

Covering note for Red Book Global Standards 2020 update public consultation

RICS invites comments on proposed revisions to the *RICS Valuation – Global Standards 2017* (Red Book Global Standards) to take effect from 31 January 2020. Please note that only those sections of the Red Book Global Standards affected are included in the consultation draft.

The consultation is open between 9 September 2019 and 11 October 2019.

This is the first set of revisions to the Red Book Global Standards since the current version took effect from 1 July 2017. The revisions are not extensive and so this is an update of the existing edition and not a new edition. The reasons for the update are two-fold:

- To reflect changes to the International Valuation Standards 2017 taking effect from 31 January 2020.
- To make various other detailed changes or clarifications to the existing Red Book Global Standards text.

The proposed changes are explained in more detail below.

[IVS-related changes](#)

On 31 July 2019, the International Valuation Standards Council (IVSC) issued *the International Valuation Standards (IVS) effective 31 January 2020*, reflecting the changes made to the *International Valuation Standards 2017* – which are reproduced in Part 6 of the RICS Red Book Global Standards. The IVS as revised will continue to be incorporated in the Red Book as Part 6.

Various, relatively modest, consequential changes are needed to other Parts of the Red Book text affecting:

- The title page
- Part 1: Introduction
- Part 3: PS 1 paragraph 1.4
- Part 4:
 - VPS 1 Section 3.2 (d) – involving the insertion of a new paragraph 6 under ‘Implementation’
 - VPS 5 paragraph 5
- Part 5: Valuation applications: Introduction

In addition, the opportunity has been taken to align the wording of VPS 3 Section 2.2 (l) more closely with IVS 103, including the addition of a new paragraph 2 under 'Implementation'.

The changes to the IVS have been part of a comprehensive public consultation by IVSC and are not themselves subject to further consultation.

RICS-initiated changes

In addition, some RICS-initiated changes are proposed as follows:

- Part 3:
 - PS 1 paragraph 1.3: the text has been expanded to clarify that 'written' encompasses all forms of communication other than purely oral.
 - PS 2 Section 1 paragraph 1.5: a new second sentence has been inserted, tying this in with Section 3 that follows and adopting the widely used phrase 'professional scepticism' as an aspect of objectivity that is growing in importance in relation to information and data.
- Part 4:
 - VPS 3 Section 2.2 (l): a new paragraph 3 has been added under 'Implementation' stressing the need to signal the relevance and significance of sustainability and environmental matters wherever appropriate.
 - VPS 3 Section 2.2 (o): following some feedback concerning client or stakeholder understanding of valuation reports involving this issue, the wording of paragraph 4 has been strengthened to ensure that where **material** uncertainty applies, it is explicitly signalled.
- Part 5:
 - VPGA 1: as scrutiny of, and reliance on, financial statements grows in profile, new material on the valuer's role has been added in Section 5. This draws attention to a number of mandatory requirements in earlier parts of the Red Book and may serve as a useful reminder or checklist. In due course we anticipate including additional technical material on the IFRS in terms of their relevance to, and interpretation by, the valuer, but this is not yet ready for consultation.
 - VPGA 7: some additions to, and strengthening of, the guidance in relation to arts and antiques has been inserted, with further emphasis on the issue of provenance.
 - VPGA 8: again, there are some additions to, and strengthening of, the text in relation to environmental matters including sustainability.

Comments on the proposed changes to the Red Book Global Standards are welcomed, but it is again emphasised that the changes to the IVS 2017 (as published by IVSC) are not open to comment.