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land and construction
surveyors

BUILDING SURVEYS & TECHNICAL DUE DILIGENCE OF COMMERCIAL PROPERTIES

2nd Edition, SCSI Guidance Note



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2nd Edition, SCSI Guidance Note

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Society of Chartered Surveyors Ireland,

38 Merrion Square,

Dublin 2, Ireland

Tel: + 353 (0)1 644 5500

Email: info@scsi.ie

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- The intention of this document is not to replace, but rather localise the RICS' 2020 Technical Due Diligence of commercial property, global guidance note, 1st edition (TDD guide) for specific use by surveyors in Ireland.

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SCSI Working Group

Andrew Ramsey FSCSI, Module Group,

Brigid Browne MSCSI, Fortress Planning

Ciarán Keenan MSCSI, Arcadis Ireland

Colm McKenna MSCSI, McGovern Surveyors

Fergus Merriman MSCSI, Merriman Solutions

Oliver Held MSCSI, Jones Lang LaSalle

The SCSI working group would also like to thank:

Patrick Prendergast PhD FRICS FSCSI, Property Boundaries Ireland

Sarah Sherlock, MRICS MSCSI, Murphy Geospatial

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SCSI / RICS guidance notes

Definition and scope

SCSI / RICS guidance notes set out good practice for SCSI / RICS members and for firms that are regulated by RICS. A SCSI / RICS guidance note is a professional or personal standard for the purposes of SCSI / RICS Rules of Conduct.

Guidance notes constitute areas of professional, behavioural competence and/or good practice. SCSI/RICS recognises that there may be exceptional circumstances in which it is appropriate for a member to depart from these provisions – in such situations SCSI/RICS may require the member to justify their decisions and actions.

While every care has been taken by the SCSI/RICS in the preparation of this guidance note the SCSI/RICS shall not be liable for any direct or indirect damage or economic loss, whether arising from the negligence, breach of contract or otherwise of the SCSI/RICS, its employees, servants or agents, or of the authors who contributed to the text.

Members are not required to follow the advice and recommendations contained in the note. They should, however, note the following points.

When an allegation of professional negligence is made against a surveyor, the court is likely to take account of the contents of any relevant guidance notes published by SCSI/RICS in deciding whether or not the surveyor had acted with reasonable competence. In the opinion of SCSI/RICS, a member conforming to the practices recommended in this note should have at least a partial defence to an allegation of negligence by virtue of having followed those practices. However, members have the responsibility of deciding when it is appropriate to follow the guidance.

On the other hand, it does not follow that members will be adjudged negligent if they have not followed the practices recommended in this note. It is for each surveyor to decide on the appropriate procedure to follow in any professional task. However, where members depart from the practice recommended in this note, they should do so only for a good reason. In the event of litigation, the court may require them to explain why they decided not to adopt the recommended practice. Also, if you have not followed this guidance, and your actions are called into question in an SCSI/RICS disciplinary case, you will be asked to justify the steps you did take, and this may be taken into account.

In addition, guidance notes are relevant to professional competence in that each surveyor should be up-to date and should have informed him or herself of guidance notes within a reasonable time of their promulgation.

Application of these provisions in legal or disciplinary proceedings

In regulatory or disciplinary proceedings, SCSI/RICS will take account of relevant guidance notes in deciding whether a member acted professionally, appropriately and with reasonable competence. It is also likely that during any legal proceedings a judge, adjudicator or equivalent will take SCSI/RICS guidance notes into account.

SCSI/RICS recognises that there may be legislative requirements or regional, national or international standards that take precedence over an SCSI/RICS guidance note.

Document status defined

The following table shows the categories of SCSi professional content and their definitions.

Document status defined		
Type of document	Definition	Status
Standard International standard	An international high level principle based standard developed in collaboration with other relevant bodies	Mandatory
Professional statement SCSi/RICS professional statement (PS)	A document that provides members with mandatory requirements or a rule that a member or firm is expected to adhere to. This term also encompasses practice statements, Red Book professional standards, global valuation practice statements, regulatory rules, SCSi/RICS Rules of Conduct and government codes of practice.	Mandatory
Guidance and information SCSi/RICS code of practice	Document approved by SCSi/RICS, and endorsed by another professional body/ stakeholder, that provides users with recommendations for accepted good practice as followed by conscientious practitioners.	Mandatory or recommended good practice (will be confirmed in the document itself). Usual principles apply in cases of negligence if best practice is not followed.
SCSi/RICS guidance note (GN)	Document that provides users with recommendations or approach for accepted good practice as followed by competent and conscientious practitioners.	Recommended best practice. Usual principles apply in cases of negligence if best practice is not followed.
SCSi/RICS information paper (IP)	Practice-based information that provides users with the latest technical information, knowledge or common findings from regulatory reviews.	Information and/or recommended best practice. Usual principles apply in cases of negligence if technical information is known in the market.
SCSi/RICS insight	Issues-based input that provides users with the latest information. This term encompasses thought leadership papers, market updates, topical items of interest, white papers, futures, reports and news alerts.	Information only.
SCSi/RICS economic/ market report	A document usually based on a survey of members, or a document highlighting economic trends.	Information only.
SCSi/RICS consumer guide	A document designed solely for use by consumers, providing some limited technical advice.	Information only.
Research	An independent peer-reviewed arm's length research document designed to inform members, market professionals, end users and other stakeholders.	Information only.

1. Introduction

The term ‘technical due diligence’ (TDD) is generally adopted by the industry. Building survey, building condition inspection, pre-acquisition survey or vendor survey are also often utilised. The term ‘structural survey’ should not be used.

This 2nd edition SCSI guidance note is effective three months after publication, superseding the following SCSI publications and any associated translations:

Building Surveys and Technical Due Diligence of Commercial Property, Ireland (1st edition) SCSI guidance note.

This guidance note should be considered adaptable for all types of commercial property, including industrial, hotels, retail, healthcare, education, residential apartment blocks, etc.

Clients should be encouraged to avoid imposing restrictions and limitations that compromise the technical due diligence process and dilute its contents and/or effectiveness.

Also refer to the current edition of **Surveying safely: health and safety principles for the property professional**, RICS guidance note.

SCSI members should only undertake work they are competent to do in fields or specialisms for which their training and

background experience are appropriate and relevant. It is important that SCSI members or RICS regulated firms undertaking technical due diligence have experience in this field.

The SCSI technical due diligence schedule of services has been provided in Appendix B. Services to be included in a technical due diligence survey may differ between countries, states and regions, and the list of services should therefore be tailored according to the brief.

N.B. This TDD document is exclusive of vital boundary checks for the purpose of defining and confirming the extent of [any] property. Where such is required the advices of an experienced/competent professional should be sought and the SCSI Guidance Note titled: “Boundaries: Procedures for Boundary Identification, Demarcation and Dispute Resolution in Ireland, 3rd edition”(awaiting publication in Q1 2023) should be always followed.

1.1 Effective date

This guidance note is effective three months from publication.

2. The need for technical due diligence

Technical due diligence of property, when carried out by an SCSi member or RICS registered firm, consists of the systematic review, analysis, discovery and gathering of information about the physical characteristics of a property and/or land (the property). The SCSi member or RICS registered firm then undertakes an impartial and professional assessment of the property and provides a balanced and professional opinion of the condition of the property in the form of a technical due diligence report. This enables a prospective purchaser, occupier or financier of the property to make an informed assessment of the risks associated with the transaction from a technical perspective.

During the process of undertaking technical due diligence, an SCSi member or RICS regulated firm may establish defects or deficiencies in the property that could have an impact on the asset and the life safety of occupants in its immediate, short-, medium- or long-term performance. The defects may include the need for repairs and or interventions arising from:

- deficiencies in design and construction quality
- a lack of planned and actual maintenance
- neglect or misuse
- insufficient capacity in services items approaching, at or beyond the end of their useful or economic life deleterious materials and
- non-compliance with statutory or mandatory requirements such as planning and Building Regulations or Building Codes.

Matters may also arise that are not to the potential purchasers', managers' or occupiers' required standards, e.g. relating to cultural, social or religious beliefs or requirements.

Technical due diligence can be used for many purposes, including:

- providing a basis for optimisation of design of new developments and refurbishments
- gaining an understanding of the condition and design of the property
- establishing the suitability of the property for its intended use (if known)
- understanding the need for and quantity of future costs of repair and replacements and other liabilities
- providing a level of protection for the occupier, owner, institutional investor or funder
- providing a basis for price negotiations
- providing a basis for the allocation of risk
- providing a basis to improve life safety and
- providing a basis for performance improvement, improved sustainability and better decision making.

Many large property owners are institutional investors who manage a portfolio of property assets on behalf of their beneficial owners. They may be held in the form of listed or unlisted property trusts, property companies or syndicates. The managers of these investment vehicles have a fiduciary responsibility to the ultimate owners in making acquisitions, to ensure that all reasonable risks and liabilities are understood.

The process of technical due diligence is therefore critical to any successful property transaction and the subsequent operation of that property thereafter.

3. Types of inspections

3.1 The property life cycle

This guidance note considers four key types of technical due diligence process for property during its typical life cycle, each of which will have a slightly different emphasis. These are:

- a acquisition (including financing or refinancing)
- b occupation and operation
- c disposal (vendor due diligence) and
- d refurbishment or development.

