

Committee(s): Residents' Consultation Committee Barbican Residential Committee	Dated: 06/06/2022 17/06/2022
Subject: Provision of EWS1 Forms	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	1, 2, 12
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: Andrew Carter, Chief Officer/Executive Director Community and Children's Services	For Decision
Report author: Paul Murtagh Assistant Director Barbican & Property Services	

Summary

The purpose of this report is to seek guidance and instruction from Members on the City of London Corporation's (the Corporation) approach to the provision (or non-provision) of EWS1 Forms across the Barbican Residential Estate.

Recommendations

Members are asked to:

1. Consider the various options within this report for the provision (or non-provision) of EWS1 Forms across the Barbican Residential Estate.
2. Accept and agree the recommendation from officers at Option 1 where, the Corporation does not undertake and issue EWS1 Forms but, does provide 'comfort' letters to individual residents upon request or:
3. Agree an alternative option from those set out in this report in relation to the provision (or non-provision) of EWS1 Forms across the Barbican Residential Estate.

Main Report

Background

1. Over the last few months, a very small number of leaseholder residents in the Barbican Residential Estate have written to the Corporation requesting the completion of an EWS1 Form in order, that they can either re-mortgage their home

or, to enable them to sell the lease on their home to a buyer who, in turn, requires an EWS1 Form for its mortgage lender.

2. EWS1 Forms have been required by members of UK Finance or the Building Societies Association (BSA) since December 2019, for any mortgage applications for leasehold properties in residential buildings over 18 metres in height. They have replaced the numerous liability letters, created by the various mortgage lender members of these organisations, which began to appear around the summer of 2019. The EWS1 Form was created by the Royal Institution of Chartered Surveyors (RICS), who intervened in order to standardise the previous liability letters. The RICS also produced a non-exhaustive list of professional bodies whose full or chartered members could complete the EWS1 Forms.
3. The Corporation does not currently provide EWS1 Forms and, the purpose of this report is to bring this matter to the attention of Members and, to set out a series of options for this Committee to consider for the future provision (or non-provision) of EWS1 Forms across the Barbican Residential Estate.

Considerations

4. The RICS guidance regarding EWS1 Forms states:

“The EWS process, and resulting form, is a set way for a building owner to confirm to valuers and lenders that an external cladding system on residential buildings in scope above 18m in height (approximately 6-storeys) has been assessed by a suitable expert. Not every building in scope above 18m will require an EWS Form – only those with some form of combustible cladding or combustible material on balconies.”

5. It must be noted that completing EWS1 Forms is **NOT** a legal requirement, despite information coming from various lenders insisting that they must be completed. Their completion is a condition being imposed on mortgage applicants by certain lenders. The legislative requirement, under the Regulatory Reform (Fire Safety) Order 2005, is the completion of a suitable Fire Risk Assessment (FRA). Residents in all blocks on the Barbican Residential Estate have direct access to the FRA's for their respective blocks via the Corporation's website or, on request through the Barbican Estate Office.

Extent of the problem

6. At this stage, the number of requests that we have had from leaseholders for completed EWS1 Forms is very low however, it is possible that the number of requests will increase over time. Many lenders are insisting that an EWS1 Form is completed on ALL buildings – even those below 18 metres in height. As set out earlier in this report, an EWS1 Form is not needed for buildings less than 18 metres in height.
7. There is a serious national shortage of independent professionals that are both suitably qualified to complete an EWS1 Form and, who also have a suitable level of professional indemnity (PI) insurance. This means that most landlords/building owners are unable to get the EWS1 Forms done should they decide to do so.

8. Where it has been possible to find suitably qualified and insured professionals able and willing to do this work, quotations are being received of up to £12,000 per EWS1 Form (especially in cases where a simple visual inspection is not possible). Landlord's including the Corporation, could be faced with significant costs in completing the EWS1 Forms when, there is no legal requirement to do so.

