

Home Surveys Buyers and Sellers can Trust

James Shelley welcomes the introduction of the new RICS Home Survey Standard.

With an initiative designed to offer better protection for house buyers and sellers whilst at the same time promoting trust in the UK's home survey market, the RICS is once again leading the way.

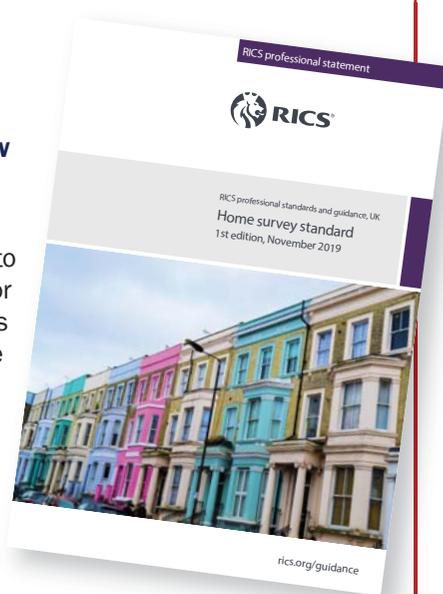
With its new Home Survey Standard, which comes into effect in June 2020, the RICS is aiming to provide greater clarity and transparency in the marketplace. It is also looking to open up communication channels in a bid to ensure that buyers fully appreciate the value of a condition survey and understand the process, so they can be confident about choosing a survey that meets their needs.

The RICS has been thorough in its approach, consulting with members and a variety of industry stakeholders, including lenders, and conducting research to ascertain what consumers want to see in a condition survey. Only then, armed with the views of all involved, did the organisation go on to create a best practice benchmark that is designed to maintain consistent and high quality standards in residential property survey services.

In creating a professional statement, which sets out mandatory requirements for RICS members and regulated firms in the UK who deliver any level of residential property survey, the RICS is helping to ensure a consistent approach. It is one that not only meets changing market needs, but also helps to improve the buying and selling process.

Representing a complete overhaul, the new Home Survey Standard replaces all previous RICS guidance and publications and provides a single standard for condition-based residential surveys. The standard, which establishes a clear framework that sets minimum expectations, supports both industry and government efforts to streamline and enhance the process for people looking to buy or sell their home.

Importantly, it means that RICS professionals are well-equipped to develop services that consumers will recognise and trust. We're also pleased to see that, in addition to the standard, the RICS has committed to developing supporting tools and materials for members and firms that offer condition-based survey services to clients.



New Rule to Prevent Construction Industry VAT Fraud

John Woodhall examines the impact of a new VAT rule to combat fraud.

The construction industry deals well with change, but the effects of the domestic reverse charge on contractors and subcontractors registered for VAT and operating under the Construction Industry Scheme look likely to be far-reaching.

Amid concerns that SMEs were unprepared, we welcome the decision by HM Revenue & Customs (HMRC) to delay its introduction until October 2020. Under the new rule, suppliers will be required to report the tax but not collect it. Instead, customers will account directly to HMRC and take responsibility for paying the VAT due.

Yet, the domestic reverse charge is not simple – it applies to standard and reduced rate VAT supplies but not zero-rated supplies and there are plenty of exceptions. Importantly, where jobs includes services that fall outside its remit and supplies to which it applies, the whole supply must be considered subject to the domestic reverse charge.

HMRC's aim is to close a VAT loophole, but is the measure akin to taking a sledgehammer to crack a nut? Whilst the new rule may mean a welcome cash boost for major contractors, who won't face long delays between the payment of VAT and its recovery, it could be to the detriment of SMEs. Subcontractors in particular, who are accustomed to using the period between receiving payment from the customer to paying VAT to HMRC to boost their cash flow, will need to run a tighter ship.

Accurate paperwork is a must. Subcontractor invoices will have to indicate what domestic reverse charge VAT would have been due and their records should reflect why they have accounted for it in this way. Main contractors too will have to be more rigorous with their processes, confirming whether a VAT invoice includes the domestic reverse charge supplies and charging the correct amount of VAT.

