



# Government response to the Housing, Communities and Local Government Select Committee report on Cladding: Progress of Remediation





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Presented to Parliament by the Secretary of State for  
Housing, Communities and Local Government by Command  
of Her Majesty



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ISBN 978-1-5286-2128-1

CCS0720963928

09/20

Printed on paper containing 75% recycled fibre content minimum

Printed in the UK by the APS Group on behalf of the Controller of Her Majesty's Stationery Office

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# Introduction

1. The Government welcomes the Housing, Communities and Local Government Select Committee report, published on 12 June 2020, following their inquiry into the progress of remediation works on dangerous cladding in multi-occupied residential buildings. We are grateful to the Committee and all those that provided evidence for their work.
2. We have considered the evidence, findings and recommendations of the report carefully and have responded to all of the Committee's recommendations, below.
3. We have also since published the draft Building Safety Bill for pre-legislative scrutiny, which addresses a number of issues raised by the Committee in its report.

## Background

4. Following the tragedy at Grenfell Tower the Government established a Building Safety Programme and launched an immediate independent review of building regulations and fire safety.<sup>1</sup> We accepted all the recommendations made by Dame Judith Hackitt in her report. We have intervened, protecting residents who are facing the most serious safety risks. We identified the high-rise buildings with the most dangerous ACM cladding and ensured that interim measures were installed to reassure and protect residents while remediation of those building is taken forward. We have also banned the use of combustible materials on the external walls of new high-rise residential buildings, published clearer guidance on existing regulations that buildings owners must follow, and we are making it mandatory for sprinklers to be fitted in all new blocks of flats over 11 metres high.
5. Alongside this, we have published our draft Building Safety Bill, which introduces the biggest improvements to building safety for nearly 40 years, with stricter rules for buildings over 18m. And together, measures in the draft Building Safety Bill, Fire Safety Bill, and Fire Safety Order consultation will improve safety standards for residents in blocks of flats of all heights.
6. In her review, Dame Judith Hackitt found that there was an unacceptable culture within the construction industry, and that the current regulatory system for high-rise residential buildings is not fit for purpose. We are implementing all of her recommendations - and in some cases we will go even further, to ensure that the reforms extend to other buildings as well.
7. The publication of the draft Building Safety Bill for pre-legislative scrutiny on 20 July 2020 marks a significant next chapter in this Government's continuing work, to make sure people are, and feel, safer in their homes, by reforming our building and fire safety system. The extensive reforms brought forward in this large and complex bill represent the most significant improvements to building safety legislation in decades.

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<sup>1</sup> The Independent Review of Building Regulations and Fire Safety (published May 2018) is available at: <https://www.gov.uk/government/publications/independent-review-of-building-regulations-and-fire-safety-final-report>

8. We are providing £600 million to remove and replace dangerous ACM in both private and social sector homes over 18 metres high, enabling the removal of cladding to take place quicker and protecting leaseholders in these buildings from significant remediation costs. We are also providing £1 billion to remove and replace other unsafe cladding materials, while not as dangerous as ACM, from high-rise residential blocks. And where funding alone has not been enough to increase the pace of remediation we have provided direct expert support to projects. Where building owners have still failed to act, despite support, we have supported enforcement action and have made it clear that we are not ruling anything out in our mission to keep residents safe.
9. We do not and should not expect the taxpayer to have to cover all remediation costs for unsafe cladding and have engaged with building owners and developers proactively to address this. The remediation of over 50% of privately owned high-rise residential buildings with unsafe ACM cladding will be paid for by building owners and developers, or through warranty or insurance claims - without passing the cost to residents. And we have made it clear that building owners must step up to their legal responsibilities and have provided guidance, based on expert advice, as to how they should do this.
10. Under the future system being proposed through the draft Building Safety Bill, we want to ensure that buildings are designed, constructed and managed safely, without central government and taxpayer intervention. Our reforms will improve building safety and performance standards for all residents, with a particular focus on the safety of residents in higher risk buildings. The Bill will:
  - establish a new, national Building Safety Regulator with strong powers to oversee higher-risk buildings and to increase standards and competence across the system;
  - provide a stronger framework to make sure those who manage building safety risks are responsible for managing those risks and are held to account, and will face serious consequences if they fail to do so; and,
  - give residents better avenues to seek redress when their concerns and complaints go unheeded.
11. In bringing forward this new legislation, we are clear that, while it is right that leaseholders should pay for the upkeep of their own homes and the buildings containing their homes, as all homeowners do, they should be protected as far as possible from unaffordable costs arising from past safety defects. Michael Wade, senior adviser to the Cabinet Office, will accelerate work on identifying options for financing historic remedial works that are not covered by the £1.6billion funding. We must remove barriers to fixing historic defects and identify financing solutions that protect leaseholders from unaffordable costs; but we must also ensure that the bill does not fall on taxpayers. We will update on any further measures required before the final Building Safety Bill is introduced to Parliament.
12. The Building Safety Bill is part of a wider package of building and fire safety reform. The package also includes the Fire Safety Bill, which is currently before Parliament, which will improve the identification, assessment and management of the fire risks in multi-occupied residential buildings and give Fire and Rescue Authorities confidence in using their enforcement powers where fire risks are not addressed in these buildings. In