Cost of the works

9. As stated previously, EWS1 Forms are not a legal requirement and, there is no obligation on the Corporation to complete these at its own cost. If the Corporation does decide to carry out EWS1 Forms across the Barbican Residential Estate, it will need to identify and set aside an initial budget to cover the cost of this work and ultimately, determine who will bear the cost.
10. The requirement for the completion of the EWS1 Forms, at this stage, stems directly from the specific needs of individual leaseholder residents on the Barbican Estate. The cost of completing the EWS1 Forms cannot simply be split across all leaseholders in a block for several reasons including:
- there may only be one or, a limited number of leaseholders in the block requiring an EWS1 Form and, as such, the cost of completing the EWS1 Form may be significantly prohibitive.
 - some leaseholders have no mortgage, making the EWS1 Form irrelevant to them.
 - some leaseholders may have a cash buyer for the lease on their flat again, making the EWS1 Form irrelevant to them.
 - some leaseholders may have a long fixed-term mortgage deal so, the term of the EWS1 Form may run out before they get to make use of it.
11. Officers consider that it would be unreasonable to pass the cost of completing the EWS1 Forms on to other leaseholders when, the EWS1 Form is only being carried out to satisfy a limited number of individual mortgage applications.

Options for consideration

12. Members are asked to consider the following options for the provision (or non-provision) of EWS1 Forms across the Barbican Residential Estate and, to agree which option should be pursued.

Option 1

The Corporation does not undertake and issue EWS1 Forms for any of its blocks on the Barbican Residential Estate but, does provide 'comfort' letters to individual residents upon request (a sample 'comfort letter' is included at Appendix 'A' to this report).

There is no additional budget requirement for this option and, Option 1 is recommended by officers for approval.

Option 2

The Corporation commits to carrying out EWS1 Forms on all residential blocks across the Barbican Estate.

The estimated cost of this option (all 21 blocks) is in the region of £100,000 - £150,000 for which, additional funding will need to be identified.

Option 3

The Corporation commits to carrying out EWS1 Forms on all blocks of flats over 18 metres (six-storeys) in height across the Barbican Residential Estate.

The estimated cost of this option (based on 11 blocks) is in the region of £70,000 - £110,000 for which, additional funding will need to be identified.

Option 4

The Corporation commits to carrying out EWS1 Forms on its high-rise blocks of flats (notionally over 10-storeys or more in height) across the Barbican Residential Estate.

The estimated cost of this option (based on three blocks) is in the region of £25,000 - £35,000 for which, additional funding will need to be identified.

Financial Implications

14. There is currently no budget available for the completion of the EWS1 Forms as set out in Options 2, 3 and 4 above. If members of this Committee agree to pursue one of Options 2, 3 and 4, then, it will need to request additional funding from either City Fund or City Cash through the formal channels.
15. Members of this Committee, mindful that this is not a statutory requirement and, at this stage, is entirely for the benefit of a very small number of individual private leaseholders, will need to consider whether this is an appropriate and justifiable use of funds.

Appendices

Appendix A – Sample Comfort Letter

Paul Murtagh

Assistant Director, Barbican & Property Services

T: 020 7332 3015 E: paul.murtagh@cityoflondon.gov.uk

APPENDIX 'A' – SAMPLE COMFORT LETTER

Typical Bank PLC
London

Date

Dear Sir/Madam

Defoe House, Barbican Estate, London EC2Y 8ND

I write regarding your request for and, the applicability of the EWS1 Form for the above building, for which, the City of London Corporation is both the freeholder and manager.

The EWS1 Form itself states the following:

“Objective - This form is intended for recording in a consistent manner what assessment has been carried out for the external wall construction of residential apartment buildings where the highest floor is 18m or more above ground level or where specific concerns exist (Note 1). It should not be used for other purposes”.

In accordance with this objective and, the publicly available guidance on the use of EWS1 Forms, there is no requirement for Defoe House to have an EWS1 Form as:

- it is less than 18m in overall height.
- the recently completed Fire Risk Assessment raised no specific concerns relating to the external components used in the construction of the building.
- the building was constructed in the 1970s and, the external walls have not been modified since construction.
- although there are external balconies in the construction of the building, the decking and balustrades used in their construction are made from non-combustible materials.

We can also confirm that there is no ACM/MCM cladding present anywhere on this building

I trust that you find this letter self-explanatory however, should you require any further information, please contact us via housingfiresafety@cityoflondon.gov.uk, or at the address below.

Yours sincerely

Paul Murtagh
Assistant Director Barbican Estate & Housing