	1%	17%	100%
Percentage of those responding	38%	61%	2%	-	100%

- 2.47 The majority of respondents (61% or 72 of the 119 who answered this question), did not support the establishment of a national register. Group Respondents were relatively evenly divided on the issue (both as a whole and across most of the different categories of group respondent). Overall, Individual Respondents were least likely to support the establishment of a national register.
- 2.48 Those respondents who supported the establishment of a register identified a range of possible benefits that could result, with many of these focusing on its value as a source of data and information that could be used to assess progress in improving the condition of the private housing stock. Specifically, it was suggested that information could be cross-referenced with the Scottish House Condition Survey to ensure that similar levels of disrepair were reflected in Home Reports.
- 2.49 Other 'information-related' suggestions included that a register could be used as a 'market monitoring' tool or as a valuable source of information for evaluating the usefulness of the Home Report itself. It was also suggested that it could provide an invaluable tool for assessing the accessibility of Scotland's private sector housing stock and could be used to inform Local Authority Housing Need and Demand Assessments in particular.
- 2.50 From an industry perspective, one Estate Agent Respondent suggested that being able to access previous Home Reports could assist surveyors by flagging up issues they may wish to inspect closely.
- 2.51 Respondents also suggested a number of ways in which a register could be of direct benefit to buyers or sellers. For example, it was suggested that a national register would make Home Reports, including older reports, more accessible to prospective buyers and in particular would allow them to

compare a number of properties prior to viewing. A further suggestion was that a register would reduce the risk of sellers shopping around for the 'best' Home Report to use in marketing their property – in other words that if all Home Reports were available this could help avoid a seller commissioning a number of Home Reports on their property and then selecting the one which showed it in the best light and/ or achieved the highest valuation. Individual Respondents were particularly likely to raise this issue.

- 2.52 Relatively few of those who supported the development of a register identified who they thought should have responsibility for its development and maintenance. However, the majority of those who did (9 out of 14 respondents), suggested the task should fall to the Scottish Government itself.
- 2.53 One Property Management Respondent did not favour a national register but did support a register being held by planning authorities. Another Property Management Respondent did support a national register and also suggested local authorities or the Scottish Government as possible hosts. Other organisations proposed as host for any register were RICS (3 respondents, including one respondent who also suggested the Scottish Government as a possibility) or Registers for Scotland (2 respondents). Finally, 2 respondents noted that a range of existing commercial organisations that run registers would have the necessary skills and experience to provide such a service.
- 2.54 Respondents who did not support the development of a register or who had some concerns raised the following issues:
- Implementing and maintaining a register would inevitably create bureaucracy and hence would come with resource implications, and there would be the potential for the costs associated with maintaining a register being passed on to consumers.
 - The benefits from such a register are not clear or are insufficient and it is not clear that it would offer value for money. In particular, there is no evidence of consumer demand for such a register.
 - The information gathered would potentially duplicate that already gathered about EPCs or through the Scottish House Condition Survey.
 - In any case, the market changes so regularly that any register would be perpetually out of date and of limited use. In particular, the valuation component could change regularly in a rising market.
 - The valuation element of any Home Report is simply the opinion of the valuer and gathering this information within a national register would be of no benefit. Should such a register be developed, valuations should not be included.
 - If Home Reports were made more freely available, including online, there would be no need to establish such a register.

- A register should only be developed if it is proposed to extend the requirements for Home Reports to all properties at regular intervals (similar to the MOT requirement for cars).
- Given the amount of information and level of detail contained within a Home Report a national register could be considered intrusive and as presenting risks to security and confidentiality.
- If a national register were to be established the information contained therein should not be resold or used for commercial purposes.

3 HOW THE HOME REPORT IS WORKING

3.1 The second section of the consultation sought views on how the Home Report is working, looking at different stages of the process including costs, commissioning, production, marketing, timescales, access, enforcement, access to mortgage finance, redress and exceptions.

Cost and commissioning

3.2 Questions 5-8 looked at costs and commissioning. The consultation document notes that the costs of surveys are set by the market and usually increase with the value of the property.

Question 5: Do you think the upfront cost of Home Reports is preventing potential sellers from putting their property onto the market?

3.3 The balance of opinion on whether upfront costs are preventing potential sellers from putting their property of the market is set out in Table 6 below.

Respondent Type	Yes	No	N/A	Total
Chartered Surveyors	1	8	-	9
Construction Industry	1	-	2	3
Consumer, Advice & Campaign Groups	1	-	4	5
Legal Profession and Estate Agencies	6	1	1	8
Local Authorities, including Trading Standards	1	5	1	7
Property Management, Maintenance and Conservation	3	3	1	7
Other	-	4	4	8
Individuals	21	60	16	97
TOTAL	34	81	29	144
Percentage	24%	56%	20%	100%
Percentage of those responding	30%	70%	-	100%

3.4 A clear majority of respondents (70% or 81 of the 115 respondents who answered this question), did not think that upfront costs are preventing potential sellers from putting their property on the market. Legal Profession and Estate Agent Respondents were the only type of respondent in which the majority thought upfront costs could be having this effect.

3.5 Only a relatively small proportion of respondents went on to make a further comment on this issue, including only 17 group respondents. Respondents who did comment, and who thought upfront costs are preventing potential sellers from putting their property on the market raised the following issues:

- Even if it is having that effect, it is likely to be only a marginal consideration.
- The costs may be deterring those who are not desperate to move but who might otherwise be tempted to 'test the market'.
- This may be a bigger issue in a poor housing market and particularly if people need to sell because of financial problems. People may simply not have the money to pay upfront charges and/or if people are not confident they will be able to sell, they may not be in a position to 'risk' the charges.
- Home Reports can be expensive, even compared with a full surveyor's report under the pre-Home Report regime.⁶
- It may be an issue for a small number of empty home owners.

3.6 Finally, a small number of respondents (including some Legal Profession and Estate Agent Respondents), reported having direct experience of this problem, with Legal Profession and Estate Agent Respondents sometimes reporting it as a frequent problem and as directly linked to the economic downturn. One respondent reported that the upfront costs of obtaining a Home Report undoubtedly prevented many home owners from putting their property on the market, and almost certainly resulted in the rise in repossessions and bankruptcies which occurred over that period.

3.7 A small number of Individual Respondents referred to their own experiences, including having been unable or reluctant to incur the costs associated with putting their property on the market.

Question 6: Are you aware of any schemes available (e.g. deferred payment) to help potential sellers to pay for Home Reports?

3.8 Respondents' responses at Question 6 are set out in Table 7 below.

⁶ This comment is assumed to refer to a Scheme 3 Building Survey, as opposed to the Single Survey element of the Home Report survey which is broadly equivalent to the Scheme 2 Homebuyers Survey which was the standard product provided by surveyors before the Home Report was introduced.

