



28 April 2022

Flowers Close – Cabinet Court, Cipher Court, Code Court resident meeting 12 April 2022

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Thank you to everyone who joined our webinar – it was one of our most well-attended so far. I'd also like to thank you for bearing with us while we dealt with some technical issues. We've since learned that this is a known issue with Microsoft Teams, so we will have to wait for them to fix it and will look out for it in the future.









Contact details

Throughout the project you will have the support of our Resident Management Team. You can get in touch with Cameron Anterkyi, Resident Liaison Officer (RLO) on Cameron.anterkyi@networkhomes.org.uk or **0204 512 5791**. Carla Ferrarello is our Project Manager and will also be on-site to support. For other issues, please contact Network Homes on customerservice@networkhomes.org.uk.

Webinar recording

You can watch a recording of the webinar via this link on YouTube: <https://youtu.be/FAFWyoJqLGE>. Please note, the FAQs are not included as part of this recording and have been condensed and included below.

Presentation slides

 <p>Resident webinar 12 April 2022</p> <p>Cabinet Court, Cipher Court and Code Court</p> 	 <p>Introductions and welcome</p> <ul style="list-style-type: none"> Resident Management Team Network Homes Project Management Team  <p>Because good homes make everything possible</p>
 <p>Agenda</p> <ul style="list-style-type: none"> Introductions and welcome What are we aiming for? Legacy issues Investigations Building insurance Balconies Q&A. <p>Raj Gandecha Ed Badke Graeme Manley Carla Ferrarello Graeme Manley Dominic Clarke/ Sam Drinkwater</p>  <p>Because good homes make everything possible</p>	 <p>What are we aiming for?</p> <ul style="list-style-type: none"> Efficiently carry out remediation to make the building compliant with regulations Improve the building and reassure you that you are safe in your homes Provide you with a 'B1' rated EWS1 form at the end of the project Do the above in collaboration with you, with as little disruption as possible.  <p>Because good homes make everything possible</p>

Legacy Issues

- Latent defects
 - Corridor cracking
 - Foul drainage flooding events
 - Thermal insulation to houses
 - Surface water drainage system
- Contractual discussions with Kier
- External wall systems - cavity barrier defects.



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Investigations - 1

- Investigations were only to Cabinet Court – our fire engineer has said this is an acceptable 'representation' of the other blocks
- Investigated by JRP and CHPK Fire
- What we found:
 - Brickwork
 - ACM, HPL
- Kier will remediate issues with incorrectly installed cavity barriers behind the cladding to **all blocks**
- Interim fire strategy arrangements.



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Investigations – 2

- What we need to remediate to get a B1 EWS1 rating:
 - Horizontal and vertical cavity barriers
 - Fire stopping work in boiler flues/vents in HPL & ACM cladding.



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Project update

- Timescales
 - Project start: forecast **May 2022**
 - Programme duration estimate: **26 weeks** across three blocks
 - EWS1 form: new guidance just released and may mean you can sell/remortgage before the project is complete
- Scope of Work:
 - All blocks: replace cavity barriers
 - All blocks: firestopping works to boiler flues and vents
 - Cipher Court: replace balcony decking.
- Monitoring of work and quality of remediation.



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Cipher Court balconies



- Our insurance provider has stated we must replace the timber decking with a non-combustible option, clear balconies of combustible materials and ensure fire stopping to ventilation terminals as a condition of property insurance cover
- This only applies to Cipher Court as this has a large amount of cladding and balconies in close proximity
- Code Court, Cabinet Court, do not have the same extent of elevations clad in HPL with timber balconies



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Cipher building insurance position

- NH went to the open market and only one provider came back with a quote
- Paying for balcony remediation: Will 'pay for itself' in a few years – costs to be agreed
- Section 20 Procedure.

	Premium Per Unit	% Change
Existing Zurich Rate	£215	
Open Market	£1,196	
Change	£982	457%



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Section 20 Notification – Cipher Court

- Residents to be consulted within the next 8-10 weeks
- We must carry out this work as we are required to have a valid insurance policy at a reasonable cost
- Balconies form part of the overall structure of the building and any costs are a building-wide service charge equally apportioned among all flats
- Payment will only be requested once accounts have been finalised with the nominated contractor – usually the financial year following the completion of works.



