



29 April 2021

Below 18 metre building safety programme – Resident meeting 14 April 2021

This meeting was organised for residents of many blocks who are in our below 18m building safety programme and who are all in a similar situation.

The Hive
22 Wembley Park Boulevard
Wembley
HA9 0HP

www.networkhomes.org.uk

If you would like information specifically about your building, please get in touch with us on customerservice@networkhomes.org.uk. If you have any questions related to service charges, email leasehold.services@networkhomes.org.uk.

customerservice@networkhomes.org.uk
0300 373 3000

Presentation slides

Below 18 metres – Building Safety Programme
Wednesday 14 April

Network Homes

Agenda

- Who we are
- What we can share today
- Investigations and timeline
- Prioritisation and EWS1 forms
- Who pays for work
- What happens next
- Q&A.

Raj Gandecha
Ed Badke
Graeme Manley
Peter Park
Ed Badke
Raj Gandecha

Network Homes

Because good homes make everything possible

Who we are

- Who is Network Homes
 - A not for profit housing association who owns and manages 20,000 homes in London and Hertfordshire
- How did we get our homes?
 - Stock transfer from councils
 - Bought from private developers (known as Section 106)
 - Design and build contract
- Building Safety team
 - Created in November 2019 to oversee our programme.

Network Homes

Because good homes make everything possible

What info can we share now?

- We've categorised our buildings below 18m in terms of risk
- We haven't investigated yet, so aren't sure:
 - specifically when your investigation will be
 - if there is a confirmed issue with your building's construction or materials
 - what remediation may be needed
 - how much it would cost if needed
 - how long it would take to remediate.
- Until we have any confirmed information, it would be irresponsible for us to speculate
- We will know a lot more when we have investigated your building
- We will always give you the most recent **confirmed** position.

Network Homes

Because good homes make everything possible

How have we got here?

Chain of causation

Network Homes

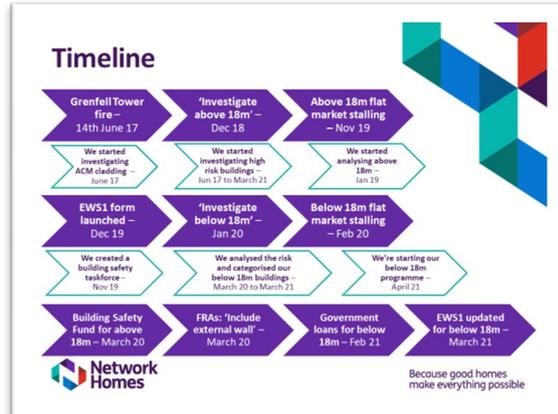
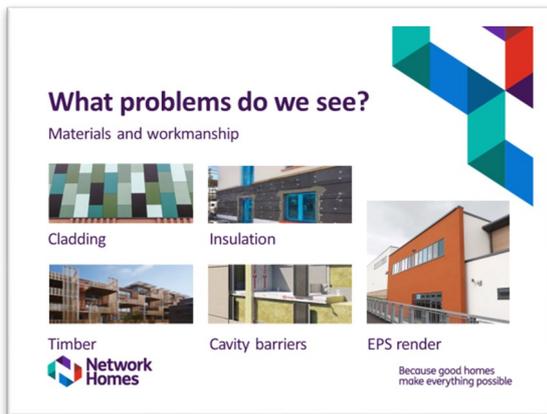
Because good homes make everything possible

What do investigations include?

- Desktop study
 - A look at the documentation we have e.g. materials, construction type, building design, height, size
- Intrusive investigation
 - Inspection of the external wall system that involves removing the layers and seeing if the building was constructed as expected, plus a closer look at materials
- Fire engineers report
 - Following an intrusive investigation, a qualified fire engineer will issue a report stating a course of action e.g. remediation.