Table 7: Question 6 - Response by Respondent Type				
Respondent Type	Yes	No	N/A	Total
Chartered Surveyors	7	2	-	9
Construction Industry	-	1	2	3
Consumer, Advice & Campaign Groups	-	1	4	5
Legal Profession and Estate Agencies	7	-	1	8
Local Authorities, including Trading Standards	1	5	1	7
Property Management, Maintenance and Conservation	1	5	1	7
Other	1	2	5	8
Individuals	55	27	15	97
TOTAL	72	43	29	144
Percentage	50%	30%	20%	100%
Percentage of those responding	63%	37%	-	100%

- 3.9 The majority of respondents (63% or 72 of the 115 respondents that answered this question), were aware of schemes to help potential buyers pay for their Home Report. Only a small proportion of respondents went on to make further comments. However, a small number of Chartered Surveyor or Legal Profession and Estate Agent Respondents noted that some firms offer deferred payment plans. However, some problems with such schemes were reported, including lack of demand, high levels of bad debt and high costs for sellers.
- 3.10 It was also suggested that some schemes have been removed from the market place and that with lenders shying away from providing such a service the options are limited.
- 3.11 Other options that were highlighted included: discounted Home Report rates; tailored payment plans; and charging for Home Reports only on completion of the sale and from its proceeds.

Question 7: Are there any issues with the majority of Home Reports being commissioned through selling agents?

- 3.12 The consultation document notes that although a Home Report can be commissioned directly from a surveying company or through a selling agent, in practice the majority of sellers usually commission their Home Report through a selling agent. Respondents' views on whether there are any issues with the majority of Home Reports being commissioned through selling agents are set out in Table 8 below.

Table 8: Question 7 - Response by Respondent Type					
Respondent Type	Yes	No	Mixed	N/A	Total
Chartered Surveyors	3	5	-	1	9
Construction Industry	-	1	-	2	3
Consumer, Advice & Campaign Groups	-	1	-	4	5
Legal Profession and Estate Agencies	3	4	-	1	8
Local Authorities, including Trading Standards	2	3	1	1	7
Property Management, Maintenance and Conservation	5	1	-	1	7
Other	3	1	-	4	8
Individuals	54	25	1	17	97
TOTAL	70	41	2	31	144
Percentage	49%	28%	1%	22%	100%
Percentage of those responding	62%	36%	2%	-	100%

3.13 The majority of respondents (62% or 70 of the 113 who answered this question), did think there are issues with the majority of Home Reports being commissioned through selling agents. Individual Respondents were particularly likely to think there are issues, and Property Management and Other Respondents were also likely to have concerns. The remaining categories of respondent tended to be more evenly divided on the subject.

3.14 The principal concerns of many respondents were lack of transparency and actual or perceived conflict of interest, particularly with regard to the relationship between selling agents and chartered surveyors. Specific points raised were:

- Selling agent and surveying firms are sometimes owned by the same parent company. However, this relationship may not be made clear to buyers or sellers.
- Hidden costs are sometimes added by selling agents and represented to sellers as part of the survey fee.
- One Trading Standards Respondent reported having receiving complaints which suggest that some lenders are only accepting Home Reports from surveyors or bodies who are on a list of approved suppliers. This respondent was amongst those suggesting that the way the current system is operating restricts both competition and consumer choice.
- The impact of any conflict of interest is most likely to be with regard to valuations. For example, one Legal Profession Respondent suggested there is anecdotal evidence of selling agents advising sellers that they can arrange for a favourable Home Report valuation. It was also suggested that surveying firms may not be in a position to 'upset' selling agents that

direct a significant amount of work to their firm and that this too may affect valuations.

3.15 A number of Individual Respondents were amongst those suggesting that these issues have resulted in Home Reports being distrusted by buyers and those lending to them. Specifically, one Legal Profession Respondent considered that while the property is being marketed at least, surveyors are acting on behalf of the seller and that only when a person actually becomes the purchaser of a particular property will the surveyor answer questions relating to the Home Report. This respondent went on to note that by that time, the buyer is already contracted to purchase.

3.16 Suggested ways forward included:

- Only the seller should be able to instruct and pay for a Home Report. Direct commissioning would build the relationship between the chartered surveyor and the seller and would allow for any questions the seller has to be dealt with directly by a professional who understands building and valuation methodologies.
- There should be a nationally approved panel of accredited surveyors. This panel should be available for review by a seller who should nominate the company they wish to prepare their Home Report.
- There may be a case for preventing selling agents from instructing in-house surveyors to carry out the Home Report.
- There should be a clear and explicit statement on all Home Reports declaring any connection between the selling agent and the chartered surveying firm.
- The cost of a Home Report should be in the public domain.
- Legislation should address any issues with lenders operating 'approved surveyor' lists.
- There should be a public record of the relationship between valuation and sale price achieved.

Production of the Home Report and marketing a property

3.17 At present, the Single Survey, including the valuation, and the Energy Report elements of the Home Report must be completed by a surveyor registered with or authorised to practice by RICS. Since the Home Report is required before a property can be put on the market, it may be that it takes slightly longer to reach that stage.

Question 8: Should other organisations be allowed to carry out the Single Survey (including valuation) and/or Energy Report? If yes, what other organisations and why?

3.18 Respondents' views on whether other organisations should be allowed to carry out the Single Survey (including valuation) and/or Energy Report are set out in Table 9 below.

Respondent Type	Yes	No	Mixed	N/A	Total
Chartered Surveyors	1*	7	1	-	9
Construction Industry	-	-	-	3	3
Consumer, Advice & Campaign Groups	-	1	-	4	5
Legal Profession and Estate Agencies	-	6	-	2	8
Local Authorities, including Trading Standards	2	4	-	1	7
Property Management, Maintenance and Conservation	3	3	-	1	7
Other	-	3	-	5	8
Individuals	13	70	-	14	97
TOTAL	19	94	1	30	144
Percentage	13%	65%	1%	21%	100%
Percentage of those responding	17%	82%	1%	-	100%

* The further comments made by this respondent suggest that they did not support any change and may have selected the wrong option to the quantitative question.

3.19 A substantial majority of respondents (82% or 94 of the 114 respondents who answered this question), did not believe that other organisations should be allowed to carry out the Single Survey (including valuation) and/or Energy Report. Only 19 respondents, the majority of whom were Individuals, supported a change.

3.20 Relatively few respondents made a further comment at this question. However, suggestions as to other organisations that could carry out Home Reports included the following:

- Any qualified and nationally approved surveyors.
- Members of a range of other building-related professional bodies. Specific suggestions included those who are members of the professional bodies for architects, structural engineers and the building industry.
- Organisations which provide factoring services.
- Energy qualified assessors should be able to carry out EPCs or Energy Reports, but not the Single Survey element of the Home Report.

- There may be a case for allowing independent access auditors to carry out the accessibility audit.

3.21 Other issues raised by respondents included that the integrity of the Home Report, and the valuation in particular, must not be undermined. In their own response, RICS pointed out that their members are amongst the most highly regulated professionals in the UK and that this – along with a range of other factors such as Continuous Professional Development requirements, the requirement to have appropriate insurances in place and the need to adhere to RICS’ own strict rules of conduct – means they are the only individual professionals who have all the necessary attributes to undertake Home Reports.

3.22 A specific concern was about how lenders could respond to surveys conducted by non-RICS members. In particular, it was suggested that if lenders did not have confidence in such surveys and in the valuation element especially, they could decide to instruct additional mortgage-related valuations from approved valuers.

Question 9: In your experience is the requirement for a Home Report before marketing a property leading to delays in properties coming onto the market?

3.23 Respondents’ views on whether the requirement for a Home Report before marketing a property is leading to delays in properties coming on to the market are set out in Table 10 below.

