



Ministry of Housing,  
Communities &  
Local Government

**Alex Norris MP**

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*Richard, Catherine*

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Thank you for your letter of 16 September to the Prime Minister and Deputy Prime Minister regarding improving the pace of fire safety remediation. I am replying as the Minister responsible for this policy area.

I was glad to read that you share our goal of making buildings safe as quickly as possible. I expect you are as disappointed that only 18 of the 73 developments on which you are supporting have completed works or started works on-site. I welcome your engagement on this important matter and have responded to your points below in turn. I have asked my officials to meet with you to progress this dialogue and to identify any specific areas where the department may be able to assist.

As one of the largest managing agents in this sector, I look to you as a partner, holding key responsibilities to support your clients to deliver an accelerated pace of remediation for their residents and leaseholders. At their best, managing agents are driving forward cladding remediation projects across the country through: being deep sources of knowledge for their clients to help them navigate the funding and regulatory landscape; coordinating action across the multiple parties that are inevitably involved in a complex construction project; and, equally importantly, ensuring a regular and informative provision of information to residents and leaseholders on progress.

### **Grenfell Inquiry Phase 2 Report and Remediation Acceleration**

Seven years on from the fire at Grenfell Tower, action has been far too slow. This government will expect more from regulators to make sure action is being taken now to make homes safe, speed up remediation and ensure that buildings in the process of being remediated are managed safely for residents. Alongside taking action to increase the pace of remediation, we are also committed to better protect leaseholders from the costs of remediation. Following

consideration of the Phase 2 Report of the Grenfell Tower Inquiry, we will announce further measures to accelerate remediation and protect leaseholders.

The government is carefully considering the recommendations in the Phase 2 Report. The Prime Minister has indicated that the government will respond to the Inquiry's recommendations within six months, and update Parliament annually on progress against every commitment made. Before then, we will take measures to speed up remediation and reform the construction products industry.

MHCLG is working on the Remediation Acceleration Plan (RAP), to be published this autumn, to accelerate efforts to fix life critical fire safety defects. The RAP considers a range of options, including new laws to set timelines for remediation work starting, and criminal penalties for non-compliance.

### **Changes to the processes and guidance of the Building Safety Fund (BSF)**

For the initial tranche of the BSF in 2020, eligibility for the fund was assessed according to the Consolidated Advice Note (CAN). When the BSF was reopened for new applications in 2022, funding decisions were made following the recommendations of a Fire Risk Appraisal of External Walls (FRAEW) following the PAS9980 standard. This was introduced as a more proportionate approach to remediation. Applicants to the initial tranche of the BSF had the option of continuing the project with the CAN approach, or to commission a FRAEW. It is the responsibility of building owners to determine the most appropriate route to remediation for their building. It is not acceptable that buildings are stalled pending a decision on which route to take.

Decisions to improve the processes of the BSF have been taken to help improve user experience, increase the pace of remediation and improve the outcome of projects in the fund. As you mention, we have taken the decision to transfer a number of applications to the Cladding Safety Scheme (CSS). MHCLG and Homes England (HE) have created the CSS as an HE-hosted data system that utilises automated processes and that allows high levels of accountability. We expect applications will progress more quickly through the CSS. Buildings which have made sufficient progress within the BSF, or were particularly complex cases, have not been transferred to the CSS.

### **The Developer Remediation Contract and engagement with developers**

Thank you for setting out the remediation status of your buildings that will be remediated under the Developer Remediation Contract. We expect developers, freeholders and managing agents to work together to remediate buildings properly and quickly. We are aware that works on some buildings are delayed because of a failure to agree access arrangements and / or the scope of works, and in our experience those delays are usually avoidable and can be quickly overcome with goodwill on both sides. If you have concerns about developers blocking progress towards remediating specific buildings in your portfolio, please let my officials know at [Building.Safety@communities.gov.uk](mailto:Building.Safety@communities.gov.uk).



## **The Building Safety Regulator**

Turning to your suggestion that we allow building control approval to be retrospectively granted for remediation works. Both Dame Judith Hackitt's Independent Review and the Grenfell Inquiry have identified the importance of building control's role as regulators when building work is being proposed and undertaken. The ability for building work to start without scrutiny and approval from a building control body was one of the weaknesses within the system that the higher-risk regime addresses. It is important that building work complies with all applicable building regulation requirements, not just those related to fire safety, and the Building Safety Regulator's determination of a building control approval application considers all the applicable requirements.

As you've identified, the Building Safety Regulator should decide building control approval applications for remediation projects within 8 weeks. It is not in either the department's interest or the Building Safety Regulator's interest to unnecessarily slow down compliant projects, particularly those remediating buildings. We continue to work with the BSR to monitor timescales but the government cannot interfere in decisions by an independent regulator on individual projects.

