

Valuation of properties in multi-storey, multi-occupancy residential buildings with cladding

1st edition, UK guidance note

[RICS guidance notes](#)

Definition and scope

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No liability is accepted by RICS to any third party for reliance on this guidance in matters of life safety, nor for any liability that may arise as a result of any party using this guidance note to decide whether an EWS1 form is required.

[Document status defined](#)

The following table shows the categories of RICS professional content and their definitions.

Publications status

| Type of document | Definition |
|--|--|
| <i>RICS Rules of Conduct for Members and RICS Rules of Conduct for Firms</i> | These Rules set out the standards of professional conduct and practice expected of members and firms registered for regulation by RICS. |
| International standard | High-level standard developed in collaboration with other relevant bodies. |
| RICS professional statement (PS) | Mandatory requirements for RICS members and RICS regulated firms. |
| RICS guidance note (GN) | A document that provides users with recommendations or an approach for accepted good practice as followed by competent and conscientious practitioners. |
| RICS code of practice (CoP) | A document developed in collaboration with other professional bodies and stakeholders that will have the status of a professional statement or guidance note. |
| RICS jurisdiction guide (JG) | This provides relevant local market information associated with an RICS international standard or RICS professional statement. This will include local legislation, associations and professional bodies as well as any other useful information that will help a user understand the local requirements connected with the standard or statement. This is not guidance or best practice material, but rather information to support adoption and implementation of the standard or statement locally. |

Glossary

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| Cladding | A method of enclosing a building externally by the attachment of finishing materials spanning between given points of support on the face of the building. For the purposes of this guidance note, the material types together with their fixings to be considered as cladding are: aluminium composite material (ACM), brick slips, high pressure laminate (HPL), metal composite material (MCM), metal sheet panels, rendered external wall insulation system, plastic, tiling systems, and timber or wood. |
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| | <i>Note: this list of cladding types is as defined by the UK government in Building Safety Programme: estimates of EWS1 requirements on residential buildings in England</i> |
| Curtain wall glazing | An external wall cladding type comprising a frame or grid fixed to the face of a structure, usually at floor levels, with glass infill panels, with or without spandrel panels. |

For the purposes of this document, and for consistency with the [Advice for Building Owners of Multi-storey, Multi-occupied Residential Buildings](#), the following external wall types have been excluded from the term 'cladding':

- masonry construction (panels of solid brickwork, blockwork, or stonework)
- traditional cavity wall construction (with a brickwork, blockwork or stonework external leaf)
- timber framed buildings with a brickwork, blockwork or stonework external leaf
- concrete panels and
- stone panels.

1 Introduction

1.1 Purpose

This document is intended to help valuers undertaking valuations for secured lending purposes on domestic residential blocks of flats only, but may also be useful when undertaking valuations of such properties for other purposes. It does not apply to individual terraced, semi-detached or detached houses, bungalows or developments considered to be non-domestic. Following consultation with the fire safety industry and lenders, it provides criteria that can be used by a competent valuer during a standard valuation inspection to identify buildings where remediation work for fire safety purposes that may materially affect the value of the property is not likely to be required.

This guidance note is not intended to be, nor should it ever be used as, a substitute for a professional life safety fire risk assessment of any building. It is purely to help valuers understand when an EWS1 form is required because there is likely, under current government guidance, to be a need for remedial costs affecting the value.

1.2 Current UK government guidance

In January 2020 the UK government published [Advice for Building Owners of Multi-storey, Multi-occupied Residential Buildings](#) (the consolidated advice note). An [additional supplement](#) to this document was published in November 2020.

The consolidated advice note outlines the advice of the UK government's Independent Expert Advisory Panel on building safety for owners of domestic residential blocks of flats, following the Grenfell Tower disaster and other fires in residential buildings in England. Paragraph 1.5 advises that 'the need to assess and manage the risk of external fire spread applies to buildings of any height'.