Respondent Type	Yes	No	Mixed	N/A	Total
Chartered Surveyors	1	8	-	-	9
Construction Industry	1	-	-	2	3
Consumer, Advice & Campaign Groups	-	1	-	4	5
Legal Profession and Estate Agencies	6	1	-	1	8
Local Authorities, including Trading Standards	1	4	1	1	7
Property Management, Maintenance and Conservation	2	4	-	1	7
Other	1	2	1	4	8
Individuals	21	59	-	17	97
TOTAL	33	79	2	30	144
Percentage	23%	55%	1%	21%	100%
Percentage of those responding	29%	69%	2%	-	100%

3.24 Only a minority of respondents thought there are delays, with a clear majority (69% or 79 of the 114 respondents who answered this question), considering that the requirement for a Home Report is not leading to delays in marketing properties. The Legal Profession and Estate Agents category of respondents

was the only one in which a majority of respondents did think delays were occurring.

3.25 Relatively few respondents went on to make further comments at this question. Those commenting included a small number of Individual Respondents who outlined delays that occurred when they themselves had been wishing to market a property. These included problems: relating to the Information Technology associated with completing the Property Questionnaire; with arranging to be at the property to allow a surveyor access; and with solicitors or estate agents making their required contribution.

3.26 Other issues raised by respondents who did think delays were occurring included the following:

- The processes required, particularly in relation to pulling together the necessary information, inevitably take some time if carried out to a high standard.
- Given this, any selling agent of good standing will not market a property until the Home Report has reach the approved draft stage. To do otherwise would risk not being able to meet the 9 day request rule (this issue is discussed further below at Question 13).
- Specific aspects of the production of a Home Report that were identified as causing delays included the instruction of a surveyor, the seller's completion of the Property Questionnaire, the checking of the draft Home Report and sellers 'negotiating' the content of the draft with unscrupulous surveyors.
- The seller's requirement to cover upfront expenses may also cause delays.
- Delays may be happening but if so they are either minor or are only affecting a small number of empty homes.
- The implications of any delays can be considerable, particularly if the owner needs to sell to alleviate financial difficulties.
- Delays in being able to market their own house can mean prospective buyers miss out on the opportunity to make a bid on another property. Overall, this could have a detrimental effect on the housing market and could become a bigger issue in a rising market.

Question 10: Are Home Reports a useful marketing tool for sellers?

3.27 Respondents' views on whether Home Reports are a useful marketing tool for sellers are set out in Table 11 below.

Table 11: Question 10 - Response by Respondent Type					
Respondent Type	Yes	No	Mixed	N/A	Total
Chartered Surveyors	9	-	-	-	9
Construction Industry	1	-	1	1	3
Consumer, Advice & Campaign Groups	2	-	-	3	5
Legal Profession and Estate Agencies	2	5	-	1	8
Local Authorities, including Trading Standards	6	-	-	1	7
Property Management, Maintenance and Conservation	6	-	-	1	7
Other	3	-	-	5	8
Individuals	62	21	1	13	97
TOTAL	91	26	2	25	144
Percentage	63%	18%	1%	17%	100%
Percentage of those responding	76%	22%	2%	-	100%

- 3.28 A clear majority of respondents (76% or 91 of the 119 respondents who answered this question), thought Home Reports are a useful marketing tool for sellers. Legal Profession and Estate Agent Respondents were the only category in which the majority did not think this was the case.
- 3.29 In terms of how the Home Report proves useful, respondents tended to point to homeowners having the opportunity to rectify any urgent repairs issues before marketing their property and hence address possible barriers to a sale. It was also noted that being able to highlight that a property has been well maintained is of benefit to the conscientious property owner.
- 3.30 Other features of the Home Report that were highlighted were the benefits of:
- Including a realistic valuation.
 - Being able to highlight the energy efficiency of certain properties.
 - Having the opportunity to draw attention to any unique features of the home.
 - Being able to include information or explanation about any aspects that could cause a prospective buyer concern.
 - The inclusion of accessibility information, particularly given that some selling agents were wary of highlighting this issue in the past.
- 3.31 Two Chartered Surveyor Respondents also noted that there are occasions on which sellers of properties which do not require a Home Report (new build or Right to Buy properties for example), will commission a Home Report as they see value in being able to make it available to prospective buyers. Similarly, one Construction Industry Respondent reported that early evidence from their

own research suggests that around 96% of prospective buyers go straight to the condition-related component of any Home Report. Other comments also pointed to the value that prospective buyers place on accessing a Home Report, such as the ability to make comparisons between properties, and that this in turn is positive for sellers if it helps them secure a sale.

- 3.32 However, a small number of other respondents suggested that while Home Reports may have value, that value is very much dependent on them offering an accurate picture of the condition and value of the property. In this context, the value of the Property Questionnaire was raised, and it was suggested that buyers see it as of little value, particularly given the number of times 'don't know' or 'unknown' may feature. It was also suggested that many buyers do not read them and/or have more interest in marketing particulars. One Estate Agent Respondent pointed to the results of an online survey they had undertaken with sellers, according to which only 36% of sellers believed the Home Report was helpful to them. However, they also noted that 64% of buyers reported finding the Home Report helpful.
- 3.33 Finally, one Finance Industry Respondent suggested that a balance needs to be struck between allowing the Home Report to be used as a marketing tool for sellers and it being viewed as an independent source of information by buyers. This respondent suggested that the Home Report should be an impartial presentation of the facts, with marketing left to selling agents.

Timescales

- 3.34 A Home Report must be no more than 12 weeks old when the property is put on the market and once on the market there is no time limit for a Home Report provided the property remains on the market. A seller can take their property off the market for no more than 28 days on any number of occasions and put it back on the market without requiring a new Home Report.

Question 11: Is the 12 week deadline for marketing a property after completion of a Home Report appropriate and reasonable?

- 3.35 Question 11 asked respondents whether they thought the 12 weeks deadline for marketing the property after completion of the Home Report was reasonable and appropriate. The balance of views on this issue is set out in Table 12 below.

Table 12: Question 11 - Response by Respondent Type					
Respondent Type	Yes	No	Mixed	N/A	Total
Chartered Surveyors	8	1	-	-	9
Construction Industry	-	-	-	3	3
Consumer, Advice & Campaign Groups	1	-	-	4	5
Legal Profession and Estate Agencies	4	3	-	1	8
Local Authorities, including Trading Standards	4	1	-	2	7
Property Management, Maintenance and Conservation	2	4	-	1	7
Other	2	-	1	5	8
Individuals	59	25	-	13	97
TOTAL	80	34	1	29	144
Percentage	56%	24%	1%	20%	100%
Percentage of those responding	70%	30%	1%	-	100%

- 3.36 A clear majority of respondents (70% or 80 of the 115 respondents who answered this question), considered the 12 week deadline to be appropriate and reasonable. Property Management, Maintenance and Conservation Respondents were the only category of respondent in which the majority did not agree the 12 week deadline was reasonable.
- 3.37 Respondents who supported the current arrangements sometimes pointed out that the 12 week period ensures the Home Report remains current and also highlighted a range of strengths or benefits that come with the current timescales:
- Sellers have time to carry out maintenance or repair work identified by the Report before putting the property on the market.
 - Setting a deadline helps sellers focus and get their property on the market.
- 3.38 However, 30% of those who answered this question did have concerns about the 12 week deadline, with any further comments made by these respondents suggesting that the substantial majority of them considered the period to be too short. This was sometimes connected with either the time required to get any repairs completed or simply with the time properties take to sell in a slow housing market.
- 3.39 However, a small number did suggest 12 weeks is too long and generally focused on the potential for the market to fluctuate and change considerably over that period, potentially rendering the valuation element of the Home Report out of date. It was also noted that the condition of a property and of the external fabric in particular, could change over a relatively short time and especially over the winter months.