3.2 Acquisition

The process of undertaking technical due diligence for the acquisition of property is the most common of the four categories and is undertaken on behalf of an investor taking an interest in part or whole of the property. The process of technical due diligence may determine, in the context of the purchaser's proposed intent for the asset:

- whether significant defects exist in the structure, fabric and services installations (the latter if instructed to be undertaken by a specialist) of the property
- whether there are legal implications of the defects or other deficiencies such that the property does not comply with statutory obligations or if there are any illegal works present
- risk associated with the tenancies in relation to recovery of capital expenditure and operational expenditure and future reinstatement liabilities
- whether the property is suitable for the client's intended use (if known) and
- whether there are any apparent life safety issues.

Where there are deficiencies, estimates of the remaining life expectancy of key elements may be provided, along with information regarding the scope, costs of repairs required, time frame and liability.

It is important to remember that legal and investment aspects of the acquisition are also being considered by other specialists on behalf of the client. The technical aspects should be considered in the context of this bigger picture.

3.3 Occupation

In addition to the issues outlined in section 3.2, the technical due diligence process needs to identify and advise on any restrictions on its intended use. These can extend beyond the

client's anticipated responsibilities under the lease, such as upgrading to meet current health and wellbeing, fire, flood, engineering (such as seismic) or site-specific requirements. The extent of the occupier's responsibility to insure, repair and maintain the property under the lease, or other occupation arrangement, need to be considered in the context of the physical condition of the property. The client should be asked to confirm any specific requirements for their intended use.

The report may highlight issues that will cause delay to the client's occupation, and capital expenditure before and during occupation. For example, if repairs are required before the property can be occupied, early awareness will enable the client to:

- program for any delays (this is important where there is time pressure to relocate from another property taking into consideration the fit out required to the new property)
- renegotiate lease liability terms or
- secure capital contributions from the landlord to enable the occupier to undertake the necessary works.

Where a client proposes to occupy only part of a property and will share in the cost of upkeep of the whole, SCSI members and RICS regulated firms should assess the likelihood of any major repairs necessary to the fabric of the entire property and its services that could have a significant impact on the service charge or other property outgoings.

Any assumptions of responsibility should also be clarified, which may go beyond 'normal' lease terms (e.g. responsibility for maintaining and complying with health, safety and fire legislation, energy rating minimum requirements, etc.).

3.4 Disposal (vendor's survey)

The primary purpose of a vendor's technical due diligence survey before a proposed sale is to identify significant physical defects or any statutory non-compliances that may affect the value of the property on the open market.

A vendor's technical due diligence survey may precede a valuation, such that the valuation can then provide an opinion on the value of the property having regard to its condition. However, a vendor may undertake a technical due diligence survey as a standalone process so that information on the physical condition of a property can be made available to prospective purchasers in an attempt to expedite the sale process.

It is typical for the client to request that a vendor's report be assignable to the purchaser. In these circumstances, the SCSI member or RICS regulated firm should make sure that their (and their subconsultants') professional indemnity insurance provider is satisfied with such an arrangement, and any conditions are clearly stated on instruction of such an assignment. The SCSI member or RICS regulated firm should be aware that readdressing the report is unlikely to maintain the contractual links, as the report would have been prepared for the vendor not the purchaser. Reports may be included on a data room and the SCSI member or RICS Regulated firm needs to take necessary steps to ensure they are not extending reliance to all parties that review the report (i.e. hold harmless letter or third-party review wording subject to jurisdiction).

Subsequently, the SCSI member or RICS regulated firm is likely to be required to enter into a third-party agreement with the purchaser, which may also extend to the funders. This is usually undertaken in exchange for a payment. The third-party agreement is usually by way of a 'duty of care' or 'reliance' letter.

A vendor's inspection and report should include the same salient issues as the acquisition survey on behalf of an investor, including:

- significant physical defects in the structure, fabric and services components and associated cost for remedial works
 - issues relating to statutory and legal non-compliance that may prevent occupation or affect the value of the property
 - costs relating to shortfall in tenancy repair, decoration and reinstatement obligations and
- review of documentation with the intention to identify relevant data, locating obvious missing information, such as that listed in section 4.4.
 - We recommend the SCSI member or RICS regulated firm may wish to seek legal advice on providing this type of survey as they see fit.

3.5 Development

The role of a TDD process as part of a development or significant refurbishment work feasibility, is to establish the potential risks, opportunities and viability of the development project.

Input from specialists will be required to provide comprehensive advice to a client, and this advice should be reviewed, analysed and compiled into a report providing the client with a summary of the key issues to be considered through the development process.

Clients may subsequently instruct the SCSI member or RICS regulated firm to project monitor or act as their client representative for the development. This could extend to the review of the design, specification and plans, and monitoring the works against agreed contracts as they proceed. This is common where a client enters into an agreement to fund, purchase or lease a development that has yet to be built or redeveloped.

See the current edition of **Project monitoring**, RICS guidance note for more information.

4. Taking instructions

4.1 Key items

The client may not be familiar with the range of services the SCSi member or RICS regulated firm is able to offer. When a client asks for a survey, the SCSi member or RICS regulated firm should ask questions to ensure the type of survey being requested is the correct one for the circumstances.

The SCSi member or RICS regulated firm should establish that no conflicts of interest exist between any of the parties or for the property and obtain 'informed consent', if any conflicts exist. Refer to the current edition of **Conflicts of interest**, RICS professional statement for more information.

The SCSi member or RICS regulated firm should undertake appropriate anti-money laundering risk assessment. Refer to the current edition of **Countering bribery and corruption, money laundering and terrorist financing**, RICS professional statement for more information.

The following should be confirmed in writing (by email or letter) by the SCSi member or RICS regulated firm in their services/terms of engagement:

- services to be provided
- the contracting parties, including who is responsible for paying the fee and
- all limitations that apply to the advice being obtained.

The SCSi member or RICS regulated firm should carry out a risk assessment. This will include seeking clarification from the contractual party or their agent if there are any known site hazards or operational issues that need to be assessed and any risk mitigated before the inspection. Refer to the current edition of **Surveying safely: health and safety principles for the property professional**, RICS guidance note.

The SCSi member or RICS regulated firm should confirm the standard terms of business, including:

- precisely who the SCSi member or RICS regulated firm/surveying company is
- the limitations on the scope of the survey and report
- level of liability and any other cover and limitations, including confirming the SCSi member or RICS regulated firm holds appropriate professional indemnity insurance

- their understanding of the property address and extent of the premises to be inspected
- involvement of other consultants or contractors and the extent of their appointment (e.g. on behalf of the client)
- date of instruction
- timescales for completing the instruction and any intermediate stages
- commercial terms such as professional fees, abortive fees and hourly rates for follow-up consultancy
- how the fee will be claimed/become payable and the charges for late payment
- whether disbursements are included or not and
- whether access hoists or other specialist means of access are required.

See Appendix B: Technical due diligence schedule of services for more information.

There are key items common to confirming instructions no matter what the commission or scope of service.

The following should be considered:

- existing or intended use of the property and any time frames affecting a change of use
- precisely who the client/other parties are, i.e. current property owner, occupiers and managers
- if there are any aspects of the property the client considers to be important
- what is not being provided (e.g. a valuation)
- any occupational safety and health issues that would affect the nature of the inspection
- how variations to the instruction will be assessed
- specialist access requirements and access restrictions
- specific information to be sourced from the relevant authorities (e.g. building control, planning approvals, etc.)
- extent of any information being made available for review and how reliable it is
- report format
- the client's indemnification of the SCSi member or RICS regulated firm against damage caused if opening up is required as part of the survey
- the procedures to be followed in the event of a dispute
- personal guarantees for payment from directors of small companies

- advance payments
- additional charges for time spent attending post survey meetings
- an agreement with the client on the level of reliance (i.e. maximum number of assignments)
- extent of document/data room review the SCSI member or RICS regulated firm is to undertake, and time allocated to the task (see section 4.4)
- client-imposed restrictions (i.e. the extent of investigation or detail of report required) and
- the SCSI member or RICS regulated firm should state if they believe that the client-imposed restrictions effectively devalued the intention of undertaking a technical due diligence survey.

4.2 Practical limitations

The SCSI member or RICS regulated firm should make the client aware of the practical limitations of any inspection or survey exercise and include these limitations within their terms of engagement. In any property, but particularly large and/or complex properties, there are likely to be hundreds of items that may need to be checked. Many of them will be hidden and/or inaccessible. Surveyors should remind the client that a return visit to site may be required for a variety of reasons, such as a need for further investigation or unsuitable weather conditions. In such circumstances, an additional fee may be payable, and the terms of that arrangement should be clearly expressed.

Repetitive elements will normally only be checked on a sample basis. Where the survey includes multiple units of a repetitive nature such as apartments or hotel rooms, the SCSI member or RICS regulated firm may consider limiting the extent of the survey to a limited number of units representative of type and condition. It is recommended any limitations to the scope of inspection are stated clearly in the scope of service.

