

SURVEYORS' SCALE FEES

The Monopolies and Mergers Commission has published a Report on the Supply of Surveyors' Services with Reference to Scale Fees.

The main recommendations of the report are as follows:—

- (i) The rules of associations of suppliers of the services should be amended so as to permit their members freely to quote a fee in competition with other suppliers and so as not to prevent competition for business on the basis of fees.
- (ii) Associations of suppliers of the services should not issue scales for property valuations or for property management, and existing scales for such services, including RICS and ISVA Scales 1, 2, 3, 4 and 25, in so far as they relate to reference services, should now be abolished. Scales negotiated by associations of suppliers of the services with representative bodies of clients or public authorities are excluded from this recommendation.
- (iii) Scales for reference services not covered by recommendation (ii) should be permitted, provided that they are recommended and not mandatory.
- (v) The scales to be permitted in accordance with recommendation (iii) should be determined by an independent committee. Scales negotiated by associations of suppliers of the services with representative bodies of clients or public authorities are excluded from this recommendation.
- (vii) The committee referred to in recommendation (v) should consist of a chairman and three or four members appointed by the Government on a personal basis and not as representatives of suppliers of the services or clients. The same committee might conveniently perform similar duties in relation to recommended scales of charges for architects' services as recommended in our report on the supply of architects' services.
- (viii) Until the independent committee which we recommend has been set up and has had time to determine scales, the publication of the existing recommended scales determined by associations of suppliers of the services (except those scales which we recommend should be abolished under recommendation (ii)) should be permitted, provided that all documents in which the scales are published state prominently:
 - (a) by whom the scales have been determined;
 - (b) that the scales are not binding in relation to any particular transaction;
 - (c) that suppliers of the services and clients are free to settle fees without reference to the scales; and
 - (d) that suppliers of the services may quote fees in competition with other suppliers.

In commenting on the Report, the Institute issued the following statement to the Press:

Monopolies Report – Surveyors' Scale Fees

1. After our attendance at the Public Interest Hearing by the Commission the Commission's conclusions and recommendations come as no very great surprise.
2. We are pleased to note that the Commission has seen fit to recognise that there is a very clear distinction between quantity surveyors and other kinds of surveyors and that the use of Quantity Surveying fee scales, unlike those for property valuation and management, does not in general operate against the public interest.
3. We accept that there is a need for explanation to clients of the quantity surveying service provided within the Fee Scales as well as a statement that they are merely recommended and not mandatory.
4. We do not dissent from the recommendation that there should be an independent committee to determine quantity surveying fee scales – indeed we ourselves testified as to the feasibility of this. However, we did recommend that such a body should embrace ALL the interested parties and we cannot see how "a small committee appointed by the Government on a personal basis" can hope to take satisfactory "account of the interests both of surveyors and their clients".
5. We are seriously disturbed by the recommendation that our members should be allowed to quote a fee in competition with fellow members. We adhere strongly to the view that not only will this inevitably result in a lowering of current professional standards but will prove to be against the best interests of clients themselves.
6. One general point also gives cause for concern. This is the underlying thesis that an established and widely recognised professional service should be regarded as a competitive commercial undertaking.
7. The Institute of Quantity Surveyors will be ready to put its views on the implementation of the recommendations to the Director General of Fair Trading.