The Independent Expert Advisory Panel considers that certain types of ACM cladding cause a significant fire risk on buildings of any height, and as such the document advises that remedial actions may be required in such buildings where there is a risk to the health and safety of residents.

Although this consolidated advice note was intended for use in England, it has also been used for advice in the rest of the UK. The Local Government and Communities Directorate in Scotland is producing a [similar advice note](#) for use in Scotland, reflecting differences in legislation, which reflects the English advice note in advising on inspecting lower-rise buildings in addition to high-rise.

1.3 RICS valuation standards

All valuers in the UK are required to comply with [RICS Valuation – Global Standards](#) (Red Book Global Standards) and the [UK national supplement](#). These standards require a valuer to act within their competence, apply professional scepticism to information available to them and, when advising for residential mortgage purposes, provide independent objective advice to the lender on:

- a. the nature of the property and factors revealed during the inspection that are likely to materially affect its value
- b. the market value (and/or market rent if required) including, where reasonable and agreed in the terms of engagement, specified assumptions or special assumptions and
- c. where there are serious cases of disrepair or obvious potential hazards revealed during the inspection that may have a material impact on its value.

An assumption is made where it is reasonable for the valuer to accept that something is true without the need for specific investigation or verification. Any such assumption must be reasonable and relevant, having regard to the purpose for which the valuation is required.

If the member does not have the required level of expertise to deal with some aspect of the valuation assignment properly, they should decide and agree with the client what assistance is needed from other professionals who would be competent to provide specialist information.

1.4 Valuation standards and the consolidated advice note

The purpose of a mortgage valuation is set out in the UK national supplement to the Red Book and includes providing an assessment of market value of a property. A valuation is not a fire or life safety risk assessment. Valuers will not be competent or insured to assess the composition of cladding or any other attachments to the building, nor will the non-intrusive inspection that a valuer is usually instructed to carry out allow for such an assessment.

Given the contents of the consolidated advice note, a valuer will have to carefully consider whether they can make a reasonable assumption that a multi-storey, multi-occupancy residential building will not need remediation work to external walls that is likely to materially affect the value of the property and its saleability. This guidance note sets out RICS advice on that decision. It does not address the valuation approach to other hazards that may affect the value of a property in a multi-storey, multi-occupancy building.

The external walls of buildings of any height without cladding or curtain wall glazing do not typically pose a risk in terms of fire spread over the walls, and a reasonable assumption can be made for such buildings. Where a reasonable assumption cannot be made, the valuer would need further information before making a valuation, which may include specialist input from a competent expert on the composition of any cladding or attachments, and the likelihood that the building will require remedial work.

1.5 Effective date

This guidance note is effective immediately on publication.

2 The EWS1 form

In the UK, if required by a valuer or lender, specialist input from a competent expert on cladding can be sought through the [External Wall Fire Review system](#) delivered through the EWS1 form. This form was developed in consultation with a range of market participants, including the UK government, UK Finance, Building Societies Association, lenders, chartered engineers registered by the Institution of Fire Engineers, developers, managing agents, building owners, chartered valuation surveyors, and legal representation. EWS1 was designed as a means of ensuring that a suitable assessment has been carried out by a competent fire expert to determine whether remedial works are required for a building, in a simple and clear pro forma from which lenders and valuers can assess whether there is a need for remedial works that will affect value. This enables lenders and valuers to provide the best advice to those wishing to access finance and make purchasing decisions.

The process has logically followed the path of requiring the building owner to obtain the EWS1 form for buildings in scope, which is then provided to valuers and lenders.

2.1 Criteria where an EWS1 should not be required

Requesting an EWS1 for buildings where there is a low risk of remediation work being required creates long and unnecessary delays for buyers and sellers, and re-mortgaging of such properties, but also prevents the limited pool of competent experts from focussing their assessments on properties where there is a significant risk to the safety of occupants. A valuer should always have a rationale to justify the request for an EWS1 form.