4.3 Extent of liability

The SCSI member or RICS regulated firm should deal with the issue of liability for the report including whether they are willing for the liability to be passed to a third party. The SCSI member or RICS regulated firm may wish to limit assignments to one or two parties only, subject to their insurance terms, with a requirement for further assignments to be subject to written consent. SCSI members or RICS regulated firms should refer to their professional indemnity insurance (PII) cover for specific conditions.

Another important concept in liability management is 'shelf life'. SCSI members or RICS regulated firms should be able to limit their liability for a technical due diligence report, given that with the best endeavours and due care the report will only ever represent a 'point in time' opinion based on the actual day of inspection. Over time all reports lose their value. For technical due diligence a client should not expect the same reliability from a report produced five years ago as one produced last year.

See also section 4.8 relating to the extent of liability for specialist subconsultants.

4.4 Data room and document review

Virtual data rooms are often set up to enable property-related documentation to be accessed and reviewed. It can be time-consuming to access the data, locate the relevant documentation and review it. Data may also continue to be added to the virtual data room even after the report submission.

All documents should be downloaded and stored electronically (or recorded if downloading is not possible) by the SCSI member or RICS regulated firm if confidentiality permits.

The SCSI member or RICS regulated firm should also:

- state clearly what documents will be reviewed, limiting the extent and scope of review. For instance, if warranties are available, the SCSI member or RICS regulated firm would normally be expected to comment on whether these are still valid, and any obvious omissions, but detailed assessment would normally be undertaken by the legal team
- confirm if the documents reviewed will be downloaded and kept on file. Access to the data room after the project is completed is often difficult and so securing copies is good practice, but sometimes not possible due to the confidentiality of the instruction
- confirm the time allocated to the data review, and state that additional fees will be charged if this time is exceeded and
- confirm when the SCSI member or RICS regulated firm data room review has been completed. This is important as it is not uncommon for further documentation to be added to the data room after the preparation and submission of the technical due diligence report. The SCSI member or RICS regulated firm would not normally revisit a data room unless requested to do so by the client or their legal team.

The SCSi member or RICS regulated firm should consider what documents will need to be reviewed to complete the commission. These may include the documentation listed in section 11 of the TDD services in Appendix B.

- health and safety file;
- leases and licenses for alterations;
- fire risk assessments/fire safety certificates;
- planning approvals;
- protected building or conservation area status;
- building control approvals and completion certificates;
- asbestos documentation;
- access audits;
- building energy rating (BER) / display energy certificates (DEC);
- sustainability accreditation;
- SCSi Guidance Note titled: “Boundaries: Procedures for Boundary Identification, Demarcation and Dispute Resolution in Ireland, 3rd edition” (awaiting publication in Q1 2023) should be always followed if advice is being provided on these documents.
- folio / title maps, declarations of identity –
- other existing survey reports.
- structural alterations or works for which drawings may be available;
- guarantees in respect of the premises or its services;
- local issues (e.g. flooding or boundary disputes);
- items of fixed equipment likely to be removed by the occupiers;
- records of service agreements on items of plant;
- records of statutory undertaker’s accounts over a relevant period;
- records of the testing of life safety systems;
- health and safety matters;
- water hygiene and Legionella reports;
- environmental health reports;
- operations and maintenance manuals;
- radon tests;
- high alumina cement (HAC) tests;
- Agrément certification, DOPs, CE mark certificates;
- Wastewater system maintenance certification;
- Drawings are of great benefit but are not always available or, if they are, site staff may not know their whereabouts. If none are forthcoming, a good tip is to seek out a fire safety plan. This will often be available on site, and the surveyor may be able to copy or even photograph it. It may not be dimensionally accurate but will give a good outline plan of the premises;

4.5 Client requirements

Having a clear understanding of the client’s intentions for the premises is important, as there are a range of survey types that could be undertaken. Section 3 outlines the main survey types and offers direction for the SCSi member or RICS regulated firm in this regard.

The SCSi member or RICS regulated firm should establish why the client requires the information and advise a client on the various types of survey and professional services available. This may include specialist support from other disciplines. Where such specialists are to be appointed, their liability should be direct to the client in order to secure a direct contractual relationship. Where this is not the case and the appointment is as a subconsultant direct to the SCSi member or RICS regulated firm, the matter of liability needs to be clearly identified and defined.

4.5.1 Tenure information

The SCSi member’s or RICS registered firm’s ability to provide a definitive report may be severely compromised without a full copy of the lease and/or other title documents. They are key to determining the leasehold liabilities regarding the premises, particularly where the client is the occupier. Where documents are missing, have not been provided by the client, or where a review is outside of the scope of the appointment, the SCSi member or RICS regulated firm should make reasonable assumptions or appropriate exclusions and state what these are within the report.

4.5.2 Proposed use

The SCSi member or RICS regulated firm should request confirmation of the client’s intention in acquiring an interest in the building and any special requirements that the client may have. The SCSi member or RICS regulated firm should also understand how the client’s undertaking or operations will affect the premises and surroundings. It may be appropriate to consult an operational specialist in the field (possibly from the client’s own staff) to assist in the survey and report. If the client has intentions to physically alter the building, the SCSi member or RICS regulated firm should consider how this will affect a report on the existing property and advise the client to seek additional specialist advice as necessary.

4.5.3 Report format

The SCSi member or RICS regulated firm needs to agree the report format with the client.

If a short form report is to be used, this should be clearly stated in the instruction letter and in the scope of service. The short form report format should be pre-agreed with the client to ensure the content reflects their specific requirements.

The following questions should also be raised:

- Should photographs be included?
- Only electronic copies in PDF format are usually provided. If the client requires hard copies, how many should be provided and do these also need to be delivered by the agreed deadline?
- Are any copies to be issued directly to other parties authorised by the client, such as their agent or legal advisers?
- If hard copies of the report are being provided, how should the report be delivered, e.g. by normal post to an office address or by secure delivery to a named individual?
- Have contact details been confirmed of all those due to receive the report by email?
- Are costs for works or repairs identified in a report to be included? If so, how detailed do they need to be (set a minimum cost to be reported) and on what basis are they to be assessed? For further information on costings, see Appendix C.
- Specific exclusions and exclusions requested by the client to be noted.

4.5.4 Electronic data collection

There are several software programs available, and their use is becoming increasingly common, particularly with more simple or repetitive structures (Stock Condition Surveys) and for undertaking Planned Preventative Maintenance Schedules.

The SCSi member or RICS regulated firm should be satisfied that electronic data collection is suitable for the subject property and allows enough reflective thought from which to draw their conclusions and recommendations.

4.5.5 Coordination

Commercial surveys will typically involve a team of individuals (e.g. SCSi member or RICS regulated firm, engineers, environmental consultants, etc.) contributing to a single report.

Where these are appointed separately by the client, the SCSi member or RICS regulated firm should clarify with the client who will be responsible for coordinating these individuals. Whoever takes on this responsibility should expect that the client will make this clear to all the members of the team.

4.5.6 Time

In agreeing a time frame with a client, the SCSi member or RICS regulated firm should detail the time necessary to:

- carry out the various inspections
- complete research and tests
- prepare and submit an initial executive summary
- prepare and submit the draft report and
- amend and submit the final report, subject to responses to enquiries/additional documents supplied.

If the SCSi member or RICS regulated firm feels insufficient time is being allowed, they should notify the client and state a limitation within their report accordingly.

The SCSi member or RICS regulated firm needs to be aware that responsibility will remain with him or her when accepting instructions for quick 'walk-through' surveys that do not allow enough time for a full evaluation.

When accepting such instructions, SCSi members or RICS regulated firms should ensure clients are fully aware that compromising on the time allowed will result in a limited report that does not comply in all respects with this guidance note.

4.6 The property or premises (buildings, assets or facilities)

4.6.1 Location and size

It is important to precisely identify the areas to be covered within the survey.

The extent of the survey should also be confirmed in writing for large premises, where only part of the building or site is to be included. However, the SCSi member or RICS regulated firm should bring any obvious areas of inaccuracy or uncertainty to the client's attention.

4.6.2 Access

Confirmation that all areas of the building will be accessible and safe on the dates agreed for the survey(s) is advisable. It

is also important to check in advance whether roof access is available from within the building (i.e. roof hatches) for flat roof inspections, or whether separate ladder or platform access is required and needs to be organised, internally or externally, via a building manager or local contractor.

Tenant notice period or other access restrictions also need to be ascertained. The fee arrangements should detail the costs of return visits to sites if access is not available as expected.

Your report should detail clearly any limitations on access at the time of the inspection.

4.6.3 Occupation

The SCSi member or RICS regulated firm will benefit from knowing what parts of the building will be occupied as this may restrict the survey. For example, it may be that out-of-hours inspections will be needed for noisy or otherwise intrusive investigations. Similarly, the operational processes or activities being undertaken in the premises may bar the SCSi member or RICS regulated firm from specific areas at certain times.

The SCSi member or RICS regulated firm will benefit from knowing if the premises, or parts thereof, are vacant, derelict or unsafe. It is also important to establish any requirements for privacy of any party, or the need for a 'non-disclosure' or other confidentiality agreement.

