



**Ministry of Housing,  
Communities &  
Local Government**

Rt Hon Sir George Howarth MP  
House of Commons  
London  
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**Lord Greenhalgh**  
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30 March 2021

Dear Sir George,

Thank you for your email of 22 February addressed to the Rt Hon Rishi Sunak MP on behalf of your constituent, . I am responding as Building Safety Minister.

I would like to thank you for writing in about your constituent's concerns regarding the costs of remediation and the financial and emotional difficulties that many leaseholders are currently facing. I recognise that this is a very worrying time for leaseholders affected by building safety issues, and I want to assure you and your constituent that we are working at pace to identify and implement solutions.

We have been clear that building owners and industry should make buildings safe without passing on costs to leaseholders. Where they have not stepped up, we have intervened by providing grant funding for the removal of unsafe cladding on all buildings over 18 metres. This funding scheme is a globally unprecedented investment in building safety and will protect hundreds of thousands of leaseholders from the cost of replacing unsafe cladding on their homes. We will publish more details about this scheme soon.

Government funding does not absolve building owners of their responsibility to ensure their buildings are safe, and they should consider all routes to meet costs, protecting leaseholders where they can; for example, through warranties and recovering costs from contractors for incorrect or poor work. It is also fundamental that the industry that caused this legacy of unsafe buildings makes a contribution to setting things right, and we will be setting out details of a forthcoming industry / developer levy in due course.

Our approach prioritises action on buildings 18 metres and above because the risk to multiple households is greater when fire does spread in buildings of this height – we have already provided £1.6 billion of funding for these buildings and a further £3.5 billion of grant funding has just been announced. However, we want to go further. Through an additional package, we will provide a financing scheme to support the remediation of buildings of between 11-18 metres in height with dangerous cladding. As part of this financing scheme, leaseholder payments towards remediation costs will be capped at a maximum £50 per month. Therefore, instead of a potential cladding bill running to tens of thousands of pounds, the most a leaseholder will now have to pay towards remediation of unsafe cladding is £50 per month.

With regards to your constituent's concern that building safety defects other than cladding are not being funded, longstanding independent safety advice has been clear that unsafe cladding poses the greatest risk to buildings because it can act as a fuel to a fire. The costs for remediating unsafe

cladding are high, and the risks posed by it are also high. This draws a line under the biggest problem in building safety.

In her email to you, your constituent also references the difficulties that many leaseholders are experiencing in trying to sell or re-mortgage their properties as a result of the External Wall Fire Review Process (and EWS1 form), which was introduced by the Royal Institution of Chartered Surveyors (RICS) to support the valuation of multi-occupancy residential buildings where cladding may be a concern. The process is designed to help lenders and potential buyers understand whether there may need to be costly cladding-related remedial work on the exterior of a building.

The RICS has recently published new guidance outlining what kinds of property might need an EWS1 at valuation stage, but this is also driven by lender policy. You can read the guidance on the RICS website: [www.rics.org/globalassets/rics-website/media/upholding-professional-standards/sector-standards/valuation/valuation-of-properties-in-multi-storey-multi-occupancy-residential-buildings-with-cladding.pdf](http://www.rics.org/globalassets/rics-website/media/upholding-professional-standards/sector-standards/valuation/valuation-of-properties-in-multi-storey-multi-occupancy-residential-buildings-with-cladding.pdf)

Building owners are responsible for ensuring their building is safe and they have a legal duty to maintain an up-to-date fire risk assessment, and this should include the external walls. Government is clarifying the Fire Safety Order, through the Fire Safety Bill, to ensure this is abundantly clear. The Government will continue to work with lenders to help them to recognise alternative forms of assurance of building safety such as a comprehensive Fire Risk Assessment which includes the external walls.

Another issue your constituent raises is the cost of interim measures, such as waking watch. Interim safety measures are a vital first step to ensuring that residents can live safely in blocks with unsafe cladding, however measures such as Waking Watch should only ever be short term and are not a substitute for remediation. The Government has rightly targeted funding at the removal of dangerous cladding to make homes safer, as quickly as possible, as this will ultimately end interim measures.