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<h3>Combustible materials - all balconies</h3> <ul style="list-style-type: none"> • It is very important that combustible materials are not stored on balconies or in terrace areas. This may include: <ul style="list-style-type: none"> – Barbeques – Gas canisters – Fuel – Sheds – No open flames e.g. candles – Plastic plant pots.  <p>Because good homes make everything possible</p>	<h3>FAQs and next steps</h3> <ul style="list-style-type: none"> • Network Homes' RLO team can be contacted on customerservice@networkhomes.org.uk • We'll send an FAQ document out with the slides within two weeks. This will include answers to all Slido questions too • Resident meeting for non-building safety issues on 11 May • Resident webinar with building safety contractor Kier in May – TBC.  <p>Because good homes make everything possible</p>
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FAQs

We received a huge number of questions from residents both before the webinar on Slido and during the presentation. As such, we have condensed all those questions asked into the ones included below, as there were many which all covered the same questions with a slightly different wording.

Resident webinar

Is the resident meeting on 11 May 2022, advertised on the Network Homes website, the appropriate forum for all other queries (i.e. general service charges)?

Yes, the meeting on 11 May 2022 will be hosted by your London Neighbourhood Management, Asset Management and Leasehold teams. This is the appropriate forum to raise any issues with leasehold enquiries, service charge enquiries, estate maintenance queries etc. We will hold a separate webinar in May with Kier, to discuss the external wall remediation work and how we will execute the work.

When do you expect to be able to schedule the follow-up webinar involving Kier's project team (as referenced in the 1 April letter)?

We will give you a week's notice and ensure it doesn't clash with the resident involvement webinar.

EWS1 forms

How long after the cavity barrier work programme has been completed do you expect us to receive the (B1) EWS1 certificate?

An EWS1 Form will normally be issued by our fire engineer 6-8 weeks after completion of work for each block and we expect to achieve a B1 rating. This means that a fire engineer has seen that the fire risk is 'sufficiently low' and no further remedial work is required.

Previously a B2 rated EWS1 form could be issued, confirming that work is required to the external walls. This would not have been accepted by lenders and they would not have lent against a property.

There was an announcement at the end of March that some lenders would be satisfied with a B2 rated EWS1 form, alongside confirmation of the funding arrangements and project timeline. This means you may be able to sell/remortgage before the project is complete. We have not yet tried this and are speaking to industry figures to identify how this would work and what would be required.

Who is the fire engineer? What are their qualifications? What company are they from? Are they independent from Network?

We employ a fire engineer called CHPK Fire to carry out our external wall investigations, to recommend any remediation required and to issue EWS1 forms. They are an independent organisation – we always take independent advice in these situations. The individuals leading on projects are Chartered Fire Engineers.

Do we have to wait for the balconies to be remediated before an EWS1 form can be issued?

EWS1 forms will be issued following the completion of cavity barrier work – we expect to be able to issue one before balcony work begins. The Fire Industry Association also runs an online portal listing EWS1 forms, where lenders can access EWS1 forms.

Noted that B1 rated EWS1 form will be provided at end. Are there other types of EWS1 form which are more comprehensive?

An EWS1 form comes with either an “A” rating where materials in an external wall are non-combustible or a “B” Rating where materials are combustible. At present all the blocks have a B2 EWS1 Rating, which means that there are defects that need to be resolved before a satisfactory rating can be given.

What is the height of our building (Cipher)?

All three buildings at Flowers Close measure between 11m and 18m.

Remediation logistics

Can we have the remediation proposals in writing please?

We are finalising further information with Kier and will present it to residents at the next webinar in May. We'll then send out the slides and FAQs in a document again, alongside a 'Guide to Works' documents once we have all the correct information.

Will the cavity barriers be remediated one block at a time or all together? Which block is going to get done first? Is there an order for the blocks?

Cavity barrier remediation will be done one block at a time. We expect to be able to provide further information on the order of the three blocks at the next webinar.