4.7 Confirming the instruction

While it is possible to establish a contract verbally, the SCSi member or RICS regulated firm should ensure that any instruction is formalised in writing. Email or letter is acceptable and should include all the points covered in this section, and the points covered in section 4.1.

It is advisable for the SCSi member or RICS regulated firm to request that the client signs and returns a copy of the letter of confirmation to show acceptance of the terms and conditions of the engagement.

In the absence of any express clause, an SCSi member or RICS regulated firm is expected to carry out work with the skill and care reasonably to be expected of a competent person exercising the profession and skill in question.

4.8 Specialist consultants and their appointment

Undertaking a technical due diligence investigation, particularly on a large and/or complex property, can involve the need for several different consultants each covering their specific area of expertise and requirement under the regulatory framework of the country. It is unlikely that a single consultancy will be able to provide all disciplines required with exclusive in-house personnel. Therefore, on occasion, other specialist consultants will be engaged to assist with the technical due diligence process.

These specialist consultants are engaged primarily by one of three modes, or a combination:

- a by the lead consultant
- b directly by the client or
- c indirectly by the lead consultant on behalf of the client.

These three scenarios are considered in more detail at subsections 4.8.1; 4.8.2 and 4.8.3.

4.8.1 SCSi member or RICS regulated firm acting as lead consultant

Where a specialist consultant is to be engaged by a lead consultant via a sub consultancy agreement, the lead consultant should advise the client which aspects of the report will be undertaken by third party companies or individuals.

The SCSi member or RICS regulated firm should bear in mind the following general requirements to:

- provide the subconsultant with a comprehensive brief of the services required
- check the subconsultant's professional indemnity insurance cover
- be responsible normally for paying the fees of the subconsultant and
- ensure that the subconsultant accepts the same conditions as the lead consultant with the client and, if required, enter into a separate non-disclosure/confidentiality agreement with the client.

The lead consultant should obtain the client's written instructions to proceed with engagement of specialist subconsultants and to incur the amount of the additional fees involved if these were not included in the original fee proposal approved by the client.

The scope of the coordination role provided by the SCSI member or RICS regulated firm acting as lead consultant will normally involve some or all the following tasks depending on the circumstances of the project:

- assemble the consultant team and brief them on the project
- make arrangements for site access for the whole team
- obtain all documentation necessary for the investigation and channel requests for further information via one point of contact
- implement health and safety policy for all personnel under its control while on site
- liaise with all consultants during and after the site inspection(s)
- identify and advise the client of any 'deal breakers' from a technical perspective as soon as they are identified by the lead consultant or a subconsultant
- review progress of each consultant and provide input during all stages of the appointment and
- review and comment on draft and final reports.

Where any summary of the subconsultant's report is included in the TDD report, it should be referenced to the annexed report. In cases where credibility or reliability of information supplied cannot be supported, such information should not be used. Should the lead consultant find it necessary to change the subconsultant's report, agreement to the changes should be obtained from the subconsultant.

Instructions may come from term commission arrangements where contract details may have been agreed at some time in the past. These should be reviewed, and in such cases, care should be taken to ensure that the formalisation of individual instructions under a term commission is completed in each case (for example, purchase/works orders and pro forma approvals). The SCSI member or RICS regulated firm should ensure that the instruction is properly established and that a contract exists before starting the identified task.

The lead consultant should clarify the extent of liability for specialist subconsultant reports, whether the subconsultants are directly engaged. It would be appropriate to ensure that the level of detail included in the agreement with the client is at least replicated in any agreement with a specialist subconsultant or contractor, and it is recommended that PII cover is mirrored (this is not always possible, particularly with environmental consultants or smaller businesses). In circumstances where a subconsultant is appointed on behalf of the client, it should be stated that the SCSI member or RICS regulated firm is not responsible for the content of the report.

4.8.2 Engagement directly by the client

A client may wish to appoint a specialist consultant directly. In this instance, the client will issue a brief directly to the third-party consultant and meet the cost of their involvement. In this case the contract is between the client and the specialist consultant. Despite this direct relationship between the client and the specialist consultant, the SCSI member or RICS regulated firm may be asked by the client to treat the specialist consultant, and the reports produced, in the same manner as they would a subconsultant's report.

The SCSI member or RICS regulated firm should confirm with the client that they are not responsible for the content of the subconsultant's report.

4.8.3 Engagement indirectly by the consultant on behalf of the client

In many cases, the client would prefer the SCSI member or RICS regulated firm to coordinate and organise all subconsultants and act as lead consultant during the due diligence process. As a result, the client will require the appointment of subconsultants on their behalf to protect their direct contractual relationship.

The SCSI member or RICS regulated firm should establish the terms of the subconsultant's appointment and obtain client agreement, together with confirmation that payment of the subconsultant's fees will be covered.

The SCSI member or RICS regulated firm should confirm with the client that they are not responsible for the content of the subconsultant's report. If the report is included as an appendix this should be clearly stated.

4.9 Inspections carried out in countries outside the SCSI member's country of employment

It is important for SCSI members and to recognise that different countries have different property professionals undertaking similar services. Indeed, some countries have several professions performing the same, or parts of the same, service that an SCSI member may offer.

There are several key issues that should be established before taking instructions:

- SCSI members or RICS regulated firms should only accept instructions if these can be adequately resourced, standards maintained, and PII cover obtained.

- SCSI members or RICS regulated firms should assess each instruction and establish whether limited local knowledge will be a barrier.
- Many countries have legal barriers to operation, so SCSI members or RICS regulated firms should establish these before entering into a contract.
- There are legal differences, not only in other countries but also between federal states or regions within countries, and SCSI members or RICS regulated firms should acquaint themselves with the country's specific issues, preferably before accepting instructions.
- Some clients want their buildings compared to their own country's standards and regulations, or an ISO international standard, to provide a consistent benchmark and this should be stated in the client's instructions.
- Communication can be a barrier and there may be instances where it is essential to communicate in the local language in order to complete the instruction.
- SCSI members or RICS regulated firms should be aware of local law and legislation from commencement to the end of the project.
- When considering the calculation of costs for repairs in a different country, the SCSI member or RICS regulated firm should be aware of local building costs, professional fees etc.
- Value added tax (VAT), goods and services tax (GST) or country-specific tax issues are complex and should always be considered according to the specifics of a transaction, particularly where the service is being provided in a location outside the SCSI member's or RICS regulated firm's own country of employment. Ideally, specialist tax advice should be sought by the client.
- Exchange rates and bank transfer fees can have an impact on fees, particularly for longer term instructions. Base rates should be stated, and variants specifically included or excluded.
- The SCSI member's or RICS regulated firm's terms of engagement should state the jurisdiction applicable to the appointment.

5 The inspection

5.1 General principles

The extent of the inspection will depend on the purpose of the survey, the practical limitations in undertaking it and the intent of the report (see section 3). Significant areas not inspected should be clearly identified in the report, and a recommendation made for further investigation, should there be reasonable suspicion that notable defects or risks could exist.

The inspection requires a methodical approach to collecting the data in as great a depth as is practicable and appropriate under the conditions found on site.

Consider the inter-relationship of building elements and do not treat them in isolation. This is particularly important when inspecting a large and/or complex property where different SCSi members or RICS regulated firms and engineers are responsible for inspecting different elements.

Checklists can be used as they establish a logical basis for data gathering, however, SCSi members or RICS regulated firms should use professional judgement as, being generic documents, they may not cover all eventualities.

Likewise, the use of standardised data capture software needs to be used in conjunction with the SCSi member's or RICS regulated firm's own professional judgement.

5.2 Inspection, note-taking and reflective thought

Where an area or location cannot be accessed or inspected adequately, presenting 'best and worst' options can at least enable the client to consider the risk rather than leaving the matter unresolved. The client may appreciate an 'educated guess' rather than complete uncertainty, but where this approach is adopted, the SCSi member or RICS regulated firm should make it clear that assumptions have been made and should always separate fact from opinion when reporting.

The SCSi member or RICS regulated firm should take and keep a record of the site notes, sketch plans and photographs made at the time of the inspection. It is advisable not to attempt to write or dictate the final report during the inspection but to prepare it from the notes taken after appropriate consideration (reflective thought).

5.3 Health and safety considerations

The SCSi member or RICS regulated firm should conduct the inspection in accordance with the current edition of **Surveying safely: health and safety principles for the property professional**, RICS guidance note.

On identifying a risk to health and safety the SCSi member or RICS regulated firm should, as soon as practicable, report this to their client, building owner, manager and to a suitable person on site (or someone connected with the site) who may reasonably be expected to act on the information. An SCSi member or RICS regulated firm will be expected to exercise their professional judgement as to the severity and likelihood for harm and to act proportionately based on the information available at the time of the inspection.

5.4 Enquiries to be made on site

The SCSi member or RICS regulated firm should, where appropriate, ask to see copies of all documents held on site and on a data site. Such records may include:

- asbestos/hazardous materials register and management plan
- fire risk assessment, fire safety strategy and relevant permits
- accessibility audit
- statutory test certificates and
- any other statutory reports relevant to the jurisdiction.