addition, the Home Office has published a Fire Safety Consultation alongside the draft Building Safety Bill. This is another key part of Government's package of reform to improve building and fire safety in all regulated premises where people live, stay or work and to deliver the Grenfell Tower Inquiry recommendations.

13. As the legislation progresses and as the new Building Safety Regulator establishes itself, we expect it to complete detailed and systematic safety case reviews of the highest-risk buildings, and for the accountable persons in those buildings to have acted decisively to ensure that residents are safe. Those safety case reviews, and their prioritisation, will be informed by our current remediation programmes for unsafe cladding, and by a Building Risk Review which Fire and Rescue Services are conducting to assess fire safety risks across all high rise residential blocks of flats between now and the end of 2021. The true litmus test for our reforms will be whether it delivers cultural change. With the new regime in place, we will want to look back on Grenfell as a tragedy that sparked lasting improvements in practice and cultural norms across the construction industry.

# Recommendations

14. The Committee lists its conclusions and recommendations in pages 34-38 of its report. The recommendations are not numbered to set them apart from the Committee's conclusions but are identified by italic text in report. The numbering of the recommendations below is based on the order they appear in the report.

## Progress on Remediation

### Recommendation 1 & 2:

**1) *The £1 billion Building Safety Fund announced by the Chancellor in March is much needed and very welcome. However, it is not “what the Select Committee called for”, as the Chancellor told the House. We called for—and continue to call for—a fund that:***

- ***Applies to all high-risk buildings of any height;***
- ***Covers a range of fire safety defects, including combustible insulation;***
- ***Covers all costs associated with remediation works. (Paragraph 23)***

**2) *It is clear that £1 billion will not be sufficient to remediate all 1,700 buildings with combustible non-ACM cladding above 18 metres. The Government’s own estimate is that this will cost between £3 billion and £3.5 billion. Our expectation is that the funding will only be sufficient for 600 buildings: one-third of the total. The Government should not allocate funding on a first-come-first-served basis and instead guarantee that additional money will be made available when it inevitably becomes necessary. (Paragraph 24)***

15. Firstly, we should clarify that paragraph 13 of the HCLG report incorrectly states “there are likely to be a further 11,300 buildings with other forms of combustible cladding”. The 11,300 figure is the Department’s estimate of the total number of residential buildings in England above 18m in height and includes those – likely to be the vast majority - without cladding materials in their external wall systems. It is therefore not an estimate of the number of high-rise residential buildings with “other forms of combustible cladding”.
16. We estimate that there are 1,700 residential buildings over 18m in height with potentially unsafe non-ACM cladding. This is a working estimate produced by officials to help with development of the Building Safety Fund and it is continuously under review as we receive further information from building owners, local authorities and housing associations. A refined estimate is due to be published and will be informed by the data we have gathered from building owners through the registrations received for the Building Safety Fund.

