



Department for Levelling Up, Housing & Communities

John Bibby
Chief Executive
Association of Retained Council Housing
c/o 4 Riley Court
Millburn Hill Road
University of Warwick Science Park
Coventry CV4 7HP

Rt Hon Michael Gove MP
*Secretary of State for Levelling Up, Housing
and Communities*
Minister for Intergovernmental Relations

***Department for Levelling Up, Housing and
Communities***

4th Floor, Fry Building
2 Marsham Street
London SW1P 4DF

Email: michael.gove@communities.gov.uk

11 January 2022

Dear John

GOVERNMENT APPROACH TO BUILDING SAFETY – IMPLICATIONS FOR THE SOCIAL HOUSING SECTOR

I am writing to draw your attention to the statement I made in the House of Commons yesterday about the Government's renewed approach to building safety. I recognise how important this issue is to the social housing providers and residents who continue to be affected by it.

I thought it would be helpful to set out the key elements of my statement in more detail and what this will mean for the social sector in particular.

I want to work closely with you over the coming months on how we can increase social housing in this country, and improve the quality of existing homes. I am conscious that the Government needs to ensure that these objectives are protected as we work to fix the scandal of leaseholders being asked to pay to fix building safety defects that are the fault of developers and cladding companies. But there are also very important responsibilities for your members to treat shared owners fairly, end the misuse of waking watches and respond to the very important concerns raised by campaign groups.

The current position on building safety remediation is not working, as I am sure you would agree. The current market response is not based on a properly granular assessment of the real risk of life-threatening fires in medium and high-rise buildings and is driving an over-cautious approach to assessment and remediation. Blameless leaseholders, who have worked hard to get on the home ownership ladder, are left trapped with expensive bills and flats they cannot sell.

My statement set out four key principles that will underpin our new approach to building safety.

The first principle is that we must **take a proportionate approach in building assessment**. Too many buildings have been declared, or assumed to be, unsafe through an over-cautious approach that goes beyond what we consider necessary. This is holding up mortgage applications and sales, leaving many people facing unnecessary costs and anxiety over the safety and value of their homes. It also exposes social housing providers to the risk of having to incur unnecessary costs,

forcing them to divert resources away from other activities such as delivering new homes and providing better homes and services to residents. I know that providers have raised concerns about this lack of proportionality.

We must restore a common-sense approach to the assessment of risk by fostering a culture of proportionality and by preventing those who would seek to profit from the crisis from doing so. In July, my department published advice from an independent group of leading fire safety experts, which concluded that there is no systemic risk of fire in medium-rise blocks of flats. There have been too many unnecessary surveys, medium-rise buildings should be considered safe unless there is clear evidence to the contrary, and sensible risk-management and mitigation measures should be considered where appropriate.

We have withdrawn the Consolidated Advice Note, which has been misinterpreted and thus driven an over-cautious approach to building safety. I have taken steps to provide a clear framework for proportionate risk assessments and we are supporting the Publicly Available Specification 9980 (PAS9980), which will be published by the British Standards Institution later this week. PAS9980 will provide proportionate guidance for those making assessments of external wall systems. Further detail about how it will ensure greater consistency and transparency for those managing or living in the buildings concerned is available on gov.uk.

Alongside this, I am also bringing forward a new professional indemnity insurance scheme before Easter to indemnify building assessors conducting external EWS1 wall assessments. We will audit these assessments to provide assurances that new guidance is being implemented so that expensive remediation is only undertaken where it is necessary to protect a genuine risk to life.

The Royal Institution of Chartered Surveyors has been engaged throughout the development of PAS9980. In response to the recent independent review asking for greater scrutiny of its governance and mandate to operate in the public interest, I intend to signal the Government's intention to take a more active role in reviewing the governance of RICS and its mandate to operate in the public interest.

I would also welcome the support of your members in ensuring that a proportionate approach is taken. I recognise that your members need to follow the professional judgement of building assessors, and the measures I have set out above will help to ensure that these judgements are made on a proportionate basis in future. However, your members have an important role to play in challenging decisions that appear to require expensive remediation to be undertaken in circumstances where it is not strictly necessary.

I am reviewing how the Building Safety Fund (BSF) should take account of this new approach. The aim is to ensure that it is risk-driven and where the new risk assessment process finds acceptable alternatives to remediation the scheme can accommodate this, saving taxpayer funding, accelerating works, and avoiding unnecessary worry and inconvenience for leaseholders.

My department is also taking steps to improve the information available to leaseholders and residents about the BSF with a new online service for leaseholders

and residents that will provide direct access to information about the stage their building has reached in the BSF process.

The measures taken today are the start of the process of removing unnecessary barriers in the mortgage market; I recognise that further work will be needed in future to ensure that we deliver proportionality across the system.

The second principle is that we must **protect ordinary leaseholders from bearing the bulk of the cost** for remediation and mitigation of fire risks. I am sure you would agree that it is unjust that leaseholders – very often young people who have saved hard and made sacrifices to get their first steps on the housing ladder – should be required to pay money they do not have to fix a problem they did not cause.