Network Homes

Because good homes make everything possible



Timeline

The below is further information on the timeline in the slide above where the purple relates to the sector and the blue relates to what Network did:

- Grenfell Tower tragedy happened. A major cause of fire spread was identified as the ACM cladding which is on the outside of the building.
We started to look at our buildings, especially those with ACM cladding.
- The government released advice note 14 which told building owners to investigate the external wall system of their tall buildings. They classified these buildings as over 18 metres in height.
We had already begun looking at our high-risk buildings and made sure to investigate all of our buildings over 18m, as government designated them as being the most high risk.
- Because of the perceived risk to buildings over 18m, lenders began to become risk averse making it hard to get a mortgage for a flat in a tall building, stalling the property market for tall buildings.
This was around the same time that Network Homes created a building safety taskforce of experts from around the business to work together on our building safety programme.
- In response to the market difficulties, a sector group led by the RICS launched an EWS1 form. This confirmed to lenders that buildings were low risk and so lenders would offer a mortgage.
- When the government announced advice note 14, they were releasing other advice notes which they combined all into one 'consolidated advice note' to try and make guidelines easier to follow for building owners. As all the documents were combined, the wording was slightly changed and this brought other buildings into consideration. The Consolidated Advice Note *"Remedial actions may be required below 18m where there is a risk to the health and safety of residents"*.
- As buildings below 18m then became affected by government guidance, they began to have issues in the market as lenders did not want to give mortgages on some of them either.
As the government guidance now included below 18m buildings and problems were starting to appear in the property market, we began to look at our buildings below 18m and the information we had on them. Using our experience of our buildings over 18m we began to categorise these smaller buildings and prioritise them in terms of risk for our programme.
- There have been a series of changes in the sector while we have been looking at our above 18m programme of over 50 buildings. Firstly, the government announced a £1bn BSF for buildings over 18 metres which had other issues than ACM cladding.
- The government then released draft legislation asking that Fire Risk Assessments begin to include the external wall system, in addition to communal areas.
- Until February 2021, the government had not offered any financial support for buildings below 18m. They then announced a loan scheme but have not released full details yet.
- The EWS1 form has now recently been updated to try and clarify which buildings actually require a form. This is to try and avoid all buildings below 18m needing one.
As we've investigated all of our highest risk buildings, we're now in a position to start investigating our buildings below 18m.

Why has it taken until now to investigate below 18m?

- First focusing on high risk above 18m, as outlined in government guidance
- Nearly 100 Network Homes buildings in high risk programme
- Over 2,000 above 18m buildings nationally, plus a further 90,000 below 18m
- Only around 300 fire engineers nationally who are able to do investigations
- Now beginning to move onto our below 18m programme: medium, medium low and low.



Because good homes make everything possible

Prioritisation – your block

Medium

Airco Close
1-38 Coles Green Court
44 Glaucus Street
63 Gowers Walk
Humberton House
1-30 Lockbridge Court
10 Maitland Road
Paddington Green
110 Romford Road
20-22 Sidney Road
1-23 Thornberry Court
110-155 Townsend Mews
12-26 Trevanion Road
7 Willow Place
Wood Court

Medium Low

Bircherley Court
241-243 Brixton Road
1-55 Calton Court
Le Bon Court
McDonald House
Network House
Quayside House
Rosemary House
190 Stockwell Park Road

Low

Arlidge House
Barrett House
Bedwell House
Bickleigh House
Burrow House
Crowhurst House
Fitzgerald House
Hern, Molloy, Weyman, Bundy Court
52-84 John Barker Court
Morland House
Orleans Court
1-10 Rosebury House
1-19 St Thomas Court



Because good homes make everything possible

Prioritisation and timeline

- **High** – existing programme of buildings above 18 metres
 - Investigations completed
- **Medium** – buildings below 18 metres which we want to investigate due to their construction or materials
 - Hope to complete investigations by end of 2021/22
- **Medium low** – buildings we want to investigate, but we have assessed a lower risk
 - Investigations starting in 2022/23
- **Low** – buildings with the lowest risk, but still in need of investigating at the moment
 - Investigations won't start until at least 2022/23.



Because good homes make everything possible

EWS1 form - external wall system

- Is a requirement of some lenders in order to sell, remortgage or staircase a property - needs to be issued with a 'passing grade'
- You may experience problems if you want to sell or remortgage
- You may be able to get a 'product transfer' with your lender if you are due to remortgage soon
- Form issued when remediation work is complete
- If your building doesn't need remediating, then we can issue sooner
- New guidance in March.



FRAs

- Your building needs to have a valid Fire Risk Assessment carried out by a qualified professional
- We have over 1,800 FRAs which are reviewed at different intervals over a three-year cycle
- Draft legislation recommends including external wall systems in Fire Risk Assessments
- If your due date in the FRA comes before your investigation, we will consult with the fire risk assessor and we will continue to consult with them going forward.