17. In regard to the sufficiency of the £1bn Building Safety Fund to remediate the estimated total buildings affected, Government funding should not be the only means of remediating high-rise residential buildings with unsafe non-ACM cladding systems and both the Social and Private sector are expected to play a part in ensuring that their buildings are made safe. Building owners should meet the costs without passing them on to leaseholders wherever possible; through their own resources, or by recovering costs from applicable warranty schemes - or from the developers or contractors who were responsible for the installation of unsafe cladding.
18. On the scope of the Fund, Dame Judith Hackitt recommended that Government should focus public funding on remediating unsafe cladding systems from high rise residential buildings. We agree with her advice: our support is focused on cladding systems because unsafe cladding acts as an accelerant to fire spread, and higher rise buildings are the least likely to safely evacuate in the event of a fire spreading via external cladding.
19. The Building Safety Fund Prospectus<sup>2</sup> sets out the eligibility criteria for the Fund, which includes high rise residential buildings with combustible insulation as part of their cladding system. It also set out that the Fund will cover costs of works directly related to the replacement of unsafe cladding systems, including scaffolding, removal and disposal of existing cladding, replacement materials, and labour and reasonable on-costs to the contractor. It does not cover other building safety works that are not directly related to an unsafe cladding system. Our guidance is clear that building safety is the responsibility of building owners and we have given expert advice on a range of safety issues to provide clarity on the steps they should take.
20. As set out in the Building Safety Fund Prospectus, the £1bn funding is available in the financial year 2020/21. Therefore, each time funding is approved by MHCLG, sums will be allocated from the £1bn until the total funding is spent. This will incentivise the pace we expect building owners to demonstrate in progressing these remediation projects. We will continue to monitor demand throughout the application process.

### Recommendation 3:

**3) *The Government must ensure that social housing providers have full and equal access to the Building Safety Fund. (Paragraph 25)***

21. The Building Safety Fund is open to social sector landlords and private sector building owners to remediate unsafe cladding on buildings over 18 metres in height under certain circumstances.

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<sup>2</sup> The Building Safety Fund – Registration Prospectus (published 1 June 2020) provides the eligibility criteria. It states that “any building with insulation, or filler, achieving Class B-s1,d0 or lower that is not installed in line with a system that has a BR135 certificate via a BS8414 test will also be eligible to register”. The Prospect is available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/887452/BSF\\_Non-ACM\\_Cladding\\_Prospectus.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/887452/BSF_Non-ACM_Cladding_Prospectus.pdf)

22. Social housing providers have not been prohibited from accessing the Fund and we have provided two key safety nets. Firstly, we are providing funding for buildings owned by social sector landlords to meet the costs of remediation which would otherwise have been borne by leaseholders. In providing these funds, the Government expects social landlords to cover the remainder of remediation costs without increasing rent for their social tenants. The conditions for accessing this funding are similar to those for the private sector fund, which is aimed at removing the burden from, and thereby protecting, leaseholders.
23. Secondly, in the social sector the Department will fund work where remediation costs threaten the financial viability of the private registered provider, or where they would leave a local authority's Housing Revenue Account (HRA) to go into deficit, which is prohibited by law.<sup>3</sup>
24. The Government will not be funding the majority of remediation work in the social sector. However, we have confidence in local authorities' and housing associations' ability to carry out and finance remediation work.
25. We have also announced a new Affordable Homes Programme of £12.2bn to help local authorities and housing associations deliver new affordable housing delivery. This will:
  - Deliver up to 180,000 additional affordable homes; and
  - Include an ambition to provide 1,500 First Homes through a new pilot programme - homes prioritised for first-time buyers, key workers and local people at a 30 percent discount on market price.

#### **Recommendation 4:**

**4) *The Government should urgently clarify if they intend this fund to be a rolling fund whereby funding is provided to make buildings safe whilst attempting to secure return of costs from building owners. If this is the case, then the assumptions made should be published as well as the impact on costs not being recovered. (Paragraph 26)***

26. It is our expectation that building owners who can afford to meet or recover the costs of remediation without charging leaseholders should be getting on with remediation without drawing on public funds. For buildings on which an application to the fund is progressed, we have not assumed any substantial cost recovery will take place while we are allocating funding. However, we are ensuring that where the Exchequer can recover costs at any point in the future, it retains the ability to do so.
27. If recovery takes place after the scheme has ended, the department will discuss with Treasury how those funds are reallocated.

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<sup>3</sup> Local Government and Housing Act 1989, S76.