Where a valuer or lender has been able to establish (within the limits of their competence) that the building owner has met the obligations of the consolidated advice note, or that a building over 18 metres has been signed off in accordance with [The Building \(Amendment\) Regulations 2018](#), an EWS1 form should not be required. Where there is a route to remediation (for example through a warranty from the freeholder to cover the costs of remediation), the valuer may take that into account in their valuation. A valuer should also follow any guidance issued by their client, who may give specific instructions about when they agree to a valuer making an assumption of this nature without an EWS1 form being required. Any such specific instructions should be clearly referenced in the valuer's terms of engagement and valuation response.

Where the requirement above cannot be met and the client has given no specific instructions, RICS has developed – in consultation with the fire safety sector and lenders – the following criteria representing reasonable circumstances where an assumption can be made that remediation work materially affecting the value of the property is unlikely to be needed, and an EWS1 should therefore not be required.

Buildings over six storeys

- There is no cladding or curtain wall glazing on the building **and**
- if there are balconies where the balustrades and decking are constructed of combustible materials (e.g. timber), they are not stacked vertically above each other.

Buildings of five or six storeys

- There is not a significant amount of cladding on the building (for the purpose of this guidance, approximately one quarter of the surface façade is a significant amount) **and**
- there are no ACM or MCM panels on the building* **and**
- if there are balconies where the balustrades and decking are constructed with combustible materials (e.g. timber), they are not stacked vertically above each other.

Buildings of four storeys or fewer

- There are no ACM or MCM panels on the building*.

** Note: metal cladding and ACM/MCM are visually very similar, so if metal cladding is present, the valuer should either confirm with the building owner or managing agent in writing that they are not ACM/MCM, or an EWS1 inspection should be requested.*

When deciding on whether an EWS1 form should be commissioned, the valuer should take and maintain a record of the site notes, risk assessment criteria and photographs made at the time of any inspection specific to this decision. It may be appropriate not to make this decision during the inspection, but rather to prepare it from the notes taken and after appropriate consideration and reflective thought, which should be documented.

If a decision has been made that an EWS1 form is not required, valuers should record their rationale for this decision. The valuation report should also state that there may be costs of remediation at some point in the future dependent upon a full fire risk assessment of the building, but for the purposes of the valuation these are not deemed to significantly affect the value at this point in time.

It is important to note that a decision by a valuer not to request an EWS1 form during the valuation process provides no assurance that there are no fire or life safety risks, but only considers whether there is a likelihood that remediation work affecting value will be needed, based on the presence or absence of cladding and other attachments to the building. Buyers should be advised to always seek a copy of the existing fire risk assessment for the building before purchasing.

Fire safety is an important subject that all RICS members must be familiar with, and the *Cladding for surveyors* supplementary information paper is recommended reading.

3 Risk and liability

It is important that the valuation report provides clarity and transparency about liabilities assumed by the valuer and those which are not. This allows the lender and borrower to understand the valuer's role and responsibilities. If the valuation report is not disclosed to borrowers, the lender should make these limits clear in the terms and conditions of engagement. This guidance note is RICS advice based on consultation with relevant bodies about the likely need for remediation and has been agreed with the major lenders, but it is important to note that not requesting or having sight of an EWS1 form for those properties within the criteria in this document is no guarantee that future remediation costs affecting value will not be required.

To ensure clarity around this, RICS recommends that valuers use the following words to notify clients that a change in guidance, or the production of a fire risk assessment in future, might reveal the need for works that have not been considered in this valuation.

Suggested wording to be included in valuation reports where an EWS1 is not being requested:

'The building does not have, or appear to have, cladding **or**

The building has cladding and/or balconies but further information has not been requested about whether remediation works may be required because it falls outside RICS advice current at the time of this valuation. However, this decision is not a guarantee that works will not be required in future.'

Suggested wording to be used where an EWS1 is being requested:

It is likely that lenders will provide standard paragraphs for valuers to use when an EWS1 form is either requested or viewed. It is important that a disclaimer is used to confirm that the valuation has been provided based on the EWS1 form.