Because good homes make everything possible

Costs – who pays

- We've been lobbying government for support for under 18m
- Government has a loan scheme for buildings below 18m – details yet to be released
- We will pursue all other avenues available to us – warranty providers, insurers, contractors, government
- Charging leaseholders is a **last resort**
- We have authorisation from FCA to offer interest free credit on building safety service charge costs – T&Cs apply.



Because good homes make everything possible

Why can't Network Homes pay?

- Already incurred significant costs for essential safety work:
 - Over £40m spent since June 17
 - £100m budgeted over next five years.
- We pay for tenants' share of costs - tenants not liable for communal repairs as rent covers those costs
- Lease say we can recover leaseholder costs through the service charge
- As a charity it's unsustainable for us to continue to cover any and all building safety costs that may arise
- Money spent on building safety takes away from our social objectives of delivering more affordable homes, maintaining existing ones and improving our services.



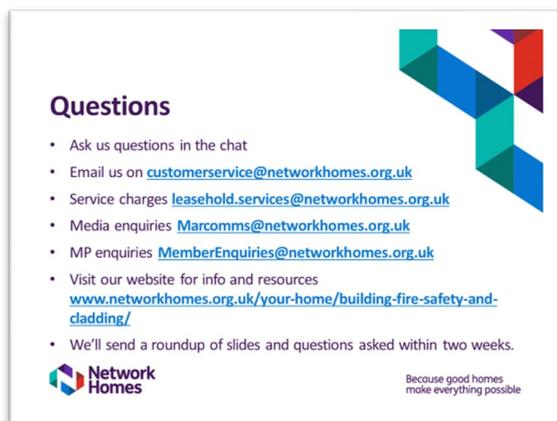
Because good homes make everything possible

What happens next?

- When we have a start date for an investigation on your block, we will write and let you know
- Once we know the outcome of the investigation we will either:
 - Issue you a 'passing grade' EWS1 form [or](#)
 - Let you know what we have found and what next.
- We'll hold a webinar near any construction start date so you can ask us questions
- We'll continue to lobby government on your behalf for support
- If you're not due to start until 2022/23, we'll write again in six months, even if it's to say things haven't changed.



Because good homes make everything possible



Questions

- Ask us questions in the chat
- Email us on customerservice@networkhomes.org.uk
- Service charges leasehold.services@networkhomes.org.uk
- Media enquiries Marcomms@networkhomes.org.uk
- MP enquiries MemberEnquiries@networkhomes.org.uk
- Visit our website for info and resources www.networkhomes.org.uk/your-home/building-fire-safety-and-cladding/
- We'll send a roundup of slides and questions asked within two weeks.

Network Homes
Because good homes make everything possible

Costs and funding

Can you confirm that if fire safety works are required you will pursue the developer/contractor/designer who built the building, followed by the warranty/insurers (Zurich, Premier, NHBC), followed by an offer from Network Homes own financial resources given you are the freeholder, before even considering recharging to your residents?

As we have with our buildings in our high priority programme, we will do everything we can to pursue any available third party connected to your building. We have had some success in our high priority programme with insurers and contractors, and we will be able to use that experience for buildings in our Medium, Medium Low and Low categories.

Our priority is ensuring the safety of our residents and their homes and we always follow the advice of our fire engineers. Where necessary we have brought in interim measures such as a waking watch or alarm system to ensure residents are safe in their homes while remediation is being completed.

We are paying for all the tenant share of our costs and have set aside £100m for building safety costs over the next five years. Network is a charity, and our charitable objectives prohibit us from paying for costs that we are not contractually obligated to pay for. Furthermore, it is unsustainable for us to cover any and all building safety costs that may arise. Any money we spend on building safety issues, takes away from our social objectives of delivering more affordable homes, maintaining our existing homes, and seeking to improve our services year on year.

We will always exhaust any other funding avenues before we consider recovering costs from leaseholders. We will continue to work with the sector and the government to resolve the building safety situation on residents' behalf.

We have authorisation from the Financial Conduct Authority to offer interest free credit arrangements to leaseholders and shared owners who may need support managing their finances. We can also offer debt advice from qualified staff members. Alongside our credit scheme, we are awaiting full details of the government's loan scheme for building's below 18 metres and will advise residents of this when more information is available¹.