- 3.40 Suggested changes to the current approach that were proposed included:
- If the Home Report is not ‘signed off’ within the 12 week period then the property should be re-inspected at a fee and a revised draft Home Report provided.
 - Any repair or improvement work carried out after the Home Report’s production could be evidenced by estimates and receipts being added. The Condition Report could then be valid for a number of years rather than needing to be repeated if the 12 week marketing deadline is not met.

Question 12: Is the 28 day provision for removing a property from the market without requiring a new Home Report appropriate and reasonable?

3.41 Question 12 considered the reasonableness of the 28 day provision, with the balance of opinion on this issue set out in Table 13 below.

Respondent Type	Yes	No	Mixed	N/A	Total
Chartered Surveyors	7	2	-	-	9
Construction Industry	-	-	-	3	3
Consumer, Advice & Campaign Groups	1	-	-	4	5
Legal Profession and Estate Agencies	3	4	-	1	8
Local Authorities, including Trading Standards	3	2	-	2	7
Property Management, Maintenance and Conservation	3	-	-	4	7
Other	2	-	-	6	8
Individuals	54	22	2	19	97
TOTAL	73	30	2	39	144
Percentage	51%	21%	1%	27%	100%
Percentage of those responding	70%	29%	2%	-	100%

- 3.42 As with the 12 week rule, a clear majority of respondents (70% or 73 of the 105 respondents who answered this question), supported the 28 day rule. Legal Profession and Estate Agent Respondents were the only respondent category in which the majority did not consider the current arrangements to be reasonable and appropriate.
- 3.43 In their further comments a number of respondents highlighted the range of valid reasons - such as illness or taking a holiday - why any seller might need or want to temporarily remove their property from the market and that they should not be penalised or incur further cost as a result.
- 3.44 It was also noted that the 28 day period allows a property to be removed while an offer is being concluded and a potential buyer is arranging the necessary

finance, but still allows the seller to return to the market if the sale is not completed.

3.45 However, some respondents considered the 28 day rule to be a meaningless provision or suggested that since the date of the Home Report is shown it should not matter to buyers if sellers have taken a longer break from marketing their property. A number of others, including some Individual Respondents, suggested there may be a case for extending the period, either in general or under specific circumstances. Suggestions included:

- If the homeowner is unwell.
- If the owner needs to move out of the property or has a major change in life circumstances such as bereavement or a change of employment.
- If a sale is being progressed through solicitors but does not complete.

Access to the Home Report

3.46 A Home Report must be given to a potential buyer within 9 days of them asking for it. However, there are circumstances under which a seller or selling agent can refuse a request – for example, if they think someone is not genuinely interested in buying the house or does not have enough money to buy it.

Question 13: Are there any issues with potential buyers accessing Home Reports?

3.47 Question 13 asked respondents if they consider there to be any issues with potential buyers accessing Home Reports. The balance of opinion on this issue is set out in Table 14 below.

Respondent Type	Yes	No	Mixed	N/A	Total
Chartered Surveyors	3	5	1	-	9
Construction Industry	1	-	-	2	3
Consumer, Advice & Campaign Groups	-	1	-	4	5
Legal Profession and Estate Agencies	1	6	-	1	8
Local Authorities, including Trading Standards	3	2	-	2	7
Property Management, Maintenance and Conservation	1	5	-	1	7
Other	-	4	-	4	8
Individuals	10	71	2	14	97
TOTAL	19	94	3	28	144
Percentage	13%	65%	2%	19%	100%
Percentage of those responding	16%	81%	3%	-	100%

- 3.48 A clear majority of respondents (81% or 94 of the 116 respondents who answered this question), did not think there were any issues with potential buyers accessing Home Reports.
- 3.49 Relatively few respondents went on to make a further comment at this question. Points that were raised tended to focus on the challenges associated with obtaining a Home Report, particularly prior to viewing a property. Specific points made included the following:
- Some selling agents may impose restrictions on how potential buyers can access Home Reports. Examples given included selling agents refusing to send Home Reports to personal email addresses or only through an instructed solicitor. It was also suggested making Home Reports difficult to access is sometimes used as a sales technique for signing up new customers.
 - Some selling agents only provide potential buyers with the Single Survey. Some also redact or reduce Home Reports for lending purposes. The Chartered Surveyor Respondent raising this issue went on to suggest that anybody with an interest in the property, including lenders, should have access to the Home Report in its whole terms.
 - Some solicitors will only release the Home Report after a prospective buyer has made an offer.
 - Making Home Reports easily available, including outwith standard working hours, would be helpful. A centrally held register of Home Reports could allow quick and easy access.
 - Buyers are often expected to access the Home Report online and not all buyers may have access to the necessary technology.
 - There is anecdotal evidence to suggest that properties are occasionally being marketed before the Home Report is available at all and that this is particularly prevalent in the property auction sector.
- 3.50 Finally, one Individual Respondent suggested that Home Reports may be too easy to access and in fact provide anyone with information about a property even if they have no serious intention of trying to buy it.

Enforcement of the Home Report

- 3.51 Local Authority Trading Standards officers are responsible for enforcing the Home Report legislation. Their powers include being able to require the person responsible for marketing the property to produce the Home Report for inspection. They can also issue a penalty of £500 if a property is marketed without a Home Report.

Question 14: Is this the most appropriate way to enforce Home Report legislation?

3.52 Question 14 asked respondents whether they thought the current arrangements are appropriate and the balance of opinion is set out in Table 15 below.

Table 15: Question 14 - Response by Respondent Type				
Respondent Type	Yes	No	N/A	Total
Chartered Surveyors	6	3	-	9
Construction Industry	-	-	3	3
Consumer, Advice & Campaign Groups	1	-	4	5
Legal Profession and Estate Agencies	2	4	2	8
Local Authorities, including Trading Standards	3	-	4	7
Property Management, Maintenance and Conservation	4	1	2	7
Other	3	-	5	8
Individuals	60	18	19	97
TOTAL	79	26	39	144
Percentage	55%	18%	27%	100%
Percentage of those responding	75%	25%	-	100%

3.53 The majority of respondents (75% or 79 of the 105 respondents who answered this question), thought the current arrangements represent the most appropriate way to enforce the Home Report legislation. Legal Profession and Estate Agent Respondents were the only respondent category in which the majority did not support the current arrangements.

3.54 Limited further comments were made, with some respondents simply stating their agreement with the role taken by Trading Standards. However, a number of Individual Respondents referred to a lack of enforcement activity or suggested that Trading Standards need to be more vigilant and proactive in their compliance checks. A specific suggestion was that Trading Standards should undertake audit checks of selling agents.

3.55 Some other issues raised about the current arrangements were:

- The rules which allow a Home Report to be withheld if the selling agent believes the enquirer is *“unlikely to have enough money to buy the house; is not genuinely interested in buying the house; or is not someone the seller wants to sell the house to”* are highly subjective and it is not clear how Trading Standards could enforce them.
- The £500 penalty for failing to obtain a Home Report is inadequate and should be increased in order to increase the incentive to conform to legislation.

- It is not clear that Trading Standards have the necessary resources to police the implementation of the Home Report legislation.

