

BRIEFING NOTE TO LEASEHOLDERS

UPDATE ON FIRE SAFETY IN EXTERNAL WALL SYSTEMS

I. BACKGROUND

We are encouraged that the Government has recently announced an increase in the funds available for the remediation of fire risks in external wall systems. This continues to be a key priority for Rendall and Rittner, and for the industry as a whole. Our previous briefing notes (available on our website), provide a detailed explanation of the history and our approach.

The purpose of this briefing note is to provide an update following recent developments as well as outlining how Rendall and Rittner are responding to the challenges faced.

2. CAMPAIGNING FOR JUSTICE FOR LEASEHOLDERS

We understand that these are extremely challenging times for leaseholders, many of whom are concerned for their safety and facing large bills relating to fire safety. Rendall and Rittner continue to campaign to highlight the plight of leaseholders across a number of our developments. Whilst the Building Safety Fund is a good start, it is widely agreed that more is needed. This is discussed in detail in previous briefing documents.

Over 18 months ago, we called together a working group to better address the challenges faced relating to fire safety. This group consists of our professional associations (ARMA, IRPM and RICS) together with a small group of other respected managing agents. Together, we have engaged with leaseholder action groups, press, politicians, and political leaders to highlight that:

1) Resident safety should be the first priority

- In the face of limited resources, buildings should be prioritised by risk
- Buildings should be made safe, regardless of height
- An holistic approach is needed, with funding for other significant fire safety issues (such as compartmentation and fire stops)

2) **Make buildings safe quickly**

Resources (such as fire engineers and façade contractors) are limited. Therefore the Government needs to ensure that these resources are allocated according to need, rather than everyone competing for resource.

3) **Leaseholders shouldn't pay**

Fire safety issues are the result of systemic failings to ensure appropriate safety standards in construction over very many years. Therefore, leaseholders should not have to bear the costs. Government should fund initially, before establishing a long term financial solution.

3. THE NON-ACM REMEDIATION FUND (THE FUND)

In our previous note, we outlined the key stages and deadlines for accessing the remediation fund. We also highlighted our concerns that the deadline for fund applications was too tight, considering available expert resource. We were pleased that the Ministry for Housing Communities and Local Government (MHCLG) have now extended the deadline for fund applications and commencement of works. The key stages have been amended as follows:

The key stages are outlined below:

- **Registration** – the registration process opened on 1st June 2020 and closed on the 31st July 2020 for buildings 17.7m or above.
- **Completion of External Wall System (EWS) Safety Checks** – intrusive investigations of the composition of the external wall system need to be completed for fund eligibility.
- **Fund Application** – the application process was due to commence from 1st August to the 31st December 2020, however this deadline is extended to 30th June 2021.
- **Appeals** – where a building receives a rejection based on eligibility criteria, it must be appealed within 28 days. Evidence to support eligibility must be provided with the appeal.
- **Commencement of Works** – initially works must have commenced prior to the 31st March 2021, however this has been extended to 31st September 2021.

The fund is only available to buildings over 17.7 metres; although the Government has advised that buildings, regardless of height, should be checked to ensure that they do not support the spread of fire across the external wall system (see the Government's consolidated advice)

The Appeals Process

The fund provides 28 days from receipt of any rejection to appeal the decision. A rejection is based on three criteria:

- The building has been deemed ineligible or partially ineligible and it is believed this is incorrect
- There has been a material error in processing existing information by the Fund
- New information is now available that was not available for submission previously

Where a building has received a rejection letter, we are ensuring that an appeal is submitted where it is appropriate and where our client has instructed us to proceed to do so. The MHCLG advise that they will respond within 25 working days of their decision against an appeal submission.

