Are your reports RICS compliant?

Co-authored by:

VALOS

Valuology
Reducing Valuation Risk

Table of Contents

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About the Authors

The following checklist is a joint initiative between Valos and Valuology to provide clarity, transparency, and insights into how valuers can ensure compliance with the RICS Red Book. More information is provided about the two companies below.

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Valos is the industry standard used by hundreds of valuers across the UK, automating the production of property valuation reports, improving accuracy and cutting production time from days to minutes.

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Valos is a software platform built by valuers for valuers. Valos incorporates technology to automate the gathering of statutory enquiries and aid in report templating and writing to empower valuers to focus on their core expertise.

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How can Valuology help your valuation business?

Valuology can help if you are looking to review any of your valuation documentation.

Our goal is to ensure you can provide the information needed by your clients with minimum complexity, whilst adhering to the RICS Red Book and other relevant guidance.

About Valuology:
Valuology helps organisations and firms ensure that their valuation policies and procedures are best in class and reflect globally accepted standards of professionalism.

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Checklist: Are your reports RICS compliant?

This checklist is based on the list of matters in the Global Red Book that RICS require members to include in their valuation reports and follows on from our first checklist titled, "Are your Terms of Engagement RICS Compliant" which you can download **here.**

Previously, the list of matters was contained within VPS3 but this is changing to VPS6 in the 2025 edition. The list includes all the requirements that appear in the International Valuation Standards (IVS) together with additional matters required by RICS.

The overriding principles of VPS6 are that the report must:

- clearly and accurately set out the conclusions of the valuation in a manner that is neither ambiguous nor misleading, and which does not create a false impression
- deal with all the matters agreed between the client and the valuer in the terms of engagement and agreed scope of work

Although VPS6 goes on to list seventeen matters that must normally be included in a report, this does not imply that a report must be long and detailed. Many of the requirements can be dealt with in a few words or sentences. Some of them are overlapping, especially those concerned with investigations and information relied on.

While many clients expect and need detailed descriptions of the location, the property, statutory information, market conditions, comparables relied on etc, these are only mandatory under the Red Book if it has been agreed that these will be provided in the terms of engagement. In other cases, the client may require a report format that does not include all listed requirements. VPS6 1.4 permits this, but only if the items omitted are addressed in the terms of engagement or service agreement.

The seventeen matters that must normally be addressed in a valuation report range from a simple single item such as the valuation date, to more complex requirements with multiple components. The order in which they appear in VPS6 has more to do with the chronology of when they were first introduced than any logical presentation for a reader, and this can, and should, be varied if it helps in achieving the overriding principles set out above.

In this checklist we have grouped the requirements as follows:

- Part 1 – What has been valued for whom and why
- Part 2 – Who has done the valuation
- Part 3 – What has been done
- Part 4 – The Valuation Conclusion

What has been valued for whom and why

#	Requirement in VPS6 2.2	Explanation	√
1	n/a	Although not specifically included in the list of report contents, VPS6 does frequently require the report to refer to the terms of engagement and any agreed amendments, so it is good practice to open the report with a summary of the instructions and to annexe a copy of the agreed terms and/or the scope of work.	☐
2	n) Date of valuation report	Although it is near the end of the list of mandatory requirements in VPS6, it is normally on the cover (if any) and/or the front page of the report along with the addressee, we consider it more logical to include it at the beginning of our checklist.	☐
3	d) Identification of the asset(s) or liability(ies) valued	Identify what you have valued. In the case of real estate, it is not the physical land or building that you are valuing but an interest in it, e.g. freehold or leasehold so it is as important to identify the interest as it is the physical property. VPS6 has specific requirements in 2.2 (d) where the asset valued is: • held and used in conjunction with other assets, • a fractional interest in an asset, • part of a portfolio	☐
4	b) Identification of client(s)	VPS1 requires the client, i.e. the persons or body that may rely on the valuation, to be dealt with in the terms of engagement. The Red Book advises that the default position should be that your valuation cannot be relied on by third parties, i.e., parties other than the named client(s) unless agreed otherwise. Whatever has been agreed should be repeated in the report, including any limitations on reliance to designated third parties. The addressee of the report may differ from the client, e.g. where the valuation is commissioned on behalf of third party, so care is needed.	☐

5	p) A statement setting out any limitations on liability that have been agreed.	The limits on liability are linked to the limits on who may rely on the report so logically follow on from confirmation of the client(s). Although firms will normally include a default liability cap in their standard terms of engagement, this, or any agreed amendment, must be expressly mentioned in the report.	☐
6	j) Restrictions on use, distribution and publication of the report.	Although presented as a separate requirement in VPS6, it is cross-referenced with b) above and logically sits with the reliance restrictions. Although VPS6 contains a long list of considerations where it has been agreed that a report, or a published reference to it has been agreed, consistent with b) above the default should be that no distribution, disclosure or publication is permitted without the valuer's express consent. This needs to be made clear in the report itself as well as the terms of engagement.	☐
7	c) Purpose of the valuation	This should be included in the terms of engagement and must be repeated in the report along with a statement that it may not be suitable for any other purpose.	☐

PART 2

Who has done the valuation

#	Requirement in VPS6 2.2	Explanation	√
8	Identification and status of the valuer	The specific reporting requirements are: the report to be signed by the individual responsible for the valuation assignment a statement confirming that the valuer is in a position to provide an objective and unbiased valuation and is competent to undertake the valuation assignment. These should be carried across from the terms of engagement unless there has subsequently been a change. Examples could be an agreed change in the valuer responsible or confirmation that a potential conflict identified after the initial instruction had been resolved. The agreement of the client to such changes must be recorded and may also need to be referenced in the report.	☐