Access to mortgage finance

- 3.56 A valuation was included in the Home Report to stop the practice of sellers setting unrealistic asking prices. As the consultation document notes, it was never intended for the Home Report to guarantee mortgage finance, although all major lenders in Scotland took the position that the valuation was acceptable provided it met their criteria around timescales and the surveyor being on the lender's panel of approved surveyors.
- 3.57 Question 15 asked respondents for their views on this issue and was the only question that asked for comment only (i.e. did not ask a 'yes' or 'no' question).

Question 15: What are your views on mortgage lenders' acceptance of Home Report valuations?

- 3.58 A number of group respondents outlined their understanding of current practice amongst lenders, although that understanding was quite varied. At one end of the spectrum, some respondents suggested that the majority of lenders accept the Single Survey valuation, some suggested lenders accept a generic Mortgage Valuation Report (MVR)⁷, whilst at the other end of the spectrum, it was suggested that many lenders are not prepared to accept these valuations at all. A number of respondents noted that lenders will only accept valuations carried out by a firm on their approved panel list, although it was often not clear whether they were referring to the Single Survey valuation and/or the generic MVR. It was also suggested that lenders' policy on which valuations they will accept may vary according to the level of loan to value.
- 3.59 Concerns raised included that lenders are attempting to undermine the consumer benefits of the Home Reports, including through restrictive practices such as the use of panels or by putting single supplier arrangements in place. Two Legal Profession and Estate Agency Respondents suggested that despite running panels, some lenders may still refuse to accept valuations provided by firms on their own approved surveyors panel.
- 3.60 Other issues identified included:
- There is considerable variation in policy between lenders.
 - Lenders regularly change their policies and issue new regulations. Changes may relate to whether they will accept the valuations at all, whether they will accept a 'refresh', or the basis on which they will decide whether a Home Report is valid.
 - There has been a lack of understanding of the system amongst lenders, and English lenders in particular.

⁷ All Single Surveys must have a valuation. Although it is not mandatory, many will contain a mortgageability statement (a generic Mortgage Valuation Report). The mortgageability statement has been drawn up by RICS and the Council of Mortgage Lenders.

- Given some of the other issues with Home Reports - such as valuers having a possible conflict of interest (as discussed at Question 7 above) it is unsurprising that lenders may not accept valuations at face value.
- 3.61 Some respondents highlighted how some of the issues raised above are impacting on buyers and sellers of properties. For example, it was suggested 'subject to survey' offers remain common place, that lead-in periods to date of entry are lengthening and that deals may even fall through because of the length of time lenders are taking to process the mortgage application. The potential additional costs to both buyer and seller which can result from these problems were also highlighted. There were also concerns that any existing problems may be exacerbated in a rising market in which property values may change quickly.
- 3.62 In terms of the approach going forward, the following issues were raised:
- One Chartered Surveyor Respondent identified a range of reasons (such as ongoing training and a strict mandatory set of valuation standards), why lenders should accept valuations carried out by RICS members. Other respondents also suggested that a lender should not be able to reject the Home Report valuation simply because the otherwise qualified valuer was not on their approved panel or list. One Local Authority Respondent suggested a nationally approved list of surveyors could offer one way round this problem.
 - Another Chartered Surveyor Respondent pointed to an independent report⁸ which advised that a lender should cover the costs should it wish to commission its own additional valuation of a property.

Redress

- 3.63 The content of the Single Survey and Energy Report are covered by a surveyor's professional standards. If a buyer has concerns about their content these should first be raised with the surveying company and then, if necessary, with the Ombudsman Service.

Question 16: Are the redress options available to buyers reasonable and appropriate?

- 3.64 Question 16 asked respondents if they consider these arrangements to be reasonable and appropriate. The balance of views given is set out in Table 16 below.

⁸ *Balancing Risk and Reward: Recommendations for a Sustainable Valuation Profession in the UK.* Available at: <http://www.rics.org/Global/RICS-Balancing-Risk-Reward-Sustainable-Valuation-Report.pdf>

Table 16: Question 16 - Response by Respondent Type					
Respondent Type	Yes	No	Mixed	N/A	Total
Chartered Surveyors	7	1	-	1	9
Construction Industry	-	-	-	3	3
Consumer, Advice & Campaign Groups	1	-	-	4	5
Legal Profession and Estate Agencies	3	4	-	1	8
Local Authorities, including Trading Standards	3	2	-	2	7
Property Management, Maintenance and Conservation	4	2	-	1	7
Other	2	-	1	5	8
Individuals	59	20	-	18	97
TOTAL	79	29	1	35	144
Percentage	55%	20%	1%	24%	100%
Percentage of those responding	72%	27%	1%	-	100%

3.65 The majority of respondents (72% or 79 of the 109 respondents who answered this question), thought the current redress options to be reasonable and appropriate. Legal Profession and Estate Agent Respondents were the only respondent category in which the majority did not support the current arrangements, albeit by only a small margin.

3.66 Limited further comments were made, which were that:

- RICS members are required to operate an internal complaints handling procedure. One 'seller' Individual Respondent who had experience of complaining about their Home Report reported that their complaint had been dealt with very well.
- The additional protections afforded by RICS' complaints handling and mediation services have afforded consumers additional protections.
- The amendment to the Scotland Act which permits non contracting parties to pursue civil actions against third parties was crucial for establishing recourse for action in instances of negligence by surveyors.
- The content of a Home Report may be subject to so many caveats that it is hard to see how redress is ever likely to be granted. This includes in relation to absent or inadequate information in the Property Questionnaire. Suggestions as to particular issues that may not be covered by information provided by the seller included around common property condition, title conditions and potential hazards such as subsidence, liability to flooding and the presence of asbestos. A suggested approach was that the disclosure of information on title conditions and other key information on repair and underground conditions should be compulsory.

- It was suggested that the Property Questionnaire should be 'signed off' by the building professional who completes the earlier components.
- One Individual Respondent reported that a Council-based appeals panel had ruled that dealing with misleading information in a Property Questionnaire was outside their jurisdiction.
- Although buyers may believe they have some form of redress in reality they do not. In particular, there is only liability for a negligent Home Report when the buyer has suffered 'material' loss. A Finance Industry Respondent was amongst those noting that there is a gap in redress provision relating to the valuation aspect of the Home Report. They went on to suggest the valuation should be brought into the scope of the redress scheme.
- Any surveyors should be required to carry Professional Indemnity Insurance to make any redress required deliverable.⁹

3.67 With regard to making a complaint to the Ombudsman, it was suggested that buyers are not interested in pursuing complaints, especially to this stage. However, it was also suggested that the activities of the Ombudsman-Property should be better publicised and access to their services made easier, by providing a discussion line telephone number for example. One Individual Respondent also suggested that the website of the Ombudsman-Property appears to focus on Estate Agents and primarily on English matters.

3.68 One Individual Respondent had experience of using the Ombudsman Service. Their conclusion was that it takes very considerable skill, determination and time to obtain redress and that the redress falls well short of the loss to the purchaser. This respondent went on to suggest that the criteria for redress should be changed to reflect the expense of remedying defects.

Exceptions

3.69 There are a number of exceptions to the requirement to have a Home Report. These are:

- Portfolio of properties
- Seasonal and holiday accommodation
- Mixed sales
- Dual use
- Unsafe properties
- New housing

⁹ In fact this requirement is already in place, with Rule 9 of the RICS Code of Conduct for firms requiring them to have adequate and appropriate levels of Professional Indemnity Insurance.

- Properties to be demolished
- Newly converted properties.

Question 17: Do these exceptions need to be amended?

3.70 Question 17 asked respondents whether these exceptions need to be amended, with the balance of opinion on this issue set out in Table 17 below.

