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Dear Constituent,

Thank you for contacting me about protecting leaseholders from cladding remediation costs. Decisive action is precisely what is needed to end the cladding scandal, which is why a further £3.5 billion was recently announced for cladding remediation, bringing the total funding for this to £5 billion.

The Housing Secretary confirmed that the Government will fully fund the replacement of unsafe cladding for all leaseholders in residential buildings 18 metres and higher in England, which have been independently judged to be the highest risk buildings. For leaseholders in lower-rise buildings between 11 and 18 metres, a new scheme will protect against unaffordable cladding removal costs through a financing arrangement where leaseholders pay no more than a maximum of £50 per month toward remediation when the building owner cannot pay for the work.

This announcement will provide security to leaseholders and protect against excessive costs and should mean that banks and mortgage lenders have certainty that remediation costs for these buildings will be paid for and balances the Government's commitment to helping leaseholders with a responsibility to taxpayers.

Indeed, remedying the failures of building safety cannot just be a responsibility for taxpayers. That is why plans to introduce a new Gateway 2 developer levy have also been announced, which will apply to developers seeking permission on certain high-rise buildings and is expected to raise £2 billion over a decade. This will help ensure that taxpayers do not foot the bill for remediation and ensure large property developers contribute to the national remediation effort.

These measures will provide certainty to residents and lenders, boosting the housing market, reinstating the value of properties. Work is underway with lenders and surveyors to make this happen.

Looking towards the future, new legislation is expected to be brought forward this year to protect future generations from similar mistakes by tightening the regulation of building safety and reviewing the construction products regime to prevent malpractice arising again.

Taxpayer funding should not be the only means used to remediate buildings. In more than half of cases where ACM cladding is present in private sector residential blocks, the original developer or building owner has agreed to pay, or such costs are covered through an existing warranty.

I welcome the new £30 million Waking Watch Relief Fund to cover the cost of fire alarms to reduce dependence on costly waking watches. The National Fire Chiefs Council has been clear



that building owners should move to install common fire alarm systems as quickly as possible, which will reduce costs for affected leaseholders.

The Building Safety Bill will introduce a new era of accountability, making it clear where the responsibility for managing safety risks lies throughout the design, construction and occupation of buildings in scope. There will be tougher sanctions for those that fail to meet their obligations.

The Bill also includes provision for the building safety charge which is designed to give leaseholders greater transparency about the costs incurred from maintaining a safe building. These costs would otherwise be recovered from the annual service charge as per the terms in most leasehold agreements. The Bill includes a number of protections, including allowing the Government to limit the scope of what can be recovered from leaseholders.

Under the new statutory terms, the landlord commits to the leaseholder to carry out the necessary measures, apply for any available financial support and observe the statutory requirements in relation to raising charges. In return, the leaseholder commits to the landlord to pay a fair share of reasonable charges and co-operate with the building safety regime. I was glad to learn that Ministers are particularly committed to looking further at the question of costs throughout the process of scrutiny and as the Bill is finalised for introduction.

Leaseholders should not have to worry about the unaffordable costs of fixing safety defects in high-rise buildings that they did not cause – and should be protected from large-scale remediation costs wherever possible.

I know my Ministerial colleagues recognise the difficulties some people are facing on mortgages and expect lenders to do all they can to unblock these issues for leaseholders. The Government does not support the blanket use of External Wall System Review forms and encourages lenders to accept equivalent evidence that demonstrates buildings are safe for valuation purposes. Owners of flats in buildings without cladding will no longer need an EWS1 form to sell or re-mortgage their property – thanks to an agreement reached between the Government and the Royal Institution of Chartered Surveyors (RICS), UK Finance and the Building Societies Association.

Further, the Government has announced nearly £700,000 to train more assessors, speeding up the valuation process for homeowners in cases where an EWS1 form is required. This training will be delivered by RICS from January and will mean up to 200 additional assessors will be qualified to carry out the EWS1 assessment within a month, 900 within 3 months, and 2,000 within 6 months.

I welcome the commitment to introduce a targeted, state-backed indemnity scheme for qualified professionals who are unable to secure indemnity insurance for the completion of EWS1 forms. I have been assured that further information on this scheme will be published soon.

Like you, I have been following this important legislation and I am aware of amendments to the Fire Safety Bill prohibiting the passing of remediation costs on to leaseholders and tenants. These



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amendments to the Fire Safety Bill, though well-intentioned, would not protect leaseholders from all costs associated with building remediation and would delay the Bill becoming law.

The Fire Safety Bill is also not the correct place for remediation costs to be addressed. The Government has already committed that it will provide an update regarding remediation costs before the Building Safety Bill returns to Parliament. In addition, work is underway with leaseholders and the financial sector to identify financing solutions that protect leaseholders from unaffordable costs while ensuring that the cost does not fall entirely on taxpayers. I hope we can agree that it is important not to interrupt these discussions.

Thank you again for taking the time to contact me.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'Chris'.

CHRIS HEATON-HARRIS MP
MEMBER OF PARLIAMENT FOR DAVENTRY