SCSi members or RICS regulated firms should make enquiries with the on-site operations team or occupier to establish if they are aware of any issues with the building and engineering services. Relevant anecdotal information gained while on site should be corroborated by the client's legal team via the disclosure process following inspection if such information forms the basis of any conclusions drawn by the SCSi member or RICS regulated firm.

5.5 Building fabric

The elements of the building fabric that an SCSi member or RICS regulated firm inspects will be dependent on the type and complexity of the property. A typical elemental breakdown should include:

- roofs/balconies/canopies
- rainwater goods
- walls and cladding/facades
- windows, doors and joinery
- structural frame
- substructure/basement
- floors
- internal walls, ceilings, partitions and doors, including compartmentation for fire safety
- finishes
- internal and external staircases and
- sanitary and welfare facilities.

5.6 Building services

Under normal circumstances, the SCSi member or RICS regulated firm would not be expected to carry out a detailed assessment of the building services installations, as most of these would require a specialist. However, where a specialist is not appointed, the SCSi member or RICS regulated firm should perform a visual appraisal of the services sufficient to form an overall opinion of the apparent visible condition and age and the need for further investigation.

A disclaimer stating that only an SCSi member's or RICS regulated firm's visual inspection has been undertaken should be included in the report. Specialist engineers will provide a more detailed report on the condition of the services, and recommendations for their appointment should be given when appropriate.

Testing services does not usually form part of a standard technical due diligence report unless specifically requested by the client.

5.7 External areas

A brief description of external areas and associated features is usually required, and visible defects should be noted. Matters such as safety and accessibility require comment from the SCSi member or RICS regulated firm, as do those concerning the adequacy of car parking provision, lighting, signage, traffic calming, vehicle and pedestrian separation, and surfacing. Vehicular and pedestrian access to the site should be reviewed, including any estate roads, pavements, hardstanding's, service yards, turning areas, etc. including fire and rescue services access. The drainage provision to external areas should also be considered where possible from the visual inspection undertaken, but again it should be stressed that underground services will not be subject to specialist inspection and/or testing unless specifically instructed by the client.

The general shape and form of the grounds and extent of trees should be identified. Where possible, a description of boundary fences, gates and other accesses, walls and other structures can be given. The SCSi member or RICS regulated firm should identify the presence of invasive plants, such as Japanese knotweed and giant hogweed, as well as trees that on certain type of substrata could cause subsidence or direct root damage. Where appropriate, the SCSi member or RICS regulated firm should comment on the biodiversity of the site and note the existence (where known) of protected species. Where members decide not to comment on such issues, this should be set out as a limitation in their terms of engagement.

The property should be reviewed in the context of its surroundings and adjoining properties to identify potential neighbourly matters such as unadopted roads, shared or common areas, easements, wayleaves, nuisance, contaminative uses and potential conflicts. Overhead power lines or other evident sources of electromagnetic radiation such as telephone masts, communications systems, etc. should be identified.

5.8 Fire precautions

Where specialist and/or proprietary systems of fire protection are used, the SCSi member or RICS regulated firm should consider whether to recommend the procurement of specialist advice, especially if inadequacies are noted or suspected. In complex buildings such as shopping centres or sports stadiums, it may be necessary to involve a fire engineer to comment fully. The fire log or records of the regular testing and servicing of fire alarms, emergency lighting, fire extinguishers, sprinklers, smoke vents, fire curtains or shutters, etc. may also be reviewed by a specialist consultant.

The SCSi member or RICS regulated firm should aim to inspect any available fire risk assessments and statutory approvals, particularly when alterations have been made. Any discrepancies with the fire certificate or non-compliance with fire safety regulations, building regulations and the Fire Services Acts 1981 and 2003 (as amended) should be noted.

Consideration of fire precautions falls into three main categories:

- fire resistance, separation, smoke ventilation and compartmentation;
- means of escape, escape routes, signage and emergency lighting; and
- protection including detection, alarms, sprinklers and extinguishers.

The SCSi member or RICS regulated firm should be vigilant for adverse fire load materials such as the possibility of

combustible cladding (aluminium composite materials, aluminium composite panels, high pressure laminate, etc), and combustible insulation materials which may be concealed, and to recommend further tests, documentary evidence or expert advice obtained.

Testing does not usually form part of a standard technical due diligence report unless requested by the client, but the SCSi member or RICS regulated firm should comment on the presence or otherwise of these measures.

Please refer to Appendix A for further guidance on Fire Safety legislation.

5.9 Accessibility and inclusiveness

Many factors contribute to accessibility and inclusivity, but the most obvious is the built environment, which includes fixtures, fittings, furniture and equipment. Although a detailed access audit is not usually expected to be undertaken, it is helpful for the SCSi member or RICS regulated firm to identify significant barriers to access during an inspection, as they could have an impact on the commercial value of the premises or suitability for occupation without alteration.

5.10 Environmental considerations

5.10.1 Orientation and exposure

The SCSi member or RICS regulated firm should consider the orientation of the building to identify the possible effects of exposure to the prevailing wind or sunlight, as these could affect the performance and durability of the building fabric. Exposure to other factors, such as salt spray in a coastal location or industrial pollution, may also have a profound influence on the life or performance of the fabric and should be identified where particular risks exist.

5.10.2 Noise and disturbance

It is worth considering the effect of noise from external sources on activities within the subject property and its grounds. Noise (e.g. from aircraft, rail, traffic, adjoining properties and other sources) should be noted if it is significant at the time of inspection or could, from inspection, reasonably be anticipated. The sound insulation qualities of party (conjoining) structures may also need to be considered.

Installations that could cause occupier annoyance, e.g. heat rejection fans, should be considered. Noise from the subject property to the outside may also be noted as a potential

nuisance to adjoining properties and sites. This is particularly relevant to, for example, industrial premises. Any other possible nuisances (e.g. smells that are known to exist or have become apparent while carrying out the inspection) should also be reported.

5.10.3 Land contamination and environmental controls

The SCSi member or RICS regulated firm should consider whether an environmental or other specialist consultant is needed and advise accordingly. Where no environmental or other specialist consultant is appointed, the SCSi member or RICS regulated firm would normally be expected to provide general comment and recommend further advice be sought from a specialist where the inspection identifies visual evidence of:

- risk of fluvial and/or pluvial flooding, tsunami, tropical storm or erosion
- gases, such as methane or radon, where physical evidence is apparent
- electromagnetic fields due to proximity to electrical substations or pylons, mobile phone masts or satellite transmitters
- activities on site that may involve or generate potentially contaminative materials
- buried or above-ground fuel/oil storage tanks, vehicle refuelling stations and vehicle washes
- waste management on site
- risk of seismic activity
- illegal waste disposal
- mining activities, where physical evidence is apparent
- chemical and other storage including bunded enclosures
- pest control and
- invasive vegetation.

5.11 Deleterious and hazardous materials

The SCSi member or RICS regulated firm is expected to identify, from visual inspection or by reference to documents provided by the vendor, hazardous or deleterious materials relevant to the jurisdiction and, where appropriate, make recommendations for further inspection or testing.

5.12 Sustainability issues

When assessing the building, the SCSi member or RICS regulated firm should have due regard to sustainability

including (but not limited to) environmental labelling, local sustainability rating systems and energy performance as dictated by the brief.

Bearing in mind the RICS Sustainability and ESG in commercial property valuation and strategic advice Guidance Note 2022, the surveyor should review the various aspects of the building in the light of its position in the property life cycle and make recommendations based upon sustainable practice.

- Protection of the environment including the sky, earth, life, water and air
- Conservation of resources – Fossil fuels replaced with renewable energy systems and green energy practices
- Include different types of renewable options – solar/geothermal/biomass/landfill gas/wind/hydro etc.
- Consider providing recommendations for photovoltaic panels, solar panels, air to water heat pumps, etc.
- Water systems – rainwater harvesting for toilets, sprinkler system etc. Upgrading drainage in accordance with Sustainable Drainage systems (SuDS)
- Repair existing materials when possible and in accordance with good conservation principles.

The SCSi has produced a useful guidance note 'Life Cycle Costings' which is available for free member download at www.scsi.ie.

Where applicable the surveyor should try and confirm if the building has been awarded any sustainability accreditations. Where an accreditation has been provided for a property, appropriate certification should be sought to confirm.

5.13 Cultural heritage

The SCSi member or RICS regulated firm should identify whether the building and its surroundings are of historic importance or subject to statutory protection. See appendix A for further detail.

5.14 Legal and title issues

Where the inspection reveals areas of concern or relevance to legal and title issues, these should be highlighted as early as possible. The SCSi member or RICS regulated firm should consider protected structures and/or natural features, antiquities, trees, etc. together with planning/building consents, permits or approvals, and neighbourly matters, etc. where information is available for review, and to make appropriate recommendations for further investigations or referral to the client's legal team. This is a matter covered by the SCSi GN Boundaries: Procedures for Boundary Identification, Demarcation and Dispute Resolution in Ireland, 3rd edition (Awaiting publication in Q1 2023)

5.14.1 Guarantees and warranties

If, during an inspection, there is reasonable evidence to suggest that the client could derive benefit from a guarantee, warranty, or collateral warranty (or other third-party rights), the SCSi member or RICS regulated firm should bring this to the attention of the client for referral to the client's legal team.