The valuer should always check that the person who has completed the form is qualified to do so, has completed the information set out in Notes 2 and 3, and the information in the EWS1 form is complete and appears to make sense.

Suggested wording for the valuer/borrower to be included in the valuation report:

'In arriving at the valuation for mortgage purposes, your mortgage lender and the mortgage lender's appointed valuer (where applicable) have relied on the EWS1 form provided in good faith by a

professionally qualified third party. Neither this firm nor the author of this valuation has any liability to the lender or to you, the borrower, for any losses or potential losses arising directly and solely from the valuation being provided in reliance upon the EWS1 form. If you require further information, then please seek independent advice prior to legal commitment to purchase.'

RICS-regulated firms should also agree a disclaimer with each lender client as part of their contractual arrangements. The following wording can be used in this type of agreement and RICS-regulated firms should always take independent legal advice.

Suggested wording for RICS-regulated firm and lender client to be included in the valuation report and/or terms and conditions:

'We [insert name of lender] formally acknowledge that where a valuation prepared for mortgage lending purposes by [you/identify valuation firm]/[our appointed valuers and valuers panel] has been prepared in reliance upon the EWS1 form (or as revised) in the full knowledge and understanding that this document is produced in good faith by a professional third party but excludes any liability to the lender, the valuer, valuer panel or the borrower, we agree that neither we, nor any person deriving title to the mortgage from us, will pursue a claim against the valuer for any losses or potential losses arising directly and solely from the valuation being provided in reliance upon the EWS1 form.'

Where such an agreement is not possible, RICS members should use the following words in the valuation report:

'In arriving at the valuation, we have relied on the EWS1 form, prepared by a professionally qualified third party. In so doing, we are not offering any advice as to the accuracy, completeness or fitness for purpose of the form or its content, and neither the individual preparing the valuation nor this firm shall have any liability to you, or to any third party with whom you share the valuation, for any losses or potential losses arising directly and solely as a result of any inaccuracies or errors in, or otherwise in any way related to, the EWS1 form.'

Appendix A: Case studies

The following case studies are representative samples of buildings but each building needs to be considered on an individual basis. It should be noted that the buildings in these case studies are used only as images to demonstrate application of the EWS1 requirement criteria from the valuers perspective, and do not represent fire safety advice on these or similar buildings, which need to be considered on a case by case basis.

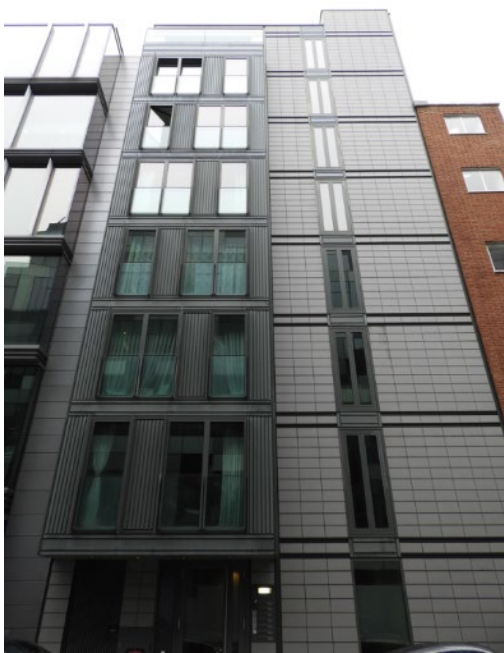
Photo permissions pending.