## Recommendation 5:

**5) *Too many residents are still unaware of whether their buildings are safe. Sometimes this is because their buildings are yet to be surveyed, due to a national shortage of qualified professionals. But often it is because developers, building owners and managing agents have unreasonably refused to pass information on. Where this is the case, the Government must compel those in positions of responsibility to be honest with their residents about fire safety defects in their buildings. (Paragraph 31)***

28. Responsible entities (the building owner, the freeholder, landlord or their managing agents) should be passing on information to their leaseholders – during our engagement with building owners we continue to reinforce this point. To make sure this happens, for buildings in scope of government funding, engagement with leaseholders is a stipulation in funding agreements.
29. We would continue to direct leaseholders with concerns to contact their responsible entity in the first instance, but if having spoken to their responsible entity, leaseholders remain concerned about the action being taken they can flag this to MHCLG via a form published alongside the Building Safety Fund Prospectus on Gov.uk.

## Recommendation 6, 7 and 8:

**6) *Our view is that funding will need to be increased to address all fire safety defects in every high-rise or high-risk residential building—potentially costing up to £15 billion. (Paragraph 35)***

**7) *For each affected building, the Government should actively seek to recover funds from the construction companies, architects, suppliers of faulty products, approved inspectors and any others who are found to be responsible for fire safety defects. (Paragraph 44)***

**8) *The Government should undertake a review of proportionate taxes on freeholders, developers and others to help fund these remedial works. This should include consideration of a temporary levy linked to the sale of new-build properties, as has been proposed by some industry stakeholders. (Paragraph 45)***

30. The Government is clear and unwavering in its view that it is unacceptable for leaseholders to have to worry about the cost of fixing historic safety defects in their buildings that they didn't cause.

31. It is the responsibility of the building owner or responsible person to ensure the safety of residents and we have called on them to do all they can to protect leaseholders from unaffordable costs.
32. In many cases, as we have seen for unsafe ACM remediation, building owners and freeholders can meet these costs from their own resources, or by claiming on insurance policies or warranties, or taking legal action. It is incumbent on them to pursue those avenues where possible.
33. This approach can work. For example, in more than half of the cases where there is ACM cladding on private sector residential blocks, the original developer or current building owner has agreed to pay or there has been a warranty in place to cover the costs. This protects leaseholders from the costs while ensuring remediation takes place and buildings are made safer. Building owners should exhaust these options.
34. We recognise that the majority of residential leases in high rise buildings provide that the costs of remediation can be recovered from leaseholders through the service charge provisions. We are providing additional funding to the Leasehold Advisory Service (LEASE), an arm's length-body which provides free initial advice to leaseholders, to enable them to help people understand the rights and obligations in their lease.
35. We have made £1.6 billion available to support the remediation of unsafe cladding. This will protect leaseholders from the vast majority of these costs and will deal with some of the highest risk and highest cost safety defects in our existing high-rise stock. However, we recognise that there are wider remediation costs which will need to be met to ensure the safety of existing blocks of flats.
36. Michael Wade, senior adviser to the Cabinet Office, will accelerate work on identifying options for financing historic remedial works that are not covered by the £1.6 billion funding. We must remove barriers to fixing historic defects and identify financing solutions that protect leaseholders from unaffordable costs; but we must also ensure that the bill does not fall on tax-payers. We will update on any further measures required before the final Building Safety Bill is introduced to Parliament.
37. The new building safety regime will prevent similar safety defects occurring in new builds in the future. It will also systematically address historic defects by requiring safety case reviews and reasonable improvements. This will be overseen by a new Building Safety Regulator and further details are set out in the draft Building Safety Bill.

### **Recommendation 9:**

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| <p><b>9) <i>We believe that there needs to be an urgent national effort to remediate all affected buildings, starting now. The Government should set a realistic target—not merely an ‘ambition’—that all buildings of any height with ACM cladding should be fully remediated of all fire safety defects by December 2021. Buildings with any other fire safety defect, including non-ACM cladding,</i></b></p> |
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***should be remediated before the fifth anniversary of the Grenfell Tower fire in June 2022. (Paragraph 55)***