5.14.2 Rights of way, Easements and shared services

The SCSi member or RICS regulated firm is expected to consider matters that are reasonably apparent from site inspection that could affect the use, ownership or occupation of the land or property such as boundary issues, shared services, rights of access, common areas, rights of way, etc, and should bring these to the attention of the client for referral to the client's legal team.

Examples of issues to be described might include:

- tenure;
- flying or submerged freeholds;
- evidence of multiple occupation, tenancies or sub lettings;
- indication of possible trespass;
- suggestion of possible rights of way;
- arrangements in respect of private services;
- adoption status of all abutting roads and footpaths;
- status of the rights of way and all maintenance and repairing liabilities, where private access roads or footways are present;
- common or shared areas and services that may be the landlord's responsibilities, but are subject to a service charge or management fee;
- availability and status of all service connections;
- rights of light; and
- restrictions to occupation.

5.14.3 Leasehold and repairing liabilities

Unless otherwise agreed, the SCSi member or RICS regulated firm is not expected to undertake a detailed review of the lease(s) or leasehold structure. However, the SCSi member or RICS regulated firm should state any assumptions that have been made as to recoverability of costs or other relevant matters.

It may also be appropriate to comment on the landlord's or tenant's compliance with repairing obligations and reinstatement provisions at lease-end, having regard to the client's brief.

6. The Report

6.1 General guidance

The level of detail should reflect the agreed instruction, and it is recommended that these be restated within the report or the letter confirming instructions appended to the report.

In the final report, the SCSi member or RICS regulated firm should identify:

- what, if anything, is wrong
- what are the consequences
- what repairs are recommended
- when the repairs should be completed
- who is responsible for the cost of repair and
- whether further investigations are recommended and when (e.g. pre- or post-acquisition).

6.1.1 Time frame

When reporting, the following time periods are generally accepted, although some clients may have their own, and so time frames should be identified to avoid any ambiguity:

- **Immediate:** requires attention as soon as practically possible.
- **Short term:** within one year.
- **Medium term:** between two and five years.
- **Long term:** between six and ten years.

6.1.2 Risk ratings

Risk ratings in reports are desirable. The use of a red, amber and green flag (RAG rating) system is commonplace and intuitive, but, if used, a risk rating should be defined clearly in order to avoid any doubt as to meaning and importance.

6.2 Report layout

SCSi recognises that SCSi members or RICS regulated firms may have their own report templates and formats and it is therefore not the intention to provide detailed specific guidance in this respect. However, reports should be presented in a logical, clear and succinct manner compliant with the client's instructions.

6.3 Report contents

6.3.1 Executive summary

The executive summary provides the main findings, including recommendations for further testing, further vendor enquiries required, programming future repairs and any technical issues pertinent to the client's investment in the property. Reference should be made to reliance on the main body of the report, and any appended specialist reports, costings and additional analysis yet to be produced.

The summary provides clear, logical, simple and readable advice to the client. The principal considerations, subject to the client's brief and scope may include:

- the nature of the property, the proposed development or the existing construction, age and design
- the adequacy of the structure and fabric
- the adequacy of building services
- a comparison of the condition of the subject property with others of similar age and style
- conformity with current requirements, including statute, civil and lease obligations
- operational performance
- special client requirements (as defined at the briefing stage)
- a comparison of the standards and quality of the property with accepted/institutional benchmarks and the apparent suitability to meet the client's requirements
- main areas of concern, deficiency, defect or non-compliance
- any repairs, upgrades, replacements, further investigations or statutory inspections and
- estimated costs of remedial works or recommended actions.

The summary should highlight any further tests or inspections to be undertaken and enquiries to be made to the vendor before legal commitment is made by the client.

6.3.2 Introduction

The client's instruction should be repeated in the report, alongside:

- details of the date of inspection(s)
- The SCSI member's or RICS regulated firm's specialist(s) involved in the survey
- weather conditions
- occupancy at the time of inspection
- names of persons providing information during the inspection limitations, including copyright and conditions noted in the terms of engagement

All areas of the property or facility need to be clearly identified and illustrated by photographs, plans or grid references, or alphabetical or numerical systems, as applicable. Location and/or lease plans can be included, indicating the extent of the demise. It is also prudent to include the property reference/postal address on each page of the report. Other points that may be included are:

- What documents were reviewed by the SCSI member or RICS regulated firm, either on site or via a data room and whether these will be retained on the SCSI member's or RICS regulated firm's files and for how long.
- Any limitations by the SCSI member or RICS regulated firm for the transfer of liability to third parties.
- Whether any discussions were held with the client, owner(s), tenant(s) or others at the time of the visit and/or immediately afterwards.

6.3.3 Scope of Survey

- those parts of the building not accessed during the inspection and recommendations for future access (including the risk of not gaining access) and
- restrictions caused by finishes, fitted or heavy furniture or occupation, etc.
- Where a limited inspection of a building with multiple units was undertaken it should be noted which units were inspected.

6.3.4 Description of the property

A description of the property should include:

- type
- general design
- principal elements of construction
- age
- size
- date of substantial modifications and
- historical status and current use.

A description of the building engineering services may also be provided.

Accommodation can be briefly described to include current use of the property, broken down into specific areas as necessary. A list of approximate areas may be included as appropriate and reference made to the current edition of **SCSI Measuring Practice Guidance Note**.

For leasehold property it is recommended that the tenure be described, including extent of the term and any repairing or significant or onerous obligations under the lease.

The location of the property within the road, shopping centre, industrial estate, etc. should be noted, including comment on main physical features of the site, outbuildings, topography landscaping and boundaries. The description should include the full address of the property.

6.3.5 Elemental condition

This is the main section of the report and details the condition and significant defects. A description of condition and extent of defects may be supplemented with photographs and sketches. Technical language is used to express the findings clearly. Consider formatting the sections in the same sequence as the inspection previously detailed in section 5.5, i.e.:

- roofs/balconies and canopies
- rainwater goods
- walls and cladding/facades
- windows, doors and joinery
- structural frame
- substructure/basement
- floors

- internal walls, ceilings, partitions and doors
- finishes
- internal and external staircases
- sanitary fittings and welfare facilities
- building engineering services installations and
- external areas, outbuildings and boundaries.

An assessment of the building type may be included, as well as the construction and materials of the property. Materials and building practices specific to the locality of the property should be reported.

The structure may be described in detail, including type of frame (reinforced concrete, steel or timber) as applicable, a description of main supporting members from roof to foundations and how the load is transferred through the building to ground. Comment may include the effect of alterations on the structure, any movement and future risks.

Each element (e.g. floors, walls, doors) is separately discussed, including a description, current condition, suitability for anticipated use and explanatory note of the cause of any defect. Legislation, health and safety, fire precautions, energy conservation, insurance, security and other pertinent issues may be listed. Questions for the client's legal advisers may be highlighted, for example, clarification of demise, construction warranties available and other matters.

6.3.6 Certification/quality assurance

The report should be signed and dated by the SCSi member or RICS regulated firm who undertook the survey and completed the report. It is also recommended that a record of third party (internal peer) checking has been undertaken. All appended specialist reports should be signed or certified.

6.3.7 The appendices

The appendices may form a significant part of the report, subject to the client's requirements.

Photographs are generally included, either as an appendix or in the body of the report. The appendices may also comprise other supplementary information, such as:

- schedule of defects and/or repairs with budget costs
- reinstatement cost assessment
- specialist reports, including but not limited to material testing, an area measurement report, a boundaries report, structural engineer's report and the building's services report
- environmental assessment – Phase 1 as a minimum, Phase 2 if available and
- scope of service and standard limitations.

This list is not exhaustive, and the content may vary between countries and jurisdictions.

Appendix A

Legislation Specific to Ireland

This Appendix has been prepared to give the reader a basic understanding of relevant legislation relating to a TDD inspections in Ireland. It is not intended to be a comprehensive list of all relevant legislation, nor is it intended to be a checklist for items to be assessed. The person undertaking the inspection is expected to be competent and use reasonable judgment.

It is important to note that a TDD report **is not** an Opinion of Compliance or a guarantee the building has been constructed with the relevant legislation, nor should it be construed as such, in many cases the person undertaking the inspection have not had sight of the relevant documentation. An Opinion of Compliance should be furnished as part of any transaction.

Planning Permission

Typically, we would expect that a planning search and confirmation of payment of planning contributions to be undertaken by your client's legal advisor.

Any commentary made on Planning Regulations should be based on a high-level review, and any assumptions made should be noted within the report.

The first planning law introduced in Ireland was the Local Government (Planning and Development) Act, 1963, following on from this the Planning and Development Act was introduced in the year 2000.

The Planning and Development Act introduced Protected Structures and Conservation Areas.

Building Bye Laws

Prior to the enactment of The Building Control Act 1990, planning and building regulations were dealt with through Building Bye Laws. These were not a harmonized standard across Ireland and different local authorities had different requirements.

Building Regulations

The Building Control Act 1990 and subsequent regulations required all new buildings to go through an approval process by way of application to the local Building Control Authority for a Fire Safety Certificate. A Fire Safety Certificate is an approval of the fire safety design of a building prior to construction.