The Government has established a £30 million Waking Watch Fund to incentivise the purchase of alarm systems to replace costly waking watch systems where there is no common alarm system, consistent with National Fire Chief's Council guidance. The Fund opened on 31 January in all areas except for, specifically, private sector buildings in Greater London. The deadline for this group of buildings has now closed and applications are being processed. The aim is to provide funding for the installation of alarms as quickly as possible and reduce the dependence on costly Waking Watch provision.

The Greater London Authority are administering the fund in Greater London. The fund opened to applications from eligible private sector buildings in Greater London on 18 March 2021 and will remain open until 11.59pm on 30 April 2021. Further information on how to apply can be found here: <https://www.gov.uk/guidance/waking-watch-relief-fund>

With regards to your constituent's comments about buildings insurance costs, we are aware that some leaseholders are finding their buildings insurance premiums are increasing where their block has building safety concerns. I would like to assure you and your constituent that we are working with industry to understand this better and to scope out potential resolutions.

I understand that many constituents have contacted you about amendments to the Fire Safety Bill, which have been put forward to protect leaseholders from remediation costs. While the Government agrees with the intention to reduce the burden on leaseholders, it would be impractical and confusing to address remediation costs in the Fire Safety Bill. The Fire Safety Order is a regulatory framework that sets out the duties of a Responsible Person in relation to fire risk assessments; it does not cover the relationship, including potential financial obligations or prohibitions, between freeholder and leaseholder. The Building Safety Bill is the appropriate

legislative mechanism for addressing these issues. Due to be introduced in Spring, it will contain the detailed and complex legislation that is needed to address remediation costs.

Although they are well intentioned, these amendments are not sufficiently clear or detailed to deliver on what members say they wish to achieve. The amendments would require extensive drafting of primary legislation, and this would delay the implementation of the Fire Safety Bill and the crucial measures it puts forward to improve the fire safety regulatory system. They would also be impractical, for example in cases where it would be difficult to identify whether a risk has materialised from wear or tear, or due to a building safety defect. Rather than being determined by the terms of the lease, it would be unclear where these costs should lie.

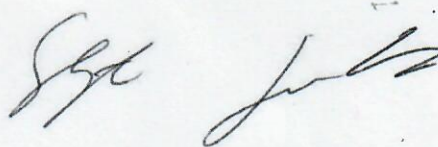
Not only would the decision to pass all these costs to the building owner be overly simplistic, it could also be counter-productive. It would be self-defeating if landlords who have paid a small amount to collect ground rent from flats, when faced with remediation bills of this size, decide to simply walk away. Many freeholds are held in Special Purpose Vehicles to limit the liability held by individuals involved, and in these cases they could simply activate an insolvency procedure to avoid the debt. If these owners walked away, it would leave leaseholders in the same position, continuing to live in unsafe properties, and with no further clarity as to where these costs should lie or who is responsible to pay.

Furthermore, if the amendments were to be added to the Fire Safety Bill and become law without the necessary redrafting, the Government and taxpayers might be exposed to protracted action by building owners in the courts. Building owners could use litigation to claim for costs they feel they are entitled to pursue from leaseholders under the terms of a lease agreement. While this litigation is ongoing alongside disputes over where costs should lie, there would also be delays to construction work to carry out urgent remediation. This might result in crucial interim measures to protect residents while remediation is brought forward being delayed, meaning that in the worst case, Fire and Rescue Services would have no choice but to evacuate residents.

Finally, it is important to note that any delay to the Fire Safety Bill would likely have serious implications for the Government's wider work on building safety. The Building Safety Bill is already at an advanced stage in its pre-legislative scrutiny, and we wish to introduce the new building safety regime as soon as possible.

I hope this information is of help to you and your constituent. Thank you for writing in on this important matter.

Yours sincerely,

A handwritten signature in dark ink, appearing to be 'Lord Greenhalgh', written in a cursive style.

**LORD GREENHALGH**