Mr Clive Betts MP
Chair, Levelling Up, Housing and Communities Select Committee

6 December 2021

Dear Mr Betts,

Following your committee's recent evidence session on 22 November with Sir Ken Knight and Dame Judith Hackitt, where EWS1 forms were discussed, we thought it might be helpful to get in touch and provide some additional information.

The EWS1 process and related form was introduced by lenders and valuers in December 2019 to solve the problem of a significant number of flats being given a zero valuation due to concerns relating to external wall cladding. This does not mean that a flat is worthless, but rather that more information is needed to give an accurate market value. The purpose of the EWS1 was to identify which flats would need costly remediation work to make the flats safe for habitation as these costs would affect valuations and, potentially, the affordability of the mortgage.

During the 22 November session, it was suggested that when EWS1 forms were first introduced, borrowers needed multiple forms when using different lenders, even in relation to the same building. We would like to reassure the committee that when an EWS1 assessment is carried out it applies to the whole building and, in England, can be used by all leaseholders.

Where a valuer needs additional information to provide a valuation that meets RICS professional standards, lenders can ask about any existing EWS1 form from building owners or access the online portal for EWS1 forms operated by the Fire Industry Association (FIA). In this scenario there is no need for borrowers or building owners to seek an additional EWS1 form.

It was also said that "surveyors, driven by lenders, will be able to recognise that they do not need to do EWS1s on every building in the way that has been done in the past".

In March 2021, RICS published guidance (based on the Consolidated Advice Note) which provides risk-based criteria on when to request an EWS1 form, while also advocating the use of professional judgement. This guidance has helped to provide consistency in the market and, based on current information from one of our major firms of valuers, has resulted in new EWS1 forms being requested by valuers in only 5.32 per cent of mortgage valuations of flats between 22 March and 3 October 2021. The equivalent figure for the period 1 September 2020 to 21 March 2021 was 7.58 per cent.

During the session it was suggested by Sir Ken that fire risk assessments under the Fire Safety Act 2021 may replace EWS1 forms "quickly" or "in a short period of time". We believe that it is more likely that fire risk assessments will replace EWS1 forms in the medium term as building owners are being asked by the Home Office to prioritise fire risk assessments of high risk, high rise buildings.

As a result, there will continue to be a small number of medium and lower risk buildings where new or updated fire risk assessments (including an EWS assessment) may take some time to complete. In the meantime, valuers may need additional information from an EWS1 form before they can provide an accurate market valuation for their clients.

We hope that this letter helps to clarify the current position in relation to the EWS1 forms. Please don't hesitate to get in touch if you have any follow-up questions.

Yours sincerely,

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