A Disability Access Certificate has been required in all new buildings other than dwellings since 01 January 2010. It is typically needed where a Fire Safety Certificate is required and follows a similar process to obtaining a Fire Safety Certificate, whereby an application is submitted to a Local Building Control Authority. A Disability Access Certificate is an approval of the design prior to the construction.

Since 01 March 2014 the Building Control (Amendment) Regulations commonly known as BC(A)R do require mandatory appointments of a competent professionals, such as Registered Building Surveyor, Registered Architect and Chartered Engineer, to Design, Inspect and Certify construction works. Please refer to 'Code of Practice For Inspecting and Certifying Buildings and Works' for further details.

When carrying out a TDD of a property where construction works have been undertaken since the enactment of BCAR, it would be prudent to seek confirmation that the building has been included in the statutory register. Additionally, it would be good practice to seek other statutory and ancillary documents that were submitted on the Building Control Management System (BCMS) website. These documents may include, Appointment of Builder / Assigned Certifier, Certificate of Compliance at Design, Undertaking by Builder / Assigned Certifier, Form of Commencement Notice, Preliminary Inspection Plan, List of Supporting Documents, Certificate of Compliance on Completion signed by the Builder and by the Assigned Certifier, Inspection Plan as Implemented, Granted Fire Safety Certificate and Granted Disability Access Certificate. This is not a comprehensive list.

An Opinion of Compliance with Building Regulations should be furnished for any works undertaken prior to the enactment of BCAR. Copies of Granted Fire Safety Certificates and Disability Access Certificates should be sought were relevant. It would be good practice for copies of the drawings and reports that

¹ <http://www.housing.old.gov.ie/housing/building-standards/building-regulations/code-practice-inspecting-and-certifying-buildings>

would have accompanied the Fire Safety Certificate and Disability Access Certificate application to be made available.

Fire Safety

If a Fire Risk Assessment is required by the client, it should be undertaken by a competent professional and included within the Appendix. Where high-level shortcoming is noted with Fire Safety in a building, they should be noted in the report along with any assumptions made and recommendations to remediate the defect.

In Ireland the primary piece of legislation in relation to fire safety is the Fire Services Act 1981 and 2003. Section 18(2) places several duties on persons having control over a premises including, to take all reasonable measures to guard against the outbreak of fire, provide reasonable fire safety measures and procedures and to ensure as far as is reasonably practicable the safety of persons on the premises in the event of an outbreak of fire.

Under Section 19 of the Act, a building can be considered as 'potentially dangerous' under a number of headings including, for example, if it has inadequate or no provisions are in place with regard to a range of fire safety measures including:

- Automatic detection and warning of fire (fire alarm)
- Emergency Lighting
- Fire protection of escape routes and structure
- AOVs (Automatic Opening Vents in multi storey buildings)
- Fire compartmentation of the building
- Access for fire brigade
- A range of other matters

Access

Under the terms of the Equality Status Acts 2000-2018 employers and service providers are required to take steps to make reasonable changes (also known as 'reasonable accommodations') involving no more than a 'nominal cost' which is dependent on the resources of a particular service provider/employer to avoid discrimination.

Health & Safety

The Safety, Health and Welfare at Work Act 2005 states that employers must ensure, as far as is reasonably practicable, the safety, health and welfare at work of all employees and others present at the place of work. Employers are required to carry out Risk Assessments for all Health and Safety issues,

including emergency egress, and to record these in the Safety Statement.

All works carried out since the 6 November 2006 would require the collation of a safety file, this would typically include construction drawings, specifications, bills of quantities, equipment and maintenance records, location of utilities and operation and maintenance manuals. It would be good practice for these to be provided as part of any transaction, however we appreciate they are often not available.

Where issues with health and safety were noted on site, they should be included along with any recommendations to remediate the issue.

Building Energy Rating (BER) Certificate and advisory report

A BER certificate and advisory report are required under the following circumstances:

- The building owner must obtain a BER before a new building is occupied for the first time regardless of whether it is offered for sale or rent.
- When a new or existing building is offered for sale or rent the seller / renter must provide a BER to prospective buyers or tenants.
- Display Energy Certificate (DEC)
- DEC's are to encourage public building owners to adopt energy efficiency measures, by displaying their energy performance and are required in the following circumstances:
 - a building other than a dwelling, which is occupied by a public body, has a total useful floor area greater than 250 m², and is frequently visited by the public
 - a building other than a dwelling, which has a total useful floor area greater than 500 m², and is frequently visited by the public

Nearly Zero Energy Building Standard (NZEB)

The NZEB standard will apply to all new buildings occupied after the 31 December 2020. For Public Sector bodies, the standard will apply to all new buildings owned and occupied by the 31 December 2018.

For all new builds, an equivalent to a 60% improvement in energy performance on the 2008 Building Regulations is required. This means an improved energy performance for the fabric, services and lighting specification. It also introduces a mandatory requirement for renewable sources. The renewable

sources must in general provide 20% of the primary energy use, however there is flexibility where the building is more energy efficient than the regulations. This typically corresponds to an A3 Building Energy Rating.

For existing buildings, major renovation is where “more than 25% of the surface area of the building envelope undergoes renovation”. This will require that the building is brought up to cost optimal level, which is defined in the building regulations as:

- Upgrade Heating System more than 15 years' old
- Upgrade Cooling and Ventilation Systems more than 15 years' old
- Upgrade Lighting more than 15 years old.

Carbon Usage and Reduction

Ireland aims to be climate-neutral by 2050, i.e. an economy with net-zero greenhouse gas emissions. This objective is in line with the [European Green Deal](#) and the EU's commitment to global climate action under the [Paris Agreement](#).

Appendix B

Technical Due Diligence Services

For use with the SCSI Short Form of Consultant's Appointment for Designated Services

Additional notes

- These Services should be completed by inserting a 'tick' in the box next to the Service to be provided. For further information, please refer to the SCSI Short Form of Consultant's Appointment for Designated Services explanatory notes (expected in Q2 2023).
- All other Services that are not ticked shall be deemed to be Additional Services under the terms of this Appointment.
- Any bespoke Additional Services agreed between the Client and the Consultant should be inserted in Section 15.
- A schedule of 'typical' meetings is included with these Services in Appendix B. Completion of this schedule is also recommended.
- Refer to the current edition of the RICS guidance note Building surveys and technical due diligence of commercial property.
- A technical due diligence report may also be referred to as a 'Building condition inspection', 'Building survey', 'Pre-acquisition survey' or 'Vendor survey'.
- This Appendix is exclusive of vital boundary checks for the purpose of defining and confirming the extent of any property. Where such is required the advises of an experienced/competent professional should be sought and the SCSI Guidance Note titled: "Boundaries: Procedures for Boundary Identification, Demarcation and Dispute Resolution in Ireland, 3rd edition"(awaiting publication in Q1 2023) should be always followed.

1 General

- 1.1 Attend Client, Site and other meetings as provided under this Appointment.
- 1.2 Liaise with the Client and the Client Team to determine the Client's initial requirements and to develop the Client's Brief. Establish review, approval, variation and reporting procedures. Prepare recommendations for the Client's approval.
- 1.3 Advise the Client on specialist services, including specialist consultants and contractors.

2 Technical due diligence report

2.1 Provide a technical due diligence report for (tick to confirm purpose):

- 2.1.1 Building leasehold or freehold acquisition for occupation.
- 2.1.2 Building long leasehold or freehold acquisition for investment.
- 2.1.3 Refinancing.
- 2.1.4 Vendor survey.

Note: The building or property will be inspected from ground level or by using accessible means of entry. The roof will be accessed if safe to do so. No opening up of concealed parts will be undertaken unless specifically referred to.

3 Building(s) access

- 3.1 Conduct a visual inspection of the building's structure and fabric internally for the purpose of producing the technical due diligence report.
- 3.2 Conduct a visual inspection of the building's structure and fabric externally for the purpose of producing the technical due diligence report.
- 3.3 Conduct a visual inspection of external Site areas and the boundaries of the building(s) for the purpose of producing the technical due diligence report with reference to the SCSI Boundaries GN where applicable.
- 3.4 Conduct a visual inspection within raised access floor voids in isolated sample locations, provided access is readily available.
- 3.5 Conduct a visual inspection above proprietary suspended ceilings in isolated sample locations, provided access is readily available.

4 Access

- 4.1 Inspect the external elevations from ground level, accessible roofs and other suitable vantage points using binoculars.
- 4.2 Inspect the external elevations and roofs using high level access platforms/cherry pickers.
- 4.3 Inspect the external elevations using window cleaning cradles. A qualified operator for the window cleaning cradles to be provided by the Client or Vendor.

- 4.4 Inspect the external elevations and roof using an unmanned aerial vehicle (UAV).
- 4.5 For large and/or repetitive buildings, such as hotels or apartments, agree with the Client the number.

5 Statutory compliance

- 5.1 Undertake a high level review to ascertain whether the building(s) complies with legislation relevant to the use of the building and provide a brief report. (Note: This is not a full statutory compliance or access audit.)
- 5.2 Undertake a high level review to ascertain whether the building(s) has any obvious deficiencies with the requirements of the Equality Act 2010, the Building Regulations and other pertinent regulations or statutes, relevant to the use of the building(s) and provide a brief report.
- (Note: This is not a full statutory compliance or access audit.)