Pls provide details of the cavity/cladding remediation process. Will this involve temporarily covering the building/scaffolding in plastic, blocking daylight?

We expect to be able to provide further information on the remediation specifics at the next webinar.

Will residents have to provide access inside flats for during the work?

We don't expect to need you to provide access to your flat during the external wall remediation. However, if this changes, we will write to you to let you know and organise a convenient time to attend your property.

Remediation programme

Is the start date for the work programme to remediate the cavity wall barriers likely to be in the next couple of months? When will we know the precise date?

We are in discussions with Kier to host a webinar and to start work in May 2022. This is subject to agreeing method statements and subject to material lead-in times, once the contractual matters related to the external wall are finalised.

Roughly how long will it take to fix the cavity barrier issue (ballpark estimate)?

We estimate it will take two months per block for cavity barrier repairs to be completed.

Remediation costs

We had confirmation via the virtual meet from Raj Gandecha and email confirmation from Cameron that Kier are covering the remediation costs. What are we paying?

Kier has agreed “without prejudice” to cover the cost of remediation for the ‘latent defect’ relating to cavity barriers, including access. This forms part of the agreement that our solicitors have been working on over the past months.

The balconies at Cipher Court do not constitute latent defects and are a minimum requirement from our insurance provider who will withdraw cover if work is not undertaken. Kier will not be covering the costs of this work as they are not determined as ‘latent defects’, rather they are seen as ‘betterment work’. From our experience, balcony decking does not form part of a building safety claim on buildings over 18m or classified as part of the “external wall” and as such we will need to seek quotes and progress with a Section 20 consultation.

We will continue to monitor announcements on any fund below 18m issued by the Government.

Can you give a clear and definitive answer on will there be any costs to residents for the cavity barrier defects?

Kier will be covering the cost of the work to remediate the issues found in the external wall system, including cavity barriers.

Is the ACM cladding going to be removed? Who will pay for the cladding remediation?

Our fire engineer has stated the ACM cladding (grey panels) does not need to be replaced from the building as it is acceptable and met building regulations. They have also stated that the HPL cladding (red panels) does not need to be replaced either. Both materials have been assessed by our Fire Engineer and deemed acceptable as part of the external wall assessment which has been undertaken in line with the new PAS9980 Guidance. We do, however, need to remediate the cavity barriers behind the cladding, so it will be removed, the issues fixed and then the cladding will be put back on.

The agreement with Kier identifies that they will pick up costs for remediation of cavity barrier work, including the temporary removal and reinstatement of ACM and HPL panels

Are you pursuing Keir for compensation for their professional negligence in the original build, on top of paying to fix the defects?

We will not be pursuing Kier for compensation for this project. We have been able to come to an agreement with Kier that they will cover the cost of the work without having to go through the courts. It is possible that asking for compensation would mean going through the courts to determine a fair settlement and would mean we would not be able to reach an agreement for the cost of the work until the compensation was determined in the courts. This would cause considerable delays to the project as we are not able to start work without a funding agreement. There are many residents in

Flowers Close who want to sell, remortgage, staircase or just have the peace of mind that the building does not require remediation. We don't think a considerable court delay would be worth the potential compensation amount.

Is Kier covering all the extra costs incurred to Network Homes off the back of this or is this reflected in the increase in service charge?

Kier has agreed 'without prejudice' to cover the cost of remediation for the latent defect relating to cavity barriers. The balconies at CIPHER are still a grey area due to government announcement but will go through S20 consultation.

Is Kier picking up the flume work costs?

Yes, any fire stopping required around vents and boiler flues in the ACM and HPL areas is included in the remediation carried out by Kier.

Cipher Court balconies and insurance

What was the outcome of the discussions you had with the insurers (Zurich) earlier this year?

We have been having constructive dialogue with our insurer Zurich for some time on our remediation schemes. Once a technical remediation strategy to cavity barriers had been identified between our Fire Engineer and Kier, we presented our Fire Engineer's and Building Surveyor's reports for Flowers Close to Zurich.