Sector magazine [Inside Housing has reported](#) that it may take up to a year for the scheme to be implemented.

If it is found that any remediation work required is due to incorrect installation for example the EPS render example mentioned earlier, can we assume that leaseholders would not be left to cover the cost?

¹ FCA consumer credit arrangements are regulated by the FCA and any complaints arising from these arrangements by the Financial Ombudsman Service; Network Homes Limited, reference number FRN 919890, is authorised to provide Limited Permission lending and debt counselling on a not for profit basis. Details of our FCA permissions can be found on the [Financial Services Register](#).

As mentioned above, we will do everything we can to pursue other organisations and lobby the government for more financial support. If we exhaust all of those avenues, then we may have to look at recovering costs from leaseholders, but that is always a last resort.

Should it not be for the developer to cover the costs? As in some circumstances, e.g. Grenfell, the developer/manufacture was aware that the cladding was a fire risk.

We will always see if the original developer will come back to the site to rectify any issues. However, this is not always possible as the developer may no longer exist or may be reluctant to return. We will always do everything we can to pursue them and any other parties such as insurers or warranty providers where possible.

Why can we not use our NHBC 10-year warranty insurance which is still well within time? Surely, something like this should be covered by this type of warranty/insurance?

Wherever a building is still in the warranty period, we will look at the terms of the warranty and see if we are eligible to make a claim. However, this may not be the case. For example, if the building was compliant with regulations at the time, we may not be eligible to claim. Similarly, the warranty cover may not include the defects that are discovered. We will always look into this avenue to see if it is a possibility.

You mentioned that you challenged the insurers in all sort of ways. Give specifics, please.

We're not able to share the specifics of our insurance policy as this is sensitive information and we do not want to jeopardise the position we have achieved. We will however use the experience we have gained in our success with this insurance policy on any other relevant insurance policy.

Where faults are found that were due to incorrect installation by the construction companies originally commissioned by Network Homes for new builds, what insurance does NH have in place for this?

We will pursue the original contractor and have warranty coverage too. We have latent defects coverage on certain buildings so would need to fully explore that for each individual building to see if it is eligible.

With regard to Network Homes not using some of its own resources for this work, as it will have implications on future affordable housing in London, why is your expectation that existing leaseholders should cross-subsidise future affordable housing in London? Particularly with the new Government funding available for affordable housing with much higher grant rates available for new affordable housing.

One of Network Homes' strategic objectives is to increase the number of homes for people in housing need. We do this, in part by reinvesting our surplus into building affordable homes. While new private sale homes do cross subsidise the development of new affordable homes, the money we receive from existing leaseholders through the service charge does not. Everything a leaseholder pays through the service charge is a reflection of the cost of managing their lease, individual property and building.

Using the surplus to pay for leaseholder's building safety service charges would mean we are not able to build the affordable homes the country needs. 'New affordable homes' is a core objective of the business and is expressed in our business plan and strategy. As such, we are unable to divert money to cover the cost of something we are not legally obliged to pay.

The higher grant rates are still to be confirmed. However, they reflect both a reduction in rental income and a change in the lease structure for intermediate tenures. They do not create an additional surplus that can pay for building safety costs.

If permanent remediation work is to be done to a building and - as a last resort - costs are passed on to residents, will we be charged according to the proportion of the property we own, as shared owners?

According to your lease, shared owners are responsible for 100% of the service charge costs for their property, regardless of the share they own.

Are there any plans to re-imburse shared owners once a property was sold with profit at a later stage? It seems rather unfair for Network to make a profit from shared ownership sales when the leaseholder paid for all the costs.

While we sympathise with the position of shared owners, as above we will follow what is dictated in the lease. This would state that leaseholders are responsible for 100% of costs. Network Homes does receive their share of a price increase, as stated in the lease.

If Developers/Contractors are refusing to cover the costs where buildings fail fire-safety, how are you highlighting this behaviour particularly if they sit on local authority/RP frameworks?

We have notified the government of behaviour we believe is unacceptable, although not illegal. We believe that this behaviour has been experienced by other housing associations as well as Network.

You've completed remedial works to Park Heights and none of the tenants or residents had to contribute, does this not set a precedent for your portfolio?