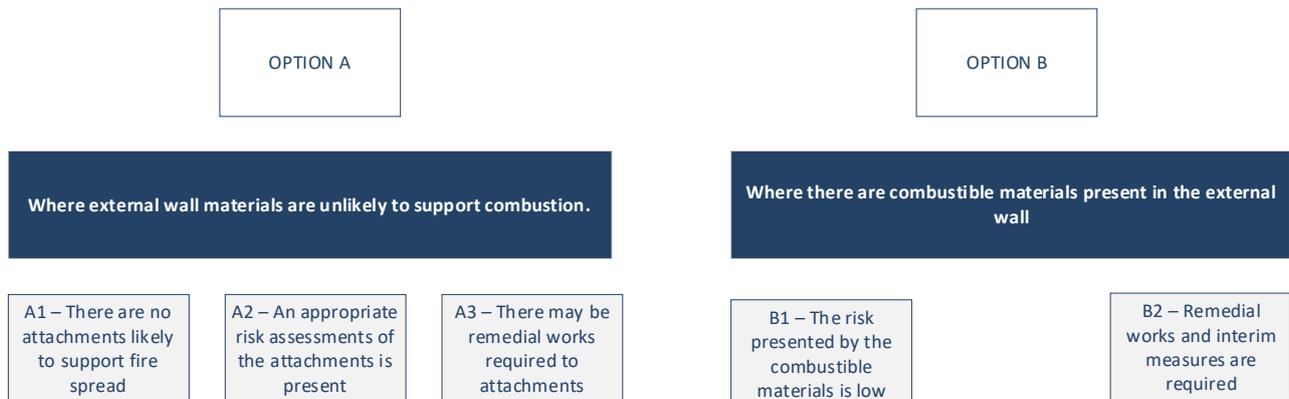
4. EWS1 FORMS

The EWS1 form was created by the Royal Institute of Chartered Surveyors (RICS) for valuation and financing purposes and is not a statutory requirement. The form must be signed by a professional body recognised by the MHCLG and with limited qualified professionals with appropriate professional indemnity insurance, resources are stretched.

The EWS1 form is specifically intended for buildings over 18 metres. However, the requirement to check the fire safety of the external wall system is applicable to all residential buildings, regardless of height, as outlined in the Government's Consolidated Advice issued in January 2020.

The RICS recently issued proposals for a revised EWS system of checking. If adopted, this would mean that it would only be necessary to produce EWS certification for buildings over 18 metres with a significant amount of cladding. They sought feedback from across the industry and it remains to be seen whether the revised process will be adopted by the industry.

The EWS1 form provides two options.



Buildings with an A rating are not eligible for the fund, as attachments, such as balconies, are not covered. However, those with a B rating, may be eligible to replace the combustible materials.

Interim Measures

Interim measures may be recommended on a building that has been rated as a B2. These measures may include a 'Waking Watch'. This is recommended where a 'stay-put' evacuation policy needs to change to a simultaneous evacuation in the event of fire. The purpose of a waking watch is to alert the Fire & Rescue Service and residents of the need to evacuate.

5. WAKING WATCH RELIEF FUND

In December 2020, the government announced additional funding of £30 million to pay for costs of installing an alarm system for those with unsafe cladding and reduce the costs of a waking watch. Further details were released on 31st January 2021. Whilst it will likely reduce the need for large numbers of waking watch, it may not remove the need entirely.

To be eligible, a building must:

- Be in the private sector
- Be over 18m in height
- Have an unsafe cladding system
- Have a waking watch in place where leaseholders are burdening the cost
- Have an alarm installed on or after the 17th December 2020.

A building must be able to demonstrate that the installation of the fire alarm system will not slow or prevent the remediation of an unsafe cladding system.

Allocation

The majority of the funds will be allocated by Local Authority as set out below. The allocations are based on the Building Safety Fund statistics.

Local / Combined Authority	Allocated Funding (£m)
Greater London	16.1
Greater Manchester	2.1
Birmingham	1.1
Leeds	0.7
Liverpool	0.5
Bristol	0.5
Newcastle	0.5
Sheffield	0.5
Other Areas	8.0
Total	30.0

Each local authority will be managing the relief fund applications, which are based on a first-come-first-served basis. Applications are open for all areas, except for Greater London, which will be no later than 22nd March 2021. The deadline for submission is six weeks from the start of the fund. Therefore, those eligible in greater London will have a later deadline than the other areas.

Rendall and Rittner have submitted applications to the waking watch relief fund where a building is eligible, and authority has been provided to do so. Your Property Manager will provide an update on the progress of the application for your building if applicable.

Fund Exclusions

The fund will not cover the following:

- Management or administrative fees. The fund will cover the costs of installation a common alarm system only.
- The costs of a waking watch.
- The costs of maintenance or repair of the fire alarm whilst it is in place, or the removal costs.

- The costs of residual waking watch or other personnel where they are needed for evacuation management.

6. ADDITIONAL FUNDING FOR THE BUILDING SAFETY FUND

On the 10th February, the government announced an additional £3.5 billion to be added to the Building Safety Fund, taking it to £5.1 billion in total. The funding is for building over 18 metres in height.

Some other highlights of this announcement:

- A longer-term, low interest loan will be available for buildings between 4 and 6 storeys. The loan will be against the building and the terms will mean that no leaseholder will pay more than £50 per calendar month.
- Forthcoming legislation will implement a levy against developers when seeking permission to build high rise buildings.
- A new tax on residential developers will be imposed from 2022. Further details will be announced in due course on the implementation of the policy.

If you have any questions concerning the above information and how your own property may be impacted, please contact your property manager, who will be pleased to provide a fuller update relating to your development.

Rendall and Rittner Limited

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