Zurich had concerns about Cipher Court **only** and the position of the HPL panels and the timber balconies on the larger part of the block. At first Zurich's position was that all HPL should be removed around balconies and balcony decking should be upgraded. They have since changed their position and requested that the balcony decking on the main core is removed and replaced with a non-combustible material, and the underside of the balcony is lined with non-combustible materials.

Our expert advice has determined that the balconies and cladding met the requirements of the Building Regulations at the time of construction. Upgrading the balcony decking/underside is considered 'betterment' and not a 'latent defect' attributable to the original build contractor.

Roughly how long will it take to replace the Cipher Court balconies?

We cannot give any time scales for the balcony work at present. We will be seeking quotes and method statements from contractors on our framework, and once we have these, we will consult with our residents via the Section 20 process.

After the cavity barriers are fixed, will we be left for many more months, with our properties unsaleable, waiting for the balcony work to be completed?

Once the cavity barriers are fixed, the Fire Engineer has identified an EWS1 B1 Form can be issued. The balcony work is independent to this and impact the building insurance for Cipher Court. If you are selling your property you will need to declare the proposed work and the proposed Section 20 process for replacement balcony work to your buyer.

What will the balcony decking be replaced with?

This will need to be a non-combustible material (not timber) to satisfy the demands of the insurer. As part of the method statement submitted to us by contractors, they will outline what materials they would use.

You said that the balcony met building regs at time of build and still does? Therefore, how can this be an issue?

This is not an issue with the fire engineer or the regulations. This is an issue with the insurer who has looked at the situation and has determined that the financial risk would be too large if there was a significant fire. They have therefore asked us to remove the combustible materials.

How will our insurance premiums be affected if the balconies are not replaced?

Our insurer Zurich will withdraw cover. We have gone to the market for other quotes and only one provider returned a quote. This saw an increase in Buildings Insurance from £215 per unit per annum to £1,196 per unit per annum. This is a 457% increase.

Are we going to be able to obtain reasonably-priced buildings insurance without having to replace the timber balconies?

We have gone out to the open market and only one insurance provider returned a cost. This is an 457% increase per unit which we do not think represents a reasonable increase.

How many different quotations have you now received for alternative insurance providers under the scenario that our balconies remain unchanged?

Our insurance team went to the open market and requested numerous quotes. Only one provider returned a quote.

Is one quote for insurance sufficient to make this decision off of, when comparing insurance premium increase vs capital outlay?

We went out to the whole insurance market to request quotes for a new insurance policy – only one insurer came back to us with a quote. We therefore can see that there is not an appetite in the industry to insure this type of project, and the only insurer to come back to us offered an expensive quote.

Are the insurance costs at Cipher Court going to increase during the period we are waiting for the balconies to be replaced?

We have confirmation from the insurer that insurance costs will remain the same, however is being continuously monitored. We have been transparent with our provider, and they are aware that we must consult leaseholders, however they are pushing us for a remediation strategy and start date. We must also further adhere to the guidance in relation to materials stored on balconies.

Cipher Court costs and Section 20 consultation

If the balconies need replacing, how much will that cost? What proportion of that cost will fall on leaseholders?

We do not have a cost yet for the balcony decking work, and we would not want to speculate as to the cost, given the current market. We will seek costs via a mini competition from our existing framework and then consult our residents.

The costs for balconies will be split equally across all residents at Cipher Court. Under the terms of the lease, the balconies form part of the structure, and improvement costs to the structure that are required must be shared equally across all flats.

Why do flats without balconies have to pay for these costs?

Under the terms of the lease, balconies are considered part of the external structure of the building. All residents must pay for work done to the structure of the building under the terms of the lease. An incident on one balcony could affect the entire block, whether properties have balconies or not, which is why they are classed as the structure of the building. We do understand this may be difficult to accept, but everyone in the building will benefit once the remediation is completed as insurance costs will not increase significantly.

Ballpark, what do you expect the cost per flat to be for balcony remediation?

We have not yet gone out to get quotes from our contractor framework and therefore we don't have any accurate quotes. We also have not had to do this type of work on any of our other building safety projects and so are unable to share what we think would be an accurate estimate.