## **Leaseholder Deeds of Certificate**

Regarding your comments about leaseholder deeds of certificate and landlord certificates, thank you for your insight into this matter. The government has committed to review methods to better protect leaseholders from costs and take steps to accelerate the pace of remediation across the country.

A leaseholder deed of certificate confirms whether leaseholders qualify for the protections under the Building Safety Act and whether the landlord meets the contribution condition. Those with the remediating obligation can commence and continue with remediation while they wait for a response from leaseholders after issuing the landlord Deed of Certificate. It should not be a bar to making buildings safe.

## **Impact of service charges on leaseholders**

Leaseholders in buildings with identified fire safety issues have seen the buildings insurance premiums they pay through their service charge increase substantially, causing financial difficulties.

The Financial Conduct Authority found there had been an increase of 125% in average multi-occupancy insurance premiums from 2016 to 2021, and 187% for buildings with fire safety issues. There were then smaller increases in 2022 and the first half of 2023.

Leaseholders are often also unable to gain visibility to the costs that make up their premiums and can find it difficult to challenge these.

Commissions and other payments can make up at least 30% of the overall premium price paid by leaseholders and in most cases are shared with property managing agents, landlords and freeholders. The FCA published their latest report into broker commissions on 21 April

2023. It found that, over the last 3 years, brokers have increased their commissions by 46% and passed nearly £80 million to third parties despite poor evidence to justify these payments.

The government is committed to ensuring homeowners are provided with greater rights, powers and protections over their homes by implementing the provisions of the Leasehold and Freehold Reform Act 2024. The government also confirmed in the King's Speech on 17 July 2024 that it intends to publish draft legislation on leasehold and commonhold reform.

The Leasehold and Freehold Reform Act 2024 once commenced will ban building insurance remuneration including commissions from being collected through the service charge for landlords/freeholders and managing agents and replace these with a permitted payment to be set out in regulations designed to stop leaseholders being charged excessive and opaque commissions. Measures in the Act also created powers to arm leaseholders with more information on what their costs pay for; require landlords to apply to the relevant court or tribunal to pass any or all of their legal costs onto leaseholders; and give leaseholders a new right to apply to the relevant court or tribunal to claim their legal costs from their landlord.

### **Insurance and lending on buildings which are being remediated**

You also highlight issues around the buildings insurance costs faced by leaseholders and Insurance Premium Tax (IPT). On IPT specifically, HM Treasury have frozen the rate of IPT since 2017 and there are currently no plans to change the IPT treatment of buildings insurance for multi-occupancy buildings in need of remediation. The government will keep all taxes under review as part of the tax policy making cycle and Budget process, and wider work has been ongoing to reduce buildings insurance premiums. The government will review how to better protect leaseholders from costs and push for fair premiums in buildings with fire safety issues. It is also important that managing agents continue to push for fair value in the placement of insurance, and I ask that you share any further feedback or data on insurance for your portfolio with my officials.

Regarding professional indemnity insurance (PII), the Department previously agreed a new PII clause with the International Underwriting Association (IUA) which insurers can use to provide fire safety cover. This clause should act as an endorsement to existing policies by creating specific cover for remediation projects and enable works to take place with sufficient PII cover in place. If you have information on instances where this is not operating properly, please do share this with my officials. We continue to monitor the PII market and engage regularly with industry through the IUA and through the Construction Leadership Council.

I recognise the continued challenges that leaseholders in impacted buildings face selling or re-mortgaging flats. Progress has been made with 10 major mortgage lenders (banks and building societies) signing an industry cladding statement committing to lend on properties before they have been remediated. If you have any evidence that these lenders are not living up to this commitment, I encourage you to highlight this with my officials. I would also urge you to do everything you can to support leaseholders in your buildings looking to sell or re-mortgage their flats by providing timely and accurate information about plans and funding in place for remedial works.



Thank you for your letter on this important matter. I would like to end by re-iterating our key priority that the buildings where you are assisting remediation are made safe at pace. You have significant responsibilities and an important role to play in building remediation, either as coordinators between different parties or as applicant representatives. My officials will be in contact with you to arrange a meeting to discuss these matters in more depth and to review the progress of the 73 developments which you are assisting with remediation due to unsafe external wall systems and to provide support where appropriate.

Yours sincerely,

A handwritten signature in black ink, consisting of a stylized 'A' followed by a long, sweeping horizontal line.

**ALEX NORRIS MP**

Parliamentary Under-Secretary of State for Local Growth and Building Safety