We will replace the previously proposed loan scheme for leaseholders in medium-rise buildings with an alternative scheme funded by industry that delivers proportionate remediation of cladding defects, alongside a further push to make sure developers fix the unsafe buildings they built. This will mean that no leaseholder living in medium or high-rise buildings will be required to pay for costs associated with remediating unsafe cladding, enabling us to finally signal a fair resolution to the cladding scandal.

It is also important that we take some immediate practical steps to assist leaseholders, and I would be grateful for the support of your members in implementing them:

- I am keen to make it easier for shared owners affected by the crisis to sublet their homes where they want to do so. To that end, we will amend grant funding guidance so that building safety costs can be considered 'exceptional' circumstances for the purposes of subletting. I would strongly encourage your members to agree to such requests from affected shared owners. The Minister for Housing will also be writing to mortgage lenders to encourage them to approve subletting applications from affected shared owners.
- An additional £27 million will be made available to fund fire alarms to protect leaseholders from the burden of costly Waking Watch measures. I am very concerned about reports of the excessive use of waking watch measures, including in some cases by registered providers of social housing. I would ask for your (and your members') support in ensuring that Waking Watch is only used in the most exceptional circumstances and – where it is used – for the shortest period possible.

It is also my intention to make sure that no leaseholder loses their home due to forfeiture from historic fire safety remediation costs. We are also exploring further statutory protections for leaseholders and my department will engage across both Houses on this work over the next few months.

As part of this, to enable more homeowners to pursue claims for defective work from those responsible I am introducing an amendment to the Building Safety Bill to extend the right of homeowners to challenge defects under the Defective Premises Act 1972 in homes that are up to 30 years old.

The third principle was that **those industries at fault must pay** - those who built and contributed to our stock of unsafe buildings, and those who continue to cut corners in building safety must pay to fix defects, instead of taxpayers or leaseholders.

We have made a start towards industry funding through the Residential Property Developer Tax announced at the Budget and we are taking powers to introduce a levy on certain high-rise buildings through the Building Safety Bill. We will now go further and I have written to developers to convene a meeting in the next few weeks to tell them that I will work intensively with them to give them the chance to do the right thing. If they do not then, if necessary, we will impose a solution upon them in law.

The key objective will be to ensure that sufficient funding is secured to meet costs that would otherwise fall to leaseholders – including leaseholders of registered providers of social housing. Nevertheless, I would expect registered providers to avoid giving rise to these liabilities for leaseholders wherever possible (including by pursuing all other cost recovery avenues) and to agree to absorb the costs of fixing any problems for which they themselves were responsible.

I will set out further details about the industry negotiations shortly. In doing so, I will take account of the unique position of registered providers of social housing. I recognise that some registered providers face significant building safety cost liabilities in respect of their rented homes, and that they are having to balance their existing budgets to support this.

As we develop our approach, I will continue to bear in mind our shared objectives to deliver more social housing and to improve the quality of existing homes and services to residents.

The fourth principle was that **we must hold to account those individuals and companies who have, and continue to, knowingly put lives at risk.**

I am revisiting my department's approach to ensure that we are doing everything we can to pursue accountability for all those affected by the building safety scandal and, of course, particularly for the Grenfell community.

I have recently acted to ensure that Rydon Homes does not benefit from the Help to Buy scheme, due to their links with Rydon Maintenance, the company responsible for the refurbishment of the Tower. It is my intention is to go further still.

I am establishing a dedicated team within the department focused on hunting down those responsible for the current building safety crisis.

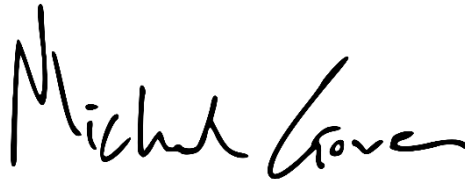
We will begin by reviewing Government schemes and programmes to make sure that, in accordance with due process, there are commercial consequences for any company who is responsible for this crisis and is refusing to help fix it.

My statement also confirmed that we will bring forward measures to fulfil commitments made in the Social Housing White Paper, as soon as parliamentary time allows, as well as legislating to deliver the recommendations of the Hackitt Review on building safety through the Building Safety Bill and the commencement of the Fire Safety Act.

We will also legislate to deliver sweeping reforms to address exploitative practices in the leasehold system.

I trust that this letter is helpful in setting out the key principles underpinning our new approach to building safety. I look forward to working with you and your members to deliver these improvements, and also on our shared objectives to deliver more social housing and improve the quality of existing homes.

With every good wish,

A handwritten signature in black ink that reads "Michael Gove". The signature is written in a cursive style with a large initial 'M' and a long, sweeping underline.

**Rt Hon Michael Gove MP
Secretary of State for Levelling Up, Housing and Communities
and Minister for Intergovernmental Relations**