We do however have a small indication of the cost, but we cannot guarantee its accuracy. We are the 'head lessee' on other buildings in London which require this type of work – that means we own several flats in a building owned and managed by someone else. We have been informed of the cost of balcony decking replacement at some of these schemes and it has been several thousand pounds per flat. However, as we do not own or manage the building, we've not been involved in getting the quotes and we haven't seen any of the detail so we don't know how these costs have been calculated. In addition, the cost of construction materials and labour is increasing significantly so these figures may no longer be relevant.

Therefore, we can say the balconies will cost several thousand pounds per flat, but we cannot be more specific until we have got quotes back from our contractors.

How do you know that replacing the balconies will pay for itself in 'a few years' if you have no idea how much it will cost? The extra cost per year was 982, so put another way, how long is a "few" years - 3, 5, 10?

As explained above, we have some sort of indication of the cost based on the information we have been provided by other building owners/managers. However, we cannot guarantee its accuracy so must wait until we have got quotes from our own contractors.

The yearly insurance increase would be £952 per flat, and so depending on the cost could pay for itself in 3-5 years, **but we must wait for accurate quotes until we are able to give you a clearer indication of costs.**

Can our reserve fund pay for the balcony change?

We will always look at using the reserve fund for this kind of work. Once we have quotes, we will be able to determine how much each flat would need to pay and then can look at how much each property has contributed to the reserve fund to see if it can help.

If the balconies need remediating, wouldn't it be most cost effective to do it while the scaffolding is up for the cavity barriers project?

It would be more efficient to have Kier undertake the balcony work given scaffolding is up, however Kier is not on our Fire Remediation framework. We must get quotes from contractors on our framework. Alongside going to our Fire Remediation framework, we will also seek a cost from Kier. If Kier's return is attractive, we will consult with you further.

When is the latest you can start the balcony work tender process while still keeping open the chance of coinciding the work with Kier's other remediations?

Our indicative programme has identified approximately two months per block. If Cipher were left until last, we are confident that we could complete the s20 process within this timeframe, subject to consulting with residents.

Why can't we negotiate with Kier for a discount on balconies, given they have made such a mess of this build?

We do understand why you would ask this as it could be easier for Kier to do the work. However, Kier's responsibility for the building is to cover the defects in the external wall system. They may give us a favourable cost for the balcony remediation or they may not choose to offer a quote. They are not responsible for the balcony work and so may not want to take on this project.

Given you've known the situation for a while, why haven't you already gone out to tender for the balcony work at Cipher Court? When will the process now begin?

In the first instance we have been pushing for a definitive response from our insurer Zurich regarding the extent of the work and challenging them on their justification for it. We have also appointed a consultant to prepare tender documentation which is now ready to be issued to contractors. Now that we have met with our residents to express our intention, we will now proceed with receiving tender returns before consulting further with our residents.

For those of us hoping to sell our properties in Cipher Court, how will the receipt of bills two Septembers hence work out? Will a prospective buyer be expected to take on an unknown cost?

We're going to get quotes from contractors very soon and so will be able to provide residents with accurate costs during the Section 20 consultation process. You should declare this cost to your solicitor who should liaise with the buyer and their solicitor on this matter. The solicitors should advise you and the buyer on an agreement in writing regarding the cost of the balcony work.

I'm planning to sell. Why should I take on a cost which won't benefit to me at all? It shouldn't be my issue and building fund should cover

We will of course look at how the reserve fund can contribute to the cost of balcony work. If you need to sell your property, declaring this work to your solicitor/buyer will be a legal requirement as part of the selling process.

It seems ludicrous that a specialist Fire Engineer does not believe that the balcony work needs to be done yet Zurich do not agree. Surely with your huge corporate policy, you can push back very hard on this?

We met with Zurich on multiple occasions to try and resolve this situation without causing significant increases to insurance costs. We did push back very hard but were not able to change Zurich's position, due to the very risk averse nature of the insurance market. As already mentioned, we are lobbying government to ask for their support in this matter.