38. Homes are being made safer. More than 70% of buildings with ACM cladding have either completed or are in the process of remediation – rising to above 90% in the social housing sector. However, it is unacceptable that, more than three years on from the Grenfell tragedy, some buildings have not started remediation. Building owners are responsible for building safety, and – with the provision of £1.6bn of Government funding - must take action urgently to make their buildings permanently safe for their residents. We expect all building owners to have works on site for the removal of unsafe ACM cladding by the end of 2020, with completion of remedial works by the end of 2021. We have made that expectation clear to all building owners who have not started remediation work.
39. The Government acknowledges that remediation of unsafe cladding is complex, and must be done properly so that it makes buildings and residents safe. We also acknowledge that there can be exceptional circumstances that delay works and the remediation projects can be challenging for some building owners.
40. We have brought in expert construction consultants - Faithful and Gould - to use their construction and project management expertise to support us, and building owners, in ensuring ACM remediation work is started by the end of the year. Where projects are at risk of not starting by the end of the year, or completing by 2021, Government is working with delivery partners, Faithful and Gould, and enforcement authorities (with the support of the Government funded Joint Inspection Team) on appropriate next steps. Those taking insufficient action should expect further enforcement action to be taken by local authorities and Fire and Rescue Services.
41. With Government funding and technical support in place, there can be no more excuses for inaction.

#### **Recommendation 10:**

***10) In the same way as it has done for buildings with ACM cladding, the Government should publish a monthly data release on the number of buildings with non-ACM cladding and other serious fire safety defects awaiting remediation. (Paragraph 56)***

42. We are committed to publishing all appropriate information in the Building Safety Programme's data release when ready. This includes data and analysis related to the ongoing External Wall Systems data collection, and the Building Safety Fund – which will monitor remediation of those buildings with unsafe non-ACM cladding.

#### **Recommendation 11:**

***11) We would support a much more extensive use of Compulsory Purchase Order (CPO) powers, to take direct ownership of the freehold of buildings with***

***serious fire safety defects. The Government should give urgent consideration to the setting up of a new national body whose sole purpose is to purchase the freehold and manage the remediation of buildings with serious fire safety defects. This new body should step in where overburdened local authorities are unable or unwilling to act. The valuation of buildings under CPO should consider the cost of remediation and this should be deducted from any financial consideration paid to the building owner. Consideration of legislative changes should be included in the forthcoming Building Safety Bill. Any residential building where works have not commenced by December 2020 should be subject to a CPO by this new body. (Paragraph 59)***

43. Local authorities and fire and rescue services have enforcement powers and we have focused on supporting them in the use of those powers. In some cases, the threat of enforcement action has been sufficient to drive forward progress, in others enforcement action – which includes inspections of the hazard, enforcement or improvement notices, as well as more drastic measures like prohibition notices – has been taken on buildings. We are aware that enforcement action has been, or is being taken, against at least 30 buildings with unsafe ACM cladding where remedial works have not yet started on site. Where they have wanted additional advice and expertise to help them take action, local authorities have been supported by the Joint Inspection Team, which was set up by the department.
44. Our primary focus has been to ensure that remediation happens as quickly as possible - we engage with local enforcement authorities on the routes they assess would be most effective to ensure resident safety and support them to take action. Whilst at least one local authority has taken action by taking over as managing agent to take responsibility for remediation, no local authority has yet seriously considered use of Compulsory Purchase Order (CPO) powers – the process for these can take over two years and which have made them a less attractive option to ensure pace.
45. To date we have considered enforcement powers, funding, and provision of construction support. We have made £1.6m of funding available for remediation of unsafe buildings, provided construction expertise to remediation owners struggling to make progress, and are delivering stronger enforcement through the Fire Safety Bill and Building Safety Bill. This has led to 71% of high-rise residential buildings with unsafe ACM cladding completing or starting remediation work by the end of July 2020. We have written to those who have not started work, and to the relevant local authorities and fire and rescue services, making clear our expectation that remediation works will have started by the end of 2020 and completed during 2021. However, we have not ruled out any options, including CPOs, if the pace of remediation remains too slow.

## **Recommendation 12:**

***12) Once a building has been fully remediated, the new body should take the opportunity to convert freeholds into commonhold, kick-starting a revolution in how such buildings are owned and managed in future—as we called for in our Leasehold Reform report in April 2019. Leaseholders in such buildings***

***should be consulted and informed of the costs and responsibilities involved. The aim should be to empower existing leaseholders. (Paragraph 60)***

46. As set out in the Government's response to your Leasehold reform report in July 2019, the Government supports the increased use of commonhold and wants to see more commonhold developments. There are advantages of commonhold over leasehold but we are aware that there are also a number of issues within the current commonhold law that may not be attractive to homeowners, developers and mortgage lenders. The Government has asked the Law Commission to consider what is required to invigorate commonhold. The Law Commission has consulted on a range of proposals, including how to make it easier for existing leaseholders to convert to a commonhold structure. The Law Commission published its report to Government on 21 July 2020<sup>4</sup>. The Government is carefully considering the proposals and will set out next steps in due course.