Table 17: Question 17 - Response by Respondent Type				
Respondent Type	Yes	No	N/A	Total
Chartered Surveyors	-	9	-	9
Construction Industry	-	-	3	3
Consumer, Advice & Campaign Groups	-	1	4	5
Legal Profession and Estate Agencies	2	4	2	8
Local Authorities, including Trading Standards	5	1	1	7
Property Management, Maintenance and Conservation	2	3	2	7
Other	1	3	4	8
Individuals	19	57	21	97
TOTAL	29	78	37	144
Percentage	20%	54%	26%	100%
Percentage of those responding	27%	73%	-	100%

3.71 The majority of respondents (73% or 78 of the 107 respondents who answered this question), did not think the exceptions need to be amended. Local Authority Respondents were the only category in which the majority of respondents did think change was required.

3.72 Limited further comments were made. However, those who did comment and who favoured change most frequently suggested that Home Reports should be required for new build homes. Some respondents also suggested they should be required for newly converted properties, not least because of the requirement to confirm that the conversion meets all appropriate regulations. Other points raised were:

- The 5 year review of the Home Report does offer a good opportunity to consider whether the current exceptions are still valid.
- A Home Report is as relevant to holiday and seasonal accommodation as to any other property.
- Portfolio properties should require a Home Report if they are intended for purchase by private buyers.
- Mixed sales should be removed.

- The only exception that should remain is for unsafe properties and/or properties to be demolished, although the fact that the property is unsafe would need to be made very clear in any marketing materials for unsafe properties.
- Owners of non-residential properties may experience issues with repair, maintenance and burdens directly arising from the ownership and factoring arrangements associated with these commercial premises, especially when they lie vacant and unmaintained for any length of time. It is not clear why these commercial properties should fall outwith the Home Report regime.

4 THE CONTENT & USEFULNESS OF THE HOME REPORT DOCUMENTS

4.1 There are three documents within the Home Report – the Single Survey, the Energy Report and the Property Questionnaire. Section 3 of the consultation sought views on the appropriateness and usefulness of each of these components.

Single Survey

4.2 The Single Survey is broadly equivalent to the “Scheme 2 Homebuyers Survey” which was a standard product provided by surveyors before the Home Report was introduced. The extent of the survey and level of inspection are, therefore, similar to those which would have been applied prior to the introduction of the Home Report legislation.

Question 18: Does the single survey element of the Home Report provide an appropriate and useful level of information? If not, please explain why and what information should be removed and/or added.

4.3 Question 18 asked respondents if the Single Survey provides an appropriate and useful level of information. The balance of opinion on this issue is set out in Table 18 below.

Respondent Type	Yes	No	Mixed	N/A	Total
Chartered Surveyors	7	2	-	-	9
Construction Industry	-	-	-	3	3
Consumer, Advice & Campaign Groups	2	1	-	2	5
Legal Profession and Estate Agencies	2	5	-	1	8
Local Authorities, including Trading Standards	3	3	-	1	7
Property Management, Maintenance and Conservation	3	3	-	1	7
Other	-	4	1	3	8
Individuals	63	19	1	14	97
TOTAL	80	37	2	25	144
Percentage	56%	26%	1%	17%	100%
Percentage of those responding	67%	31%	2%	-	100%

4.4 The majority of respondents (67% or 80 of the 119 respondents who answered this question), thought the Single Survey provides a useful and appropriate level of information. However, the majority of Legal Profession and Estate Agent and Other Respondents did not.

- 4.5 Many of the further comments made focused on two not unconnected themes - the frequent use of caveats and the need for more detailed information on property condition.
- 4.6 With regard to the use of caveats, a number of respondents, including a number of Individual Respondents, suggested that their extensive use renders some Single Surveys almost meaningless. A number of respondents were also looking for provision of more thorough or detailed information on the condition of the property, the precise nature of faults and the extent of the repairs which may be necessary. It was also suggested that the Survey should include an estimation of the life expectancy of key components with an anticipated replacement year.
- 4.7 Specific areas about which respondents suggested additional information should be required included:
- The roof/roof space.
 - The condition of common property elements if the property is part of a tenement, terraced or semi-detached building.
- 4.8 On the specific issue of the accessibility audit, one Campaign Group Respondent suggested that although many of their members thought it provided appropriate and useful information, they also had some suggested changes. These included providing information on designated disabled parking spaces and the wheelchair accessibility of the property and of the bathroom in particular. Another Campaign Group suggested there should be a focus on information which can be utilised to the potential benefit of home buyers. They called for the access criteria within the Single Survey to be incorporated into property search engines.
- 4.9 Other suggested changes to the Single Survey also generally focused on other elements that could be included, with the following proposed for inclusion:
- A generic MVR (rather than the Single Survey valuation which is the current legal requirement).
 - A rental valuation figure.
 - More prominent information on the financial value of the energy performance of the property, including income from small-scale renewables. An associated suggestion was that solar, cashback and Renewable Heat Incentives calculator tools could assist surveyors in providing this information.
 - Details of any property factoring charges, including what those charges cover. Also if there is any Block Building Insurance to be paid.
 - Information on the exact nature of any alterations that have been carried out to the property.

- Details of the location, treatment provided and responsibilities in relation to private water supplies. Also the condition of the distribution system to any private supply.
- Information on all integrated appliances, the central heating system and the boiler should be included. This should include their age and any appropriate certificates.
- An explanation of some of the key terminology being used, including guidance regarding the repair category scales.
- An Easy Read or Executive Summary of the main areas for buyers to consider.

4.10 Finally, while most respondents who suggested changes were looking for more information to be included, a small number did focus on the need for brevity and for the Single Survey to be as concise as possible. It was also suggested that the format of the Single Survey could be improved and made more customer-friendly.

4.11 The consultation questions then moved on to consider the categories used to provide information on the urgency of repairs in the Single Survey. The categories are as follows:

- Category 3 – urgent repairs or replacement are needed now
- Category 2 – repairs or replacement requiring future attention
- Category 1 – no immediate action or repair is needed.

Question 19: Should repairs categories in the Single Survey be amended to make them consistent with the categories used in the Scottish House Condition Survey?

4.12 Question 19 asked respondents if these repairs categories should be amended to make them consistent with the categories used in the Scottish House Condition Survey. The balance of opinion on this issue is set out in Table 19 below.

Respondent Type	Yes	No	Mixed	N/A	Total
Chartered Surveyors	1	8	-	-	9
Construction Industry	3	-	-	-	3
Consumer, Advice & Campaign Groups	2	-	-	3	5
Legal Profession and Estate Agencies	3	3	-	2	8
Local Authorities, including Trading Standards	2	2	-	3	7
Property Management, Maintenance and Conservation	2	4	-	1	7
Other	2	2	-	4	8
Individuals	25	55	1	16	97
TOTAL	40	74	1	29	144
Percentage	28%	51%	1%	20%	100%
Percentage of those responding	35%	64%	1%	-	100%

- 4.13 The majority of respondents (64% or 74 of the 115 respondents who answered this question), did not think that the repairs categories should be amended. Construction Industry and Consumer, Advice and Campaign Groups were the only categories of respondent in which the majority of the albeit small number who answered this question supported a change.
- 4.14 Respondents who did not support a change tended to make only limited further comments, many of which suggested that the existing categories are easily understood and clear, including for buyers and sellers. It was also suggested that the same could not be said to apply to the categories used in the Scottish House Condition Survey. It was also noted that the Single Survey categories correspond closely to those used in the RICS Home Buyers report.
- 4.15 Those respondents who did support a change tended to point to the advantages or simple logic of taking a consistent approach. More specifically, the principle benefit identified was the opportunity to collect comparable data through both surveys and, by extension, be able to produce better and more up to date information on the condition of the private housing stock. In terms of developing an accurate picture of the stock, one Campaign Group Respondent noted that the Scottish House Condition Survey does not collect useful information about accessibility.

