

Clarity on conflict

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Nigel Sellars looks at RICS? preparation of a new professional statement on conflicts of interest

RICS is committed to providing the highest professional standards and a regulatory framework that can respond to the demands of the evolving market, fostering an environment that can support innovative ways of working and excellent services.

If conflicts arise and are not appropriately identified and managed, the integrity of the profession and those in it are at stake.

This requires a delicate balance between maintaining the public interest, through robust professional standards with a clear regulatory environment, and encouraging RICS-qualified professionals and member firms to be competitive in their marketplaces. Without public confidence in the professionalism of those who are providing surveying services, the long-term value of the sector will be jeopardised.

The surveying services market is changing and we, as a self-regulating profession, have a pivotal role to play. We assure professional competence, enhancing our status by providing confidence to consumers and markets. Given the profession's commitment to best practice, the focus of our work must be on improving guidance, competence and quality assurance rather than regulatory enforcement.

It is important that we continue to provide an environment allowing new member firms to be established. Existing members also need to be allowed to grow, innovate and continue to provide a range of competitive services to those who need them. At the same time, consumer protection and the development of the profession for the public advantage are at our core. Our Royal Charter requires us to promote the usefulness of the profession for the advantage of the public around the world.

Existing RICS guidance

As the wider real-estate sector develops, the public protection offered by our standards remains integral to everything professionals do. The five Global Professional and Ethical Standards are the foundation of the profession, as follows.

1. Act with integrity.
2. Always provide a high standard of service.
3. Act in a way that promotes trust in the profession.
4. Treat others with respect.
5. Take responsibility.

Aside from the overarching RICS Rules of Conduct, which make specific reference to conflicts, there is currently targeted guidance on conflicts in certain sectors, including the [Conflicts of Interest](#) 1st edition guidance note for dispute resolution practitioners, and specific commentary in the Red Book on valuation. However, there are no currently agreed global principles in this area.

Conflicts of interest cut across the profession regardless of geography or specialism. If conflicts arise and are not appropriately identified and managed, the integrity of the profession and those in it are at stake. What constitutes a conflict, and when should a professional step aside from acting, or proceed with appropriate management systems in place?

As a regulator, we have to ask and answer these and related questions. RICS wishes to ensure that all market participants, members of the public and governments continue to regard our members as setting the benchmark for fairness and quality in the property sector.

Working group

To consider this area, RICS has drawn together a working group that includes senior RICS staff, member firms of different types and sizes, industry bodies such as the Association of Real Estate Funds, the British Bankers Association, the Investment Property Forum and the British Property Federation, as well as some of our members' clients, so as to represent stakeholder interests as broadly as possible.

This group is chaired by an external solicitor with extensive experience of conflicts issues in a variety of professional contexts, and it has drafted, and been the main sounding board for, the professional statement.

Professional engagement

Engagement with the sector is fundamental to the success of any new guidance, to enable awareness, recognition and ultimately adoption. RICS received in excess of 400 responses to its conflicts questionnaire in autumn 2015 from trade associations, users of surveying services and practitioners varying in size and location.

These demonstrated a range of opinions on how the respondents interpreted 'conflict', the seriousness with which it was viewed, and what should be done in response to such situations arising. The divergence and strength of opinion illustrated that, whatever form the eventual professional statement takes, there will be those who disagree with it. Nevertheless, the working group has debated this extensively to ensure the statement itself is consistent and upholds the integrity of the profession.

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The professional statement will be a firm global foundation for those RICS-qualified professionals who face a potential conflict of interest. Such professionals and their clients

should be clear about what RICS views as a conflict of interest and what would be considered a breach of the professional statement. The statement will evolve through this continued consultation with the public, consumers, practitioners and the wider profession.

Building on the autumn 2015 questionnaire and subsequent stakeholder meetings between May and July 2016, we asked practitioners and industry stakeholders from around the world to consider the draft consultation document.

Downloads of the consultation and responses received both reached record numbers, illustrating the strength of feeling and interest in this area. Recurring response themes included informed consent, information barriers and related firms, along with sector-specific comments. We will use your views to develop our global framework, providing clarity and consistency across the industry.

Status

This proposed guidance will be global, and as a consequence of its professional statement status will contain a blend of mandatory and advisory elements. More detailed guidance and the application of these principles in particular specialisms and geographies will be provided through the appropriate forum, if applicable, in due course.

RICS-qualified professionals and member firms will be subject to RICS regulatory discipline should they be found to be negligent or acting without regard for the professional statement. The statement will dovetail with the new International Ethics Standards and will therefore have the appropriate status in the RICS standards hierarchy.

Next steps

Following the close of the consultation, the working group has considered all feedback received. At the same time, additional meetings with key stakeholders have taken place. Appropriate amendments are currently being made to the documents, with continued engagement across all world regions during this process to ensure relevance and applicability at a global level.

It is envisaged that, over time, RICS world regions and local professional groups will provide additional sector-specific or regional guidance where appropriate. In the UK, RICS is currently working on a UK Commercial Investment Agency Professional Statement, which will contain mandatory and advisory content to support the Global Professional Statement to assist members and practitioners in this sector.

We are conscious that each and every situation is distinctive, and we do not wish to label categories of conflict strictly as this would take account of neither individual circumstances and local practices nor the judgement of RICS-qualified professionals.

Following the publication of the professional statement, there will be supporting material including an FAQ document, as well as training for RICS professionals.

The professional statement will offer clarity to RICS-qualified professionals and member firms about what is expected of them. It will also afford transparency to the public regarding the seriousness with which RICS views its members' conduct.

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Further information

- Related competencies includes [Conduct rules, ethics and professional practice](#)
- This feature is taken from the RICS *Property journal* (December 2016/January 2017)
- **UPDATE:** [Conflicts of interest](#) (1st edition, global RICS professional statement) published on 14 March 2017 and is effective from 1 January 2018.