### **Recommendation 13:**

***13) The Government should undertake a review to determine whether new legislation will be required to ensure those responsible for building safety have a legal right to gain access to leaseholder-owned properties in multi-occupancy residential buildings. The Government should publish its findings within six months and undertake to bring forward whatever legislation may be necessary to remedy the situation. The forthcoming Building Safety Bill should provide the necessary clauses to enable the Secretary of State to implement any requirements by secondary legislation. (Paragraph 62)***

47. Dame Judith Hackitt's Independent Review noted the important role that residents can play in helping to keep their building safe. The Building Safety Bill will put a requirement on residents of higher risk buildings to comply with a range of duties designed to ensure that an accountable person is able to effectively discharge their duty to minimise potential fire or structural safety risks in the building so far as is reasonably practicable. Those requirements will include keeping any relevant resident's item in good repair and proper working order; taking reasonable care not to damage any relevant safety items in the building; and complying with a request from an accountable person for information required for the purposes of their duty to carry out building safety risk assessments and take steps to prevent serious harm occurring as a result of such risks.
48. An accountable person may request access to a dwelling in order to check that a resident is complying with their responsibilities or for the purpose of assessing building safety risks. Where access is denied, the Building Safety Bill will include provisions that will enable an accountable person to obtain an order from the county court requiring a resident to give access to their dwelling, upon reasonable notice and at a reasonable time.

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<sup>4</sup> The Law Commission report, "Reinvigorating commonhold: the alternative to leasehold ownership" (published July 2020), is available at: <https://www.lawcom.gov.uk/project/commonhold/>

## Recommendation 14:

**14) While we recognise the importance of the combustible cladding ban and the discontinuation of the use of desktop studies, we remain concerned that there is a lack of consensus around the efficacy of the wider testing regime. We reiterate our call for a review of product testing, including the performance of materials in real-life scenarios such as windows, vents or other openings, leading to the implementation of a regime that can command wider industry support and bring reassurance to residents. (Paragraph 65)**

49. The Building Safety Bill will enable us to progress our commitment to radically strengthen oversight of the regulatory regime for construction products. The Bill will make sure a wider range of construction products are subject to strengthened safety regulations. It will also strengthen the powers available to the Government, paving the way to create a new national regulatory function that will have oversight of the construction products regulation. We are developing options for how this new national regulatory function could be implemented.
50. We are establishing a Construction Products Standards Committee to provide advice to the Secretary of State for Housing on whether voluntary industry standards for construction products should also become UK regulatory standards, a role currently undertaken by the European Commission. The Construction Products Standards Committee will also provide advice and recommendations on the conformity assessment process and product test standards. In particular the Construction Products Standards Committee will advise on:
- the assumptions and weaknesses within the current testing regime, including the effectiveness and accuracy of current tests;
  - ways to improve the testing regime and new tests to address the weaknesses; and,
  - innovation in how construction products are tested.

## Putting Resident Safety First

### Recommendation 15, 16 & 17:

**15) In its response to this report, the Government should outline how guidance will be changed to ensure residents have a right to the most effective fire safety measures. (Paragraph 70)**

**16) We now call on the CMA to investigate these “usurious” charges for interim fire safety measures, as part of its ongoing work into the leasehold sector. (Paragraph 71)**

**17) *The Government should include the costs for interim fire safety measures in the Building Safety Fund for the remediation of affected buildings. (Paragraph 74)***