There is no doubt that construction businesses will need to change their accounting practices to deal with the domestic reverse charge, so let's make the most of the extra time to achieve compliance.



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PROFESSIONAL CONSTRUCTION & PROPERTY CONSULTANTS

11/12 Highfield Road, Edgbaston, Birmingham B15 3EB | T: 0121 454 4581
E: j.mcnally@wakemans.com | www.wakemans.com

IN BRIEF

Construction Sector Ramps up R&D Investment

UK construction is leading the way when it comes to investment in innovation as evidenced by the sector's R&D tax credit claims. HM Revenue & Customs statistics show that construction businesses claimed tax relief of £135m in 2017-18, up from £35m in 2014-15. Construction was also responsible for 4% of all claims, double the volume made in 2014-15.

Government and Industry Team up to Transform Construction

With a £170 million investment in the 'Transforming Construction' programme, the government is working with UK construction to create a model to deliver safer, affordable and more efficient buildings. The funding, £129 million of which has already been provided, is part of the Industrial Strategy Challenge Fund. It will be supplemented by £250 million from the industry over a four-year period.

Brexit Clarity Expected to Boost Industry Confidence

According to IHS Markit data construction output fell in December 2019 for the eighth consecutive month. The reduction in workloads is attributed to political uncertainty and lower demand ahead of the general election, with civil engineering and housebuilding the worst affected sectors. However, survey respondents were confident that greater clarity over Brexit would boost confidence with clients more willing to invest in 2020.

CONTACTS

Executive Chairman
Managing Director
Directors

John D. Woodhall

Dean M. Watson

**Seinde Balogun
Shaun M. Baugh**

Director - Client Services
Finance Director /
Company Secretary
Divisional Directors

James O.R. Shelley

Michelle C. Woodhall

**Tony D. Hooper
Dylan W. Morris
Adrian Cartwright
Nigel Himpson
Andrew F. Hancock**

Head of Technical
Services for Hotels
Associate Directors

Jo Dale

**Thomas Hastings
Lee Lloyd
Andy O'Connor**

Birmingham Office:
Caernarfon Office:
Bristol Office:

**T: 0121 454 4581
T: 01286 672 581
T: 0117 973 0077**

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j.mcnally@wakemans.com



Could 'Clean Construction' Halt Climate Change?

Dean Watson highlights how 'clean construction' could bring social and economic benefits as well as enhance the global environment.

Alongside the likes of food, clothing and aviation, construction is a consumption-based emission. Across almost 100 of the world's big cities it accounts for 10% of global greenhouse gas emissions and if we do nothing, these emissions are set to double by 2050 (Source: The Future of Urban Consumption in a 1.5oC World).

However, a report by Arup, C40 Cities and the University of Leeds says this is not inevitable. Taking prompt action could see greenhouse gas emissions generated by building and infrastructure cut by 44% within the same timeframe.

So called 'clean construction' requires a fundamental rethink in how we deliver building projects. It's a question of implementing the right initiatives now to reduce air and noise pollution and, ultimately, improve public health.

So what can be done to minimise the construction industry's impact on climate change? The report highlights six key areas, proposing better use of existing buildings along with the deployment of low - or zero - emission machinery. The main priority, though, is building materials. We should focus on better design of materials, greater reuse of materials and make the switch to sustainable timber and lower carbon cement wherever feasible.

Copenhagen, Oslo and Stockholm are setting an example. Here, the powers that be are purchasing biofuels and emission-free machinery for their city's use. In addition, they are demanding that solutions for public procurement and city-supported projects such as schools and sports halls are fossil-and emission-free. Copenhagen and Oslo are also committed to the retrofit and refurbishment of existing stock and are prioritising the use of low carbon reusable materials. Meanwhile, Stockholm is evaluating all aspects of the building process and their contribution to climate change in a bid to identify more efficient, green solutions.

The report pulls no punches – if we are to enjoy cleaner air, quieter streets and lower prices – and sustainability – everyone responsible for development will have to work together, with end users and consumers, to ensure that clean construction wins the day.

"It's a question of implementing the right initiatives now to reduce air and noise pollution and, ultimately, improve public health."



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