A1 Case study 1



| | | |
|------------------|---|--|
| Criteria | Height | Over 6 storeys. |
| | Visual inspection of facade | Concrete panels with concrete balconies. |
| EWS1 | Not required | |
| Rationale | Concrete panels are excluded from the list of cladding and the balconies are not constructed of combustible material, therefore, although the building is over 6 storeys, an EWS1 form would not be required. | |

A2 Case study 2



| | | |
|-----------|--|--------------------------------|
| Criteria | Height | Over 6 storeys. |
| | Visual inspection of facade | Metal composite material (MCM) |
| EWS1 | Required | |
| Rationale | The building is over 6 storeys with MCM cladding and therefore an EWS1 form would be required. | |

A3 Case study 3



| | | |
|------------------|---|--|
| Criteria | Height | Over 6 storeys. |
| | Visual inspection of facade | Brickwork with concrete/brickwork balconies. |
| EWS1 | Not required | |
| Rationale | Traditional cavity wall construction (with a brickwork, blockwork or stonework external leaf) are excluded from the list of cladding and the balconies are not constructed of combustible material, therefore, although the building is over 6 storeys, an EWS1 form would not be required. | |

A4 Case study 4



| | | |
|------------------|---|---|
| Criteria | Height | 6 storeys. |
| | Visual inspection of facade | Mostly brickwork, with some small isolated areas of timber cladding (less than one quarter of the façade surface) with balconies having timber decking and metal balustrades. |
| EWS1 | Not required | |
| Rationale | Traditional cavity wall construction (with a brickwork, blockwork or stonework external leaf) are excluded from the list of cladding and the timber cladding is only present in small areas, much less than one quarter of the façade surface. Although the balconies are stacked vertically above each other and the timber decking is combustible, the metal balustrades are not. Therefore an EWS1 form would not be required. | |

A5 Case study 5



| | | |
|------------------|--|---|
| Criteria | Height | 6 storeys. |
| | Visual inspection of facade | Mostly brickwork, with rooftop dwelling extension comprising timber cladding (less than one quarter of the overall façade surface). No balconies. |
| EWS1 | Not required | |
| Rationale | Traditional masonry wall construction is excluded from the list of cladding and the timber cladding is only present in small areas, less than one quarter of the façade surface. There are no balconies to consider. Therefore an EWS1 form would not be required. | |

A6 Case study 6



| | | |
|------------------|--|---|
| Criteria | Height | 5 storeys. |
| | Visual inspection of facade | Brickwork to ground floor, with a mixture of terracotta rainscreen and timber cladding to upper floors. |
| EWS1 | Required | |
| Rationale | Traditional cavity wall construction (with a brickwork, blockwork or stonework external leaf) are excluded from the list of cladding. However the terracotta rainscreen and timber cladding is present on more than one quarter of the overall facade, and therefore an EWS1 form would be required. | |

A7 Case study 7



| | | |
|------------------|---|--|
| Criteria | Height | 4 storeys. |
| | Visual inspection of facade | Brickwork, with balconies having timber decking and balustrades. |
| EWS1 | Not required | |
| Rationale | Traditional cavity wall construction (with a brickwork, blockwork or stonework external leaf) are excluded from the list of cladding. The balconies are constructed of combustible material and are stacked vertically above each other, however this is not criteria requiring an EWS1 form at 4 storeys or fewer. Therefore an EWS1 form would not be required. | |

A8 Case study 8



| | | |
|------------------|---|---|
| Criteria | Height | 4 storeys. |
| | Visual inspection of facade | Mixture of brickwork and timber clad infill panels (more than one quarter of the overall façade surface). |
| EWS1 | Not required | |
| Rationale | Traditional cavity wall construction (with a brickwork, blockwork or stonework external leaf) are excluded from the list of cladding. Although the timber cladding is present on more than one quarter of the overall facade, this is not ACM/MCM and therefore is not criteria requiring an EWS1 form at 4 storeys or fewer. Therefore an EWS1 form would not be required. | |



| | | |
|------------------|---|--|
| Criteria | Height | 3 storeys. |
| | Visual inspection of facade | Brickwork to ground floor, with metal composite material (MCM) cladding to upper floors. |
| EWS1 | Required | |
| Rationale | The building is under 4 storeys but has MCM cladding, and therefore an EWS1 form would be required. | |