51. In the days and weeks following the fire it emerged that more buildings had similar cladding to that used at Grenfell Tower. To enable people to continue living safely in their own homes, interim solutions were needed to mitigate the risk of a fire and the risk to life. Interim safety measures, such as waking watch, are an established principle for the temporary, short-term management of risk and have been utilised in buildings since before the Grenfell Tower fire. Their purpose is to ensure there is sufficient warning for residents in the event of fire, to support the evacuation strategy the measures .
52. The Government has worked closely with local authorities and Fire and Rescue Services to ensure that interim safety measures are in place in all high-rise buildings with unsafe cladding, pending its removal, to provide added protection and reassurance for tenants. The Government appreciates that many leaseholders are understandably anxious about increasing costs from interim measures and that these concerns have been heightened due to the Covid-19 pandemic. Interim measures such as waking watch should only ever be short term and are not a substitute for remediation. The only way to make buildings safe and eliminate the need for interim measures and associated costs, as well as the anxiety that residents are suffering, is to remove unsafe cladding as quickly as possible. That is why we are prioritising £1.6bn public subsidy on remediation of unsafe cladding.
53. The Government is aware of concerns that the current guidance to support simultaneous evacuation is perhaps being interpreted inconsistently by Responsible Persons resulting at times in an over reliance on Waking Watch above other more cost-effective alternatives. The Government welcomes the work the National Fire Chiefs Council are doing to update this guidance which will be published shortly. We have asked the Fire Protection Board to advise Fire and Rescue Services on how best to operationalise the revised guidance including looking into other measures such as installing building-wide fire alarm systems to reduce the dependency on waking watches wherever possible.
54. The Government is looking at the transparency of costs, especially Waking Watch costs, and where they fall for private sector high rise buildings. In his evidence to the committee, Lord Greenhalgh, stated his intention to provide greater transparency on the range of costs for interim measures and especially around the costs of waking watch arrangements. We are currently gathering evidence on costs data and will publish this information shortly. This means there will be transparency on the range of costs where comparisons can be clearly made to ensure costs are reasonable. We will also discuss with the CMA whether Waking Watch costs would be within the scope of their current investigation.
55. The Building Safety Bill will give residents a stronger voice in the system, ensuring their concerns about building safety issues are not ignored with increased

opportunities to have their say on decisions made about the safety of their building as well as having access to a new streamlined complaints route direct to the new regulator. Under the new regime, the accountable person will be required to ensure that residents automatically receive a range of building safety information and provide more detailed information to residents on request

### **Recommendation 18:**

**18) *The Government must ensure that residents have access to reasonably-priced buildings insurance in the period until their buildings are remediated. (Paragraph 79)***

56. The Government recognises that there have been a few cases where buildings insurance for high-rise blocks have become difficult to secure and there have been issues around affordability for residents. Government has been engaging with the insurance industry to understand the extent and scope of this issue, how insurers assess building safety risks and how together with how the difficulty in obtaining affordable building insurance can be mitigated. Government is focused on solutions which support affordable insurability, pending the completion of any necessary remediation.

### **Recommendation 19:**

**19) *The Government should act as an insurer of last resort for buildings unable to obtain insurance. For other buildings, the Government should underwrite a percentage of the insurance on any affected highrise and high-risk buildings where premiums have increased by more than 50% in the last two years, to reduce costs for residents. (Paragraph 80)***

57. The Government is aware of the suggestion that a reinsurance or pooling model may be part of a policy solution to some of the insurance challenges relating to Building Safety. To date, Government is only aware of buildings insurance being a challenge for a very small percentage of high-rise residential buildings, with little evidence to date of a wider systemic or long-term issue in obtaining buildings insurance. However, the Government fully recognises both the distress that such a situation causes residents as well as the potential capacity reductions in the insurance industry that could potentially further exacerbate cases.
58. In publishing the draft Building Safety Bill, the Government has made it clear that it intends to address insurance issues related to building safety. This will include consideration of the challenges some high-rise residential buildings are experiencing in obtaining affordable buildings insurance cover. This will be taken forward as part of the Government's commitment to ensure that leaseholders are protected from unaffordable costs relating to historic repairs to the building in which they live.

## Recommendation 20:

**20) *The Government must urgently work with mortgage providers to give residents the right to remain on their existing mortgage deals and not be forced to move onto expensive Standard Variable Rate mortgages. Where residents have already been forced to move onto Standard Variable Rate mortgages, lenders should immediately offer them the right to move to one of their cheaper products. (Paragraph 83)***

59. The Department has had extensive engagement with banks, building societies and valuation firms on their approach to risk and their lending and valuation policies and has worked closely with the Royal Institution of Chartered Surveyors over the last year in their work to develop solutions for the lending industry. At a roundtable with major lenders in June 2020, the Government was assured by the lenders present that high-rise residential building mortgage customers should not face barriers to product transfer offers at the end of a mortgage deal, so long as there are no changes to their borrowing requirements.
60. The provision of mortgage finance remains a commercial decision for lenders, many of whom are reviewing their policies and guidance for valuers of high-rise properties.