6 Building services inspection

- 6.1 Undertake a high level building surveyor's cursory visual review of building services to ascertain those present and highlight any obvious defects and need for further specialist inspections.
- 6.2 Conduct, or procure a mechanical and electrical services engineer to conduct, a visual inspection of the mechanical, electrical and public health services installations. Incorporate inspection findings into a report. (Where the inspection is not undertaken by the Consultant, the mechanical and electrical services engineer is to be employed by the Client.)
- 6.3 Conduct, or procure a vertical transportation engineer to conduct, a visual inspection of the lifts, dock levellers and/or escalator installations. Incorporate inspection findings into a report. (Where the inspection is not undertaken by the Consultant, the vertical transportation engineer is to be employed by the Client.)

7 Environmental and site factors

- 7.1 Indicative review of the extent to which the building(s) might be exposed to environmental hazards such as flooding, above ground fuel tanks or chemical stores, exposure to electromagnetic and microwave radiation, invasive vegetation, vermin/protected species, seismic activity and other relevant factors.

8 Environmental (phase 1) audit

- 8.1 Implement or procure an environmental consultant to conduct a desktop search for potentially contaminative uses of the Site and nearby land, confirming a contamination risk rating. Incorporate findings into a report.

(Where the desktop search is not undertaken by the Consultant, the environmental consultant is to be employed by the Client.)

- 8.2 Implement or procure an environmental consultant to conduct a desktop search and Site walkover to visually identify potentially contaminative uses of the Site and nearby land, confirming a contamination risk rating. Incorporate findings into a report. (Where the desktop search and Site walkover is not undertaken by the Consultant, the environmental consultant is to be employed by the Client.)
- 8.3 Conduct or procure an environmental consultant to undertake a third party peer review of environmental audits provided by the Vendor. Incorporate peer review findings into a report. (Where the inspection is not undertaken by the Consultant, the environmental consultant is to be employed by the Client.)

9 Sustainability

- 9.1 Conduct or procure a sustainability consultant to undertake a sustainability audit of the building(s). Incorporate audit findings into a report. (Where the sustainability audit is not undertaken by the Consultant, the sustainability Consultant is to be employed by the Client.)

10 Additional Services and specialist instructions

- 10.1 Prepare a RCA for insurance purposes on a 'Day one' basis using published cost data such as that produced by the Building Cost Information Service. Refer to RICS Reinstatement Cost Assessment Services.
- 10.2 Procure an asbestos specialist to inspect, take samples, test samples and confirm the presence of asbestos. Incorporate inspection findings into a report. (The asbestos specialist is to be employed by the Client.)
- 10.3 Conduct or procure a fire engineering specialist to undertake a fire safety assessment of the premises, which will include the review of all available compliance documentation. Incorporate assessment findings into a report. (Where the fire safety assessment is not undertaken by the Consultant the fire engineering specialist is to be employed by the Client.)
- 10.4 Conduct or procure a materials testing specialist to inspect, take samples, test and issue a report to confirm the existence of high alumina cement concrete, calcium chloride concrete additives, the extent of concrete carbonation and/or such other specialist concrete testing as may be agreed with the Client beforehand. Incorporate concrete inspection findings into a report. (Where the concrete inspection is not undertaken by the Consultant, the materials testing specialist is to be employed by the Client.)

- 10.5 Conduct or procure a building façade engineer to conduct a specialist inspection and report on the building's cladding systems. Incorporate inspection findings into a report. (Where the inspection is not undertaken by the Consultant, the building façade engineer is to be employed by the Client.)
- 10.6 Conduct or procure a structural engineer to conduct a structural review of the building and provide comment. Incorporate review findings into a report. (Where the inspection is not undertaken by the Consultant, the structural engineer is to be employed by the Client.)
- 10.7 Conduct or procure a drainage contractor to conduct a CCTV survey of accessible underground drainage runs relevant to the property. Incorporate the CCTV survey findings into a report. (Where the CCTV survey is not undertaken by the Consultant, the drainage Contractor is to be employed by the Client.)

11 Documentation review – during inspection

11.1 Review of the following relevant documents:

- 11.1.1 planned preventative maintenance schedules
- 11.1.2 statutory compliance documentation
- 11.1.3 health and safety files or other relevant constructional information
- 11.1.4 operating and maintenance manuals
- 11.1.5 fire risk assessment
- 11.1.6 asbestos management plan
- 11.1.7 access audit.

And in addition, where relevant to the Additional Services scheduled in section 10:

- 11.1.8 air conditioning inspection reports and
- 11.1.9 energy performance certificates.

For the purpose of incorporation of findings into the technical due diligence report.

(This list is not exhaustive but indicates typical information that should be held on-site.)

12 Documentation review – post inspection/desktop

12.1 Review the relevant legal documentation provided by the Client's legal advisers:

- 11.1.1 planned preventative maintenance schedules
- 11.1.2 statutory
- 12.1.3 leases, subleases and alterations licences
- 12.1.4 party wall awards.

For the purpose of incorporation of findings into the technical due diligence report.

(This list is not exhaustive but indicates typical information that should be provided by the Vendor.)

13 Maintenance and cost reporting

- 13.1 Provide a schedule of repairs. Using approximate quantities, provide a budget cost estimate for repair works required to remedy identified defects with the building structure, fabric and services (if appropriate) identified at the time of inspection. This would exclude cyclical maintenance costs unless otherwise agreed with the Client. Recommend time period for repairs to be completed. Agree with the Client a minimum value of the cost of repairs.
- 13.2 Provide a schedule of potential capital expenditure items. Agree time period to be addressed by the schedule.
- 13.3 Provide an estimated cost for Client of notified improvements.

14 Report delivery

- 14.1 Confirm by telephone and/or email, within 48 hours of inspection, the main findings of the Consultant and summarise main findings within a draft executive summary document.
- 14.2 Provide a PDF copy of the technical due diligence report to the Client electronically by email or via download from nominated internet site.
- 14.3 Provide hard copies of final version of report. Agree number required and its distribution.

15 Bespoke Additional Services

- 15.1 Enter or attach bespoke Additional Services agreed with the Client.

Schedule of meetings to be attended by the Consultant

1 Client meetings

Attendance: Partner Director Associate Project surveyor
 Other (please specify) _____

Frequency: Daily Weekly Monthly Quarterly
 No attendance required Other

Please specify requirements: _____

2 Project team meetings

Attendance: Partner Director Associate Project surveyor
 Other (please specify) _____

Frequency: Daily Weekly Monthly Quarterly
 No attendance required Other

Please specify requirements: _____

3 Site meetings

Attendance: Partner Director Associate Project surveyor
 Other (please specify) _____

Frequency: Daily Weekly Monthly Quarterly
 No attendance required Other

Please specify requirements: _____

4 (Other) meetings

Attendance: Partner Director Associate Project surveyor
 Other (please specify) _____

Frequency: Daily Weekly Monthly Quarterly
 No attendance required Other

Please specify requirements: _____

Appendix C

Capital Expenditure (CAPEX) Forecasts

Cost estimates associated with due diligence are generally concerned with capital expenditure (CAPEX) forecasts, normally reflecting a 5 or 10 year planning period which is agreed with the client. Hence, these estimates are typically indicative only and are provided as an “order of magnitude cost allowance” for specifically identified works. Items of work are often not fully described or detailed reflecting the high level nature of the assessment, the amount of information available and the purpose for which they are prepared. Consideration should be given to any pre-existing CAPEX records or budgets, where available.

On occasions and as specifically agreed with the client, CAPEX forecasts may be estimated on the basis of being undertaken as part of a major upgrade or refurbishment. Under such circumstances more details should be prepared or sought regarding the scope of works, design, specifications and programme.

Further, any assumptions or exclusions material to the CAPEX forecasts should be stated. These could include but are not limited to details of:

- (a) preliminaries, builders’ margins, overheads or contingencies;
- (b) negotiated, staged or other special forms of contract;

- (c) approval, consents or compliance orders;
- (d) costs associated with further investigations;
- (e) professional/consultant fees for further investigation and testing, design, documentation and management of rectification works, or any resulting change in the scope of rectification works;
- (f) costs associated with the relocation, temporary accommodation, disruption to business or loss of profit of the building owner or tenants;
- (g) work outside site boundaries;
- (h) goods and services tax (VAT);(i) future escalation; and
- (j) out of hours working and inflation.

Costs would normally be rounded to the nearest €500 or €1,000 and would therefore not include ‘day to day’ routine maintenance nor would the costs be suitable for use as a projected planned maintenance plan. Consideration should also be given to including a threshold of materiality, whereby items below a certain value are not considered, however this should be outlined in the notes below the cost table and included in the terms of engagement as required.

In addition commentary on OPEX costs would not normally be provided and should be stated that they are excluded.

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www.scsi.ie

Society of Chartered Surveyors Ireland,
38 Merrion Square,
Dublin 2, D02 EV61,
Ireland.

Tel: + 353 (0)1 644 5500

Email: info@scsi.ie