Park Heights in Stockwell had ACM cladding, which is covered by a government fund as it is over 18 metres. We are pleased at the outcome of that building but this does not set a precedent for our other buildings. We had government support in the way of a grant for that building, but there is no grant funding available for buildings below 18 metres. The government has chosen to differentiate between buildings because of height in terms of the support available.

Why can't Network Homes use our reserve funds that you have collected over the years for cyclical works to pay for any remedial works?

If it gets to the stage where we are recovering costs from leaseholders through the service charge, we will look at the reserve fund account (sometimes called a sinking fund). However, this may not be large enough to cover all work that needs to be done, especially if your building is relatively new so the fund has not built up yet. We also need to check the terms of the lease to ensure we are able to use the fund for this type of work.

Who will pay for the actual intrusive investigations i.e. if scaffolding is required to conduct the necessary investigations? And what if a building is then deemed to be compliant? Does Network Homes cover investigation costs?

The leaseholder share of the intrusive investigation costs will be recovered through the service charge regardless of the investigation outcome. However, if work is required and we reach an agreement with a developer/contractor/insurer/warranty provider etc. those costs may be included in the claim.

Is Network Homes going to recover the cost of government loan e.g. interest on the loan, from the leaseholders?

As stated above, the details of the government loan scheme have still to be announced and so, at this stage, we do not have sufficient information to answer this question.

Technical info and investigations

If you haven't started any investigation under 18 meters how did you categorise our buildings as medium, medium low and low?

We haven't carried out an on-site intrusive investigation yet. But we have carried out a 'desktop study'. This is where we look at all the information and documentation we have for your building –

this will concern what materials and construction type your building should have. Based on this information and government guidance, we have determined the priority to carry out investigations to all of our buildings between 11 and 18m. The RICS issued further guidance on this at the end of last year and we are reviewing our prioritisation in the light of this.

With the work done so far is it not clear what products are a problem, so we can be clear which buildings have a problem?

Whilst we have an understanding of the products used on our buildings, our investigations will also focus on the way the products have been installed. An assessment of an external wall system is very complex and must be undertaken by a qualified and competent engineer. Our engineer will need to undertake an assessment of the as built construction in line with regulations current at the time of build and also current advice detailed in the Consolidated Advice Note to form their assessment. Until detailed investigations are undertaken, both physically on site and desktop assessments, a fire engineer will not be able to provide an assessment.

What proportion of buildings under 18m tall have passed the inspection and received an EWS1 form without requiring remediation?

We haven't started our investigations on these buildings yet so don't have any information on percentage of passes to share.

By what criteria are under-18m buildings assessed as fire-safe under the EWS1 process? Can Network Homes release information about the kinds of cladding/building materials likely to be deemed unsafe?

Our fire engineer and technical team look at the building's external wall system as a whole – how materials have been installed. We look at whether the building has been built in line with the building regulations at the time and as stated in the drawings. Our engineer will need to establish whether the building materials are safe based on a complete risk assessment of the external wall system.

Is 18 metres measured from the ground floor etc to the highest point of an occupied flat?

Government guidance determines 18 metres as a key height in building safety. Buildings over 18 metres may be eligible for government grant support, while buildings below 18 metres are only eligible for government loan support. The measurement of 18m is taken from the height of the top storey measured from the upper floor surface of the top habitable floor to the ground level on the lowest side of the building.

Does this include the basement/carpark/foundation level?

The way to measure a building is specified in building regulations and is from the 'ground' level on the lowest side of the building, so does not include any basement or below ground areas.

If two buildings abut each other, are different heights, but visually share the same foundations, but have separate entrances, how do you define the categorisation for each building?

We would class the two buildings as one for the purpose of our prioritisation and they would be included as the part of the same assessment. So, if the two had different prioritisation, both would be classed as the higher prioritisation.

Communicating with residents

Initially it was stated on various occasions that Network wishes to be transparent about the forthcoming processes, etc. How do you intend to do this?

We have stated we will be as transparent as possible as we go through our building safety programme. We will always give you the latest confirmed position when we have it. We will write to residents in our Medium category every three months, or sooner if we have something to share. We

will write to residents in our Medium Low and Low categories every six months, even if it is just to say the position hasn't changed. This is because we will be focussing on our Medium programme and so it is unlikely there will be any updates until we reach your building in the programme.