## Recommendation 21:

*The industry-designed External Wall Fire Review (EWS1) was put in place to provide a process that would allow mortgage providers to make informed lending decisions on high-rise residential properties potentially at risk of serious fire safety defects. However, the EWS1 process is not working. There is a lack of qualified, insured Chartered Fire Engineers to undertake these surveys, meaning a very large number of buildings will not be inspected for many years. EWS1 surveys can be very expensive, with costs typically passed to residents through their service charges even where no fire safety defects are found. Government fire safety advice has led to a much larger number of buildings falling into the scope of the EWS1 process than had been envisaged at its inception. It is clear that the process has lacked sufficient input from leaseholder representatives, but also other important stakeholders, including the insurance industry.*

**21) *We accept the need for surveys to take place on some buildings, but call on the Government to take full control and put in place a much faster and fairer process. Reforms could include a relaxation of the rules on who is able to undertake these surveys, clarification of which buildings should fall within scope and more guidance to ensure the correct prioritisation of buildings. The Government should provide necessary funding to ensure that all affected buildings are surveyed within the next 12 months, so residents are not forced to wait years before they are able to sell their properties or obtain new mortgages. (Paragraph 91)***

61. The EWS1 process was designed by RICS to support valuers to make reasonable judgements and lenders to take informed decisions on those high-risk, predominately

high-rise blocks. The process was designed with a broad cross-industry representation, although RICS recognises the need for greater engagement with the insurance sector and will take this forward during its planned review of EWS1.

62. The purpose and use of the EWS1 form are the responsibility of the lending and surveying sectors. However, it is not clear that a relaxation of rules as to who can undertake these assessments would be the best way to ensure the work that is done is completed to an appropriate standard, in the best interests of leaseholders.
63. The Government has been working closely with RICS and lenders who are working to address some of the issues around guidance for EWS1 work, as well as looking at ways to support the correct prioritisation and appropriate triage into the process at valuation stage.
64. We recognise that, with the clarification of the Fire Safety Order, introduced as part of the Fire Safety Bill, as well as the sweeping changes that will come in with the introduction of the new Building Safety Bill regime, more safety issues will be identified and addressed in buildings, meaning that residents will be safer, but that there will be potential for one-off costs to leaseholders. That is why the Government has provided £1.6bn of funding for remediation of the most high-risk buildings, where the likelihood of value-affecting and expensive remediation work is far greater. And, as outlined above, why we have asked Michael Wade, senior adviser to the Cabinet Office, to accelerate work with leaseholders and the financial sector on financing historic remedial works that are not covered by the £1.6billion funding.

## **Recommendation 22:**

***22) The Government must ensure that residents in affected buildings are offered support by the NHS to cope with the physical and mental health toll of living in potentially dangerous buildings. This should include the provision of basic information to every resident offering signposting to services for residents worried about their safety or financial situation. (Paragraph 95)***

65. The Government recognises the impact that remediation can have on the mental health of residents. All residents have a right to be safe and feel safe in their homes. That's why this Government is committed to putting residents and leaseholders at the heart of its new building safety regime.
66. Mental health is one of the Government's top priorities and we are working across Government to ensure that all people, regardless of their residential situation, get the help and support they need. Where residents of buildings fitted with flammable cladding need mental health support, we would urge them to make contact with their GP to discuss these issues so they may be referred to mental health services as appropriate.
67. We are spending more than ever before to transform community mental health services, expand crisis care and improve services. Under the NHS Long Term Plan there will be a comprehensive expansion of mental health services, with additional

funding of £2.3bn a year in real terms by 2023/24. This will give 380,000 more adults access to services such as psychological therapies.

68. In regard to providing information to residents living in an unsafe high-rise building, the Building Safety Bill contains a requirement on the accountable person to make a range of building safety information automatically available to all residents. More generally, the accountable person will be responsible for designing and implementing a resident engagement strategy which will involve residents in decisions relating to the management of the building. Where residents have concerns about any safety issues in their building they can raise them directly with the building safety manager. In the event that they are dissatisfied with the response, they can escalate the issue directly to the Building Safety Regulator.