Who is more knowledgeable fire engineer or insurer? This is purely money extortion from hard working people and need good action taken by NH

It isn't really a question of who is more knowledgeable – a fire engineer and an insurer have different concerns. A fire engineer looks at the risk to people and the building regulations. An insurer looks at the risk to the building and is concerned with a 'total loss' of the whole building. Increases such as this are sadly common for buildings which are affected by building safety issues – you can read more

about insurance and what the government is doing to tackle it here: <https://www.theguardian.com/business/2022/jan/28/gove-requests-review-of-high-insurance-costs-for-flats-with-unsafe-cladding>.

Cabinet Court and Code Court

Can you confirm that no balcony work has to be done in Code Court at all?

The insurer has stated that they only require work to be carried out to Cipher Court – Cabinet Court and Code Court **do not** require work to be done to their balconies.

Will residents of all buildings in the development have to pick up the cost of the insurance due to balcony replacement work in Cipher Court?

The costs for any work to balconies or increased cost of insurance at Cipher Court would only be paid by residents at Cipher Court. Residents at Cabinet Court and Code Court **will not** be required to cover the costs for Cipher Court.

Has the cost of Insurance been affected for Code Court in light of required work?

Insurance costs at Code Court (and Cabinet Court) will not see an increase because of the situation at Cipher Court.

Building Safety Fund

Will the costings be amended if the Building Safety Bill passes stating that leaseholders should not be covering any costs?

The government hasn't announced funding requirements for buildings under 18m yet. If anything changes, we will comply with the new guidance.

Combustible materials on balconies

What are your plans if residents refuse to remove flammable materials from their balconies despite being told?

We will work with residents on a case-by-case basis. If necessary, we will inform them legal action may need to be taken and refer the case to our internal legal team.

It is really important that residents work with us if they have flammable items on their balcony or terrace area. We have notified everyone of the issues in the external wall system and it is the responsibility of everyone at Flowers Close to reduce the risk of a fire and help keep everyone safe.

How long have residents got to remove all flammable materials (e.g. wooden sheds, etc) from balconies/terraces to satisfy Zurich's demands?

The erection of sheds on patios and balconies is a breach of the lease. Residents will receive a letter with a deadline, and we will work with residents on an individual basis, escalating with our legal department if appropriate.

I have a garden with a shed. What's the suggested alternative for storing the equipment to maintain the garden if I have to dismantle the shed? How has this been handled at other properties?

We have liaised with the insurer who has now indicated that sheds may be able to be kept if they are moved away from the building. This will be on a case-by-case basis so please get in touch with us.

Service charge enquiries

How can I sell my flat with a high service charge? This need to be lowered - a friend of mine who lives in an old building with 50 flats pays £1,200 so there is something wrong. The service charge went up from £102 to £231 in 7 years. I do believe that is a scandal and overcharged.

At the start of the financial year we do not know in advance the exact amount it will cost us to provide services and repairs at your development. We estimate the cost for the coming financial year by looking at the costs in previous years and any changes in the cost of contracts from external suppliers. Based on this estimate we send you a Service Charge and Rent Increase letter, normally in February, which sets out the estimated cost for the financial year ahead.

Your lease states that you pay a variable service charge. This means that the service charges are likely to change from one year to another and that there will often be a difference between the estimated cost and the actual cost.

Once the financial year is over, we will calculate how much we have actually paid for services and repairs at your development during that financial year. Based on this we will provide you with a Final Account (also known as a Year End Account) and we normally send this to you in September.

The Final Account will show you the difference between what we thought we would spend (the estimate) and what we actually spent (the actual). If the costs have gone down from the estimate, this will appear as a credit on your account. If the costs have gone up from the estimate, this will appear as a debit on your account and you will be asked to pay the additional amount.

The Final Account is based on actual expenditure incurred (invoices paid and work orders raised) and is not calculated as a percentage uplift of the estimated amount.

We always aim to get the estimate services as accurate as possible, but on occasion there may be something that we overlook in the estimate which are included in the final account.

The 2022/23 service charge statement shows an increase for insurance of 24% on 2021/22. Has this factored in the likely increase Zurich is talking about?

This is separate from Zurich's concerns about the balconies – the 24% increase is reflective of a 'hardening' of the insurance market and adjustments made by Zurich to our policy.