PART 3

What has been done

#	Requirement in VPS6 2.2	Explanation	√
9	g) Extent of investigations h) Nature and sources of the information relied upon including sources of key data and inputs i) Assumptions q) Environmental, social and governance factors	The requirements in VPS6 listed here all relate to the scope of work agreed in the terms of engagement. This should have set out: • The investigations you will make, the limitations on those investigations and what you will assume unless provided with information or evidence to the contrary. • The nature and sources of information relied on, e.g. floor areas provided by the client or a third party. • Assumptions that you will make. Note that VPS6 i) includes both "assumptions" and "special assumptions". These are very different things that apply to different parts of the valuation process. Assumptions are included here because they relate to matters the valuer will not investigate or verify and will accept as being true, subject to them not finding anything to suggest the contrary. The report must confirm what you have investigated and what you have relied on. This can simply be confirmation that the investigations made, information sources relied on, and the associated assumptions are as set out in the terms of engagement. However, if it was necessary to amend these once the job had started, or if you found evidence to suggest that an assumption originally agreed would no longer be reasonable, these changes will need to be set out in the report. Also remember that the terms of engagement set out what you are going to do and the report confirms what you have done, so you cannot rely on the agreed terms document alone, although it is good practice to append this to the report. It is a requirement for the valuer to consider ESG matters insofar as they impact the value of the asset, but although added as a separate requirement in the last few editions of the Red Book, it is effectively integral to requirements g) and h), and it will not usually warrant reporting separately from all other matters investigated which impact on the value reported. Note that the requirement to explain what has been investigated and relied on does not extend to a mandatory requirement to provide your findings in the report. The RICS is only concerned with ensuring that valuers are clear about the investigations they have made (or not made as the case may be) and any information relied on to prepare their valuation. Further guidance on the necessary investigations deemed appropriate for different types of valuation are found in the relevant VPGAs or other RICS guidance. The RICS leaves valuers and their clients to agree how much of their findings from the agreed investigations are included in the report.	☐

The Valuation Conclusion

#	Requirement in VPS6 2.2	Explanation	√
10	e) Basis(es) of value adopted	The Red Book requires the basis of value you have used, along with its definition, in the report. A basis for the purpose of the valuation should have been agreed in the terms of engagement. Only the short definition that appears in the Red Book or other applicable standard such as IFRS 13 is required, not any supporting material on is application such as the conceptual framework for Market Value in the IVS or any of the detailed provisions in IFRS 13.	☐
11	Special Assumptions	The Red Book currently lists Assumptions and Special Assumptions together. This is unhelpful as they are very different things that apply to different parts of the valuation process. A special assumption either changes the facts about what is being valued or is something that would not be typical in a transaction between market participants. It therefore belongs with the explanation of what the valuation figure represents, alongside the basis of value used. Examples of special assumptions include: • A change in the facts on the valuation date, e.g. a proposed building had been completed, an existing building had been demolished or tenanted property was no longer let. • A restriction was imposed that would not be made by a typical seller acting in accordance with the Market Value definition, e.g. imposing a time limit for agreeing a sale which did not allow for proper marketing.	☐
12	f) Valuation date	This will normally be either the Date of the Report or an earlier date, such as the Date of Inspection, or a date predating either. Some purposes will require a specific date e.g. a financial year end or a specific past event. When referring to dates in a report it should be made clear whether it is the Date of Inspection, Date of Valuation or, Date of Report. In exceptional cases, a valuation may be required at a future date. The Red Book contains specific reporting requirements for these situations in VPS6 2.2 e) and f) and also in VPS2 12. The impact that these reporting requirements may have on the terms of engagement also needs to be considered.	☐
13	l) The valuation approach and reasoning including any valuation models used.	This is NOT mandatory if it has been specifically agreed and recorded in the terms of engagement that a report will be provided without reasons or other supporting information. However, before agreeing not to disclose reasoning valuers need to be aware of any other applicable regulations or RICS guidance, for example: • disclosures required for financial reporting in accounting standards, see VPGA1 or, • reporting guidance in VPGA2 for loan security valuations.	☐

14	m) The amount of the valuation or valuations	This must be expressed in the applicable currency, which should have been set in the terms of engagement. It is also a requirement that the amount is provided in figures and words in the main body of the report.	☐
15	o) Commentary on any material valuation uncertainty.	It is only mandatory to comment on material valuation uncertainty (MVU) if it arises. If it does not then it is better not to mention it at all, so including a heading for MVU and then putting "none" after it is not good practice. VPGA 10 indicates that MVU can arise in two different situations: After an unforeseen market shock which means that the price date from before the shock is no longer reliable. As soon as transactions resume in the relevant market the MVU caveat should be removed. • The asset in question is so unusual in terms of either design or location that there is no reliable comparable data and therefore a high degree of subjectivity is involved in estimating the value.	☐
16	k) Confirmation that valuation undertaken in accordance with the Red Book	It is also acceptable to refer to compliance with the IVS instead of the Red Book if this is more appropriate in the market in which the valuer operates. VPS 6 provides that a simple reference to the "RICS Red Book Global Standards" also includes any applicable national supplement and also refers to the edition in place on the valuation date unless indicated otherwise. If there have been any departures from the Red Book, see PS1 6 of the Red Book, these must also be referenced in the report. One that is frequently overlooked as a departure is providing a valuation assuming that the marketing period was less than would have been reasonable on the valuation date if the client has not provided a clear reason for such a restriction (see VPS2 11).	☐

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