Question 20: Is the valuation element of the Single Survey a useful element of the Home Report?

- 4.16 Respondents' views on whether the valuation element is useful are set out in Table 20 below.

Table 20: Question 20 - Response by Respondent Type					
Respondent Type	Yes	No	Mixed	N/A	Total
Chartered Surveyors	9	-	-	-	9
Construction Industry	1	-	-	2	3
Consumer, Advice & Campaign Groups	1	-	-	4	5
Legal Profession and Estate Agencies	3	4	-	1	8
Local Authorities, including Trading Standards	4	1	-	2	7
Property Management, Maintenance and Conservation	5	1	-	1	7
Other	3	-	1	4	8
Individuals	72	12	-	13	97
TOTAL	98	18	1	27	144
Percentage	68%	13%	1%	19%	100%
Percentage of those responding	84%	15%	1%	-	100%

- 4.17 A very clear majority of respondents (84% or 98 of the 117 respondents who answered this question), thought the valuation is useful. Legal Profession and Estate Agent Respondents were the only respondent category in which the majority did not consider the valuation to be useful, albeit by only a small margin.
- 4.18 Many of those who went on to make further comments often suggested the valuation is not just useful but is the essential and potentially the most important element of a Home Report. Some pointed to the reasoning behind its inclusion - to try and address the setting of unrealistic asking prices - and suggested that anything that helped prevent that occurring or reoccurring was of value. However, it was also noted that the value can be less useful in a rising market. It was also suggested that to ensure the valuation continues to be of value, a record of the valuations and eventual sale prices should be kept.
- 4.19 Some respondents also noted that the valuation is helpful to both seller and buyer. From a buyer's perspective it was suggested that the valuation helps prospective purchasers determine how much finance they can raise and also gives them vital information to inform any decision on how much to offer for a property. It was also suggested that without the valuation figure additional surveys would need to be commissioned.
- 4.20 However, a small number of respondents had a very different perspective on the usefulness of the valuation. Independent Respondents who questioned its value tended to point to its subjectivity and that it only represents the opinion of one person. It was also suggested that it sets an artificial level based on recent comparable sales and that surveyors are always 'behind the curve' with regard to house prices. It was also suggested that ultimately buyers do not trust Home Report valuations - which they see as being set in the best interests of sellers - and hence they are of limited, if any, value.

Energy Report

4.21 The Energy Report provides information about a home's energy efficiency rating and its environmental impact in terms of CO₂ emissions. The Report also recommends ways to improve the home's energy efficiency. In practice, the Energy Report is provided via the domestic Energy Performance Certificate and a Recommendations Report, the provision of which is mandatory under the Energy Performance of Buildings Directive.

Question 21: Is the information provided in the Energy Report appropriate and useful?

4.22 Question 21 asked whether respondents consider the information provided in the Energy Report to be appropriate and useful. The balance of opinion is set out in Table 21 below.

Respondent Type	Yes	No	Mixed	N/A	Total
Chartered Surveyors	8	-	1	-	9
Construction Industry	-	-	-	3	3
Consumer, Advice & Campaign Groups	3	-	-	2	5
Legal Profession and Estate Agencies	3	4	-	1	8
Local Authorities, including Trading Standards	4	-	1	2	7
Property Management, Maintenance and Conservation	6	-	-	1	7
Other	2	-	2	4	8
Individuals	61	20	-	16	97
TOTAL	87	24	4	29	144
Percentage	60%	17%	3%	20%	100%
Percentage of those responding	76%	21%	3%	-	100%

4.23 A majority of respondents (76% or 87 of the 115 respondents who answered this question), thought the information provided in the Energy Report is appropriate and useful. As at a number of earlier questions, Legal Profession and Estate Agent Respondents were the only respondent category in which the majority disagreed, albeit again only by a small margin.

4.24 Further comments made by those that supported the current content of the Energy Report sometimes focused on the importance of buyers being provided with energy efficiency-related information. These included some comments from a small number of Individual Respondents who suggested it had proved useful to them when considering and addressing energy performance issues in their own property. Other comments from Individual Respondents included that the Energy Report gives a prospective purchaser a guide to future running costs and highlights energy saving opportunities.

4.25 However, even amongst those who thought the Energy Report to be useful, some questioned the extent to which buyers actually consider the information contained within it or use it to inform their buying decisions. One Construction Industry Respondent reported that their own on-going consumer research suggests that the information provided in the EPC is neither understood by nor useful to buyers. Some respondents who did not consider the Energy Report to be useful suggested that prospective buyers simply have no interest in the Energy Report. A small number of Individual Respondents suggested that although they had read Energy Reports when looking for a property, it had been the Single Survey which directly influenced their decision-making.

4.26 However, a number of respondents suggested the Energy Report could and should go further, with specific suggestions often echoing those made at Question 3 and including:

- The EPC rating should be given greater prominence, perhaps by being moved to the front of the document and should include a clear comparison with the Scottish average rating.
- Requiring the seller to provide the last 12 months of actual energy costs, or best estimates of these costs (this could be part of the property questionnaire).
- Provide income generation figures for any small-scale renewables (this could also be included in the Single Survey so it is taken into account for the valuation).
- Provide estimated energy bill savings due to energy efficiency measures or renewables.
- Provide a basic explanation of any installed small-scale renewables, along with contact details for Home Energy Scotland so the buyer can access independent advice on these technologies.
- Include signposting to existing grants and incentives to encourage take-up of these grants.
- Addition of a simple summary at the beginning of the Report which states whether or not the property meets an acceptable standard, along with an easy to understand explanation of what would be required to bring it up to standard.

4.27 Other issues raised by respondents included:

- It will be difficult to make changes to the Energy Report as the EPC is prescribed within the Energy Performance of Buildings Directive.
- There are some concerns about the variability and reliability of EPCs.
- Although an EPC states it is valid for 10 years, if it forms part of a Home Report which is more than 12 weeks old at the point of marketing it is in fact no longer valid, leaving a seller having to pay for a further EPC.

- Most of the information in the Energy Report is based on often inaccurate assumptions. In particular, it was suggested that the estimations of energy consumption are usually excessive.
- Financial incentives will be required to raise the profile of energy efficiency in the home and to encourage buyers to take it into account when making their purchasing decisions.

Property Questionnaire

4.28 The Property Questionnaire contains information for home buyers about, amongst other things, a home's council tax banding, parking facilities, factoring arrangements, any local authority notices that affect it and alterations that have been made.

Question 22: Is the information provided in the Property Questionnaire appropriate and useful?

4.29 Question 22 asked respondents whether they thought the information provided in the Property Questionnaire is appropriate and useful. The balance of opinion is set out in Table 22 below.