We will send out text messages to you when we have a new update for your building – please send us your phone number to customerservice@networkhomes.org.uk so we can ensure you receive updates. All our correspondence with residents will also be uploaded to our website: www.networkhomes.org.uk/your-home/my-block-documents-fras/.

Will residents be furnished with information about each individual step that has been undertaken to avoid leaseholders being stuck with the bill?

We will always pursue other options and let you know in our updates. If we are unsuccessful in one area, we will always tell you. For instance, if the warranty has expired or the insurance policy is not valid for this type of work, we will let you know.

Will those who residents who wish to see more detailed evidence backing up statements that all potential routes have been explored, be able to access such documents of correspondence?

While we will be transparent about the outcomes of our discussions, we don't expect to share proof with residents that we have pursued all potential routes. Alongside leaseholders, it is also in Network Homes best interests that we get the best outcome when dealing with insurers, warranty providers, contractors etc. This is because Network Homes will be paying for all of the tenant costs of any remediation if no other option is available.

There may also be legally or commercially sensitive information in our correspondence or documentation, and we would not want to jeopardise our position in pursuing all routes.

Building specific questions

We received some questions related to specific buildings at the webinar. If you have a query about your building specifically, you can get in touch with us on customerservice@networkhomes.org.uk. Please be aware that we will not be able to share any information related to the following at the moment:

- **The date of your building investigation**
- **The remediation required at your building**
- **How long remediation will take**
- **How much it will cost.**

Until we have carried out an intrusive investigation, it would be irresponsible to speculate what work may be needed and the cost or duration. We've got a programme in place and have let you know generally when your investigation will take place. As we make our way through the programme and get nearer the time when we are organising your building's investigation, we will write to you with specific dates.

If you would like information about your building, e.g. what construction method and/or materials used, please get in touch on the above email address.

You state the share of any costs associated with investigation and works, etc is not proportionate to the percentage of the share owned of a flat. Can you please clearly state what the costs would be then? For the leaseholder to pick up the total of the costs despite only owning a part of the flat.

As stated above, until we have received the report from our fire engineer about what was found during the intrusive investigation, we will not be able to share any costs as we don't know what work if any is needed.

Again, we will not speculate as to what costs may be as it could turn out that a building doesn't even need remediation, or it could be that our estimate was too low. We don't think those scenarios would be helpful to anyone. We do sympathise with this situation residents are in where you are having to just wait for information and please be assured we are doing all we can to run an efficient programme so we can reach a resolution as quickly as possible.

Does my building require an EWS1 form? RICS guidance from 5th April 2021, states buildings of 5/6 storeys need an EWS1 form when 1/4 of the elevation has cladding. Will these get buildings get forms?

RICS released new guidance recently and we will be analysing whether this affects our building safety programme and will write to you if something changes.

We are aware that not all lenders have adopted the RICS Guidance and are requesting EWS1 forms on all buildings between 11 and 18m.

Our block is built in traditional brickwork - does this EWS1 even apply?

While the building may be traditional brickwork, we do still need to investigate if the government guidance and RICS guidance apply to determine if the correct materials have been used and it is built as expected. Also, a building may appear as brickwork but could actually be an external finish such as Brick Slips, so may still need an EWS1 form. We will know more once we have carried out intrusive investigations.

More recently the British Standards Institution has issued a consultation on a Code of Practice for external wall investigations. We will need to consider this as part of our investigations.

If there will be an issue in the cladding/brickwork (external walls) what does this mean for property owners/ leaseholders?

If we find something that needs remediating, we will put together a remediation programme of works alongside our Chartered Fire Engineer. Once our Fire Engineer is satisfied that all 'defects' have been remediated, the engineer will be able to issue an EWS1 Form with a compliant rating.

My property was built after the Grenfell disaster, so surely it complies with the latest fire regs? Network Homes insisted we didn't need one for our mortgage.

Government has updated its guidance since Grenfell, and this is the environment we are operating under. The timeline in our slides shows how the guidance has changed often since June 2017 and how Network Homes has reacted to it.

We have followed guidance at every step and that's why we've put together our Building Safety programme. In our high priority programme, we did investigate buildings that passed, and we were able to issue an EWS1 form – some of these were relatively new buildings too. Regardless of how old a building is, if guidance tells us to investigate, then we will do so.