Respondent Type	Yes	No	Mixed	N/A	Total
Chartered Surveyors	8	1	-	-	9
Construction Industry	-	-	-	3	3
Consumer, Advice & Campaign Groups	1	-	1	3	5
Legal Profession and Estate Agencies	3	4	-	1	8
Local Authorities, including Trading Standards	2	3	1	1	7
Property Management, Maintenance and Conservation	2	4	-	1	7
Other	3	1	-	4	8
Individuals	60	19	3	15	97
TOTAL	79	32	5	28	144
Percentage	55%	22%	3%	19%	100%
Percentage of those responding	68%	28%	4%	-	100%

4.30 A majority of respondents (68% or 79 of the 116 respondents who answered this question), thought the information provided in the Property Questionnaire is appropriate and useful. Legal Profession and Estate Agent and Property Management, Maintenance and Conservation Respondents were the only respondent categories in which the majority disagreed.

4.31 In their further comments some respondents noted what they saw as the strengths of the Property Questionnaire. These included that it provides a range of relevant information, particularly in terms of what a potential buyer

can expect in terms of financial outgoings relating to council tax, services etc. It was also suggested that it has helped move away from the 'buyer beware'¹⁰ scenario that previously applied to house purchasing. More specifically, it was noted that the seller has to disclose any issues, such as incidents with neighbours, about which a buyer may be unaware.

- 4.32 Other further comments tended to focus on the completeness and veracity of the information provided. For example, a number of Individual Respondents reported receiving Property Questionnaires in which much of the information was listed as not available, or in which parts had been left blank and were unsigned. One Local Authority Respondent commented that while the right questions are being asked, the problem is that the seller is under no real obligation to disclose important information which could affect the valuation of the property – such as in relation to common property condition, title conditions and potential hazards such as subsidence, liability to flooding or the presence of asbestos. This respondent considered there may be a case for ensuring that the seller is legally obliged to disclose such information. One specific suggestion made by a Legal Profession Respondent was that institutional sellers, and in particular banks selling repossessed properties or trustees in sequestration, should be required to provide as much information as possible.
- 4.33 It was also noted that the value of the Property Questionnaire is very much dependent on the owner providing a true and accurate reflection, with some respondents raising concerns about the reliability of some of the information being provided. It was also suggested that sellers may find the Questionnaire very difficult to complete. One suggested approach was the issuing of a leaflet which explains the responsibilities of the seller during the Home Report process, including their duty in relation to the Property Questionnaire.
- 4.34 Suggested additions or other changes to the Property Questionnaire included the rephrasing or refocusing of some of the questions. A specific example given related to whether the sellers have carried out any alterations to the property. It was suggested that their answer could be of limited value if they have only owned the property for a short period and that the Questionnaire should also be asking if they are aware of any alterations carried out to the property by previous owners and which would have required local authority consent.
- 4.35 More generally, it was suggested that the Property Questionnaire should address all of the matters which are normally the prerogative of the planning authority in the obtaining of property clearances. Examples given included reference to Scheduled Ancient Monuments or Inventory of Gardens and Designed Landscapes sites and landscape designations including National Parks and National Scenic Areas.
- 4.36 A further suggestion was that the Property Questionnaire does not adequately address factors which relate to the drinking water supply but that there are

¹⁰ There is a general principle of 'buyer beware' in Scots Law. This means that responsibility for assessing the condition of property and identifying any defects rests with the buyer.

important issues which do need to be highlighted to prospective buyers. These include lead in drinking water and the ownership and maintenance of private water supplies. It was proposed that the Questionnaire should ask about the type of supply it is (i.e. spring/borehole), the responsibilities of the owner of the property, if the supply has treatment, the maintenance record, when it was last sampled and the results of these samples. It was also noted that owners can have shared ownership and responsibility for shared water supply pipes and that this should be explicitly mentioned.

4.37 Other suggested additions included:

- Information about the status of the seller, for example whether they are the owner or an executor.
- National House-Building Council guarantees should be displayed more prominently.
- Information on factoring arrangements¹¹ and charges and any other common charges that could apply.
- The opportunity to provide confirmation of repairs in-hand, works instructed etc.
- Information on energy usage, based on actual costs over the preceding 12 months, could be included.

Question 23: Should an additional question on land maintenance fees be added to the Property Questionnaire?

4.38 The final question asked respondents if an additional question on land maintenance fees should be added to the Property Questionnaire. Respondent's views on this possible addition are set out in Table 23 below.

¹¹ Question 12 of the existing Property Questionnaire covers factoring charges.

Table 23: Question 23 - Response by Respondent Type					
Respondent Type	Yes	No	Mixed	N/A	Total
Chartered Surveyors	4	5	-	-	9
Construction Industry	1	-	-	2	3
Consumer, Advice & Campaign Groups	1	-	-	4	5
Legal Profession and Estate Agencies	4	2	-	2	8
Local Authorities, including Trading Standards	5	-	-	2	7
Property Management, Maintenance and Conservation	6	1	-	-	7
Other	3	1	-	4	8
Individuals	39	41	1	16	97
TOTAL	63	50	1	30	144
Percentage	44%	35%	1%	21%	100%
Percentage of those responding	55%	44%	1%	-	100%

- 4.39 Compared to other issues covered by the consultation, views on this issue were relatively evenly balanced although a small majority (55% or 63 of the 114 respondents who answered this question), did favour the introduction of an additional question.
- 4.40 Limited further comments were made. Of these, many suggested either that this information is not required, or alternatively that it would seem sensible to include any relevant information and that potential buyers should be provided with as much pertinent information as possible, particularly if it relates to charges or financial obligations. It was also noted that such charges can affect the valuation of the property.
- 4.41 One Local Authority Respondent reported that land maintenance fees are the single biggest issue raised with trading standards about land management companies and factors. This Respondent had received numerous complaints from house purchasers who had not been made aware of common charges burdened on the property before making the purchase. They noted the work already done in this area (such as the passing of the Property Factors (Scotland) Act 2011) and considered that adding this requirement to the Home Report would complement the work already done.
- 4.42 Other points raised included that this change would involve the establishment of a clearer set of responsibilities for estate agents and conveyancing solicitors in respect of the information to be provided to prospective homeowners on title conditions, the Tenement Management Scheme and factoring arrangements.

ANNEX: GROUP RESPONDENTS

- 1 North Ltd
- A M Simpson & Son Ltd
- Aberdeenshire Council - Environmental Health Service
- Allied Surveyors PLC
- Ayr Professional Ltd Chartered Surveyors
- Building Societies Association
- Caesar & Howie
- Capability Scotland
- CITB Scotland
- Connells Survey & Valuations Ltd
- Consumer Futures
- Council of Mortgage Lenders
- Gibbon, Lawson McKee Ltd, Chartered Building Surveyors, Architects and Project Managers
- DM Hall Glasgow
- The Drinking Water Quality Regulator for Scotland
- East Lothian Council
- Energy Savings Trust
- ESPC
- Ethical Maintenance CIC
- Existing Homes Alliance Scotland
- Glasgow City Council
- Glasgow City Council Trading Standards
- Grant & Wilson
- Hacking & Paterson
- Homes for Scotland
- J&E Shepherd Chartered Surveyors Byres Road Glasgow
- Scottish Association of Landlords
- Law Society Scotland
- National Federation of Roofing Contractors
- National landlords Association
- Onesurvey Ltd
- Pagan Osborne Ltd
- Perth and Kinross - Water team
- Property Managers Association Scotland Ltd
- Redpath Bruce Property Management
- Registers of Scotland
- RICS
- Scottish Disability Equality Forum
- South Lanarkshire Council Trading Standards
- Wheatley Group

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