

Housing, Communities and Local Government Committee

Oral evidence: Cladding: Progress on Remediation, HC 172

Monday 18 May 2020

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Watch the meeting

Members present: Mr Clive Betts (Chair); Bob Blackman; Ian Byrne; Brendan Clarke-Smith; Ben Everitt; Paul Holmes; Rachel Hopkins; Abena Oppong-Asare; Mary Robinson; Mohammad Yasin.

Questions 1-63

Witnesses

I: Rituparna Saha, Co-founder, UK Cladding Action Group; Alex Di-Giuseppe, Co-founder, Manchester Cladiators.

II: Lord Greenhalgh, Minister of State, Ministry of Housing, Communities and Local Government; Neil O'Connor, Director for Building Safety, Ministry of Housing, Communities and Local Government.

Examination of witnesses

Witnesses: Rituparna Saha and Alex Di-Giuseppe.

Q1 **Chair:** Welcome, everyone, to this evidence session for the Housing, Communities and Local Government Select Committee. Today we are going to be looking at the whole issue of cladding on high-rise buildings and the progress that has been made in terms of remediation and taking cladding off where it is believed to be dangerous. We have two panel sessions today. In the first we are going to invite some representatives of various groups of residents who live in buildings where cladding is still on and should have been taken off or where it has been removed, to ask them what the situation is as far as they are concerned.

Welcome today to Rituparna Saha from the UK Cladding Action Group and Alex Di-Giuseppe from Manchester Cladiators, which are two vociferous action groups that have been campaigning on behalf of residents where they live but also residents throughout the United Kingdom. That is a good place to start: to listen to the people who have



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the problems and are having to live with them. Could I just begin by asking you both to say what it is like living in a building, living in your home, which is wrapped in cladding that is potentially dangerous?

Rituparna Saha: Thank you for having me at the session. I live in a building called Northpoint in Bromley. I bought my first and only home in December 2015 and two years later, in November 2017, I found out that my home was unsafe; it was wrapped in cladding similar to that found on Grenfell Tower, but also wrapped in another kind of dangerous cladding, which is high-pressure laminate. I subsequently found out that we had lots of internal fire safety issues in our building, such as a lack of fire breaks.

Since then I would summarise my life as pretty much a living nightmare. I have spent every single waking moment when I am not working my day job trying to figure out how to make my home safe without going financially destitute. Unfortunately, my experience is not an uncommon one; it is shared by thousands of people just like me.

In early 2019 I came together with two other leaseholders in two different blocks, one in Sheffield, in fact, Will, and another in London, Rachel, and we formed the UK Cladding Action Group, just to try to get people across the country with the same sorts of issues together. Since then we have been contacted by leaseholders living in more than 270 blocks, telling us their stories.

Just to put in some context what it is like living with this, we basically feel like we are completely trapped. We feel hopeless. We are not in control of our futures. We are constantly anxious, both for the safety of our families living in these dangerous buildings and also the pretty much blank cheque that we are being forced to write to fix defects that were not of our making. There are many of us who are completely in limbo. There are people who have had to put off having a family, having babies, because they cannot move. There are people who have been forced out of retirement back into work to pay for bills for remediation. There is a gentleman who has had to put back a major surgery so that he could spend more time to save to pay his bills.

We have done a survey earlier on this year and I want to quote some statistics from there, to give you the extent of the problem. We surveyed more than 500 people, and 72% of them felt unsupported by the Government; 67% felt that the Government's response to fire safety following on from Grenfell has been inadequate and untimely.

I want to share a couple of quotes from some of these leaseholders with you. One person said, "I have been left utterly broken by this. I struggle each day to keep myself alive due to the financial worries of ending up homeless and bankrupt". Someone else said, "I am a new father and this has affected bonding with my son due to depression and anxiety. I feel like this might ruin his future". Finally, a third person said, "I have honestly thought about making a video about the plight we are facing



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and jumping off a bridge to kill myself. My thoughts were if I ended it, then perhaps others would be saved and free from the mess the Government have caused us”.

These are just some of the comments that we have received and I just want everybody on this Committee to put yourselves in our shoes, for a few minutes or for a day, and understand what living every day with this cloud over our heads is like. Thank you.

Q2 Chair: That is very well put. Of course, we cannot possibly put ourselves in your shoes, even to imagine it, because you are living with it not merely for days, but for weeks, months and indeed years now as well. You have made the point very well that it is not just about removing the ACM cladding that was on Grenfell; you have the high-pressure laminate as well. You have a combination of the two, which makes it even more challenging, and this Committee said right the way through that it is not just ACM; we have to look at all cladding that is combustible, and we will come on to those other issues as well. That is really well explained for us. Thank you.

Can we move over to Alex? You have a Manchester situation there, representing people in Manchester. Do you want to say what it is like living where you are and with residents in your blocks as well?

Alex Di-Giuseppe: First, thank you for having me and allowing me to represent the Manchester Cladiators in this forum and platform. We echo a lot of the sentiments that Ritu has mentioned from the UK Cladding Action Group.

We set up the Manchester Cladiators over 12 months ago, around April 2019. We helped co-found and create End Our Cladding Scandal, in partnership with *Inside Housing*, to raise the issue nationwide. That had some very significant results with the release of the £200 million ACM fund.

Manchester Cladiators represents over 40 buildings in and around the Manchester area. We also have sister action groups, the Liverpool Cladiators and the Northern Cladiators, which really gives an idea of the scale in terms of how much this problem is affecting people around the country, especially in the north as well.

My personal experience is similar to a lot of what Ritu said. I package it up into three things. It is the fear of living in an unsafe building. It is the fear of living in the unknown; a fire could happen at any point and it is compressed with these bills that we simply cannot afford as well. It is the feeling that we are trapped; we cannot sell and we cannot move. It is the fear of the unknown and the fact that we are trapped. We are here today to give you guys as much evidence as possible, so we can press the Government into speeding up remediation.

Q3 Chair: Yes, absolutely. We will pass on to look at the funding and other issues, but could I ask very briefly whether the problems around covid-19



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and social distancing have made it any harder for you in terms of the struggle you are waging to try to get these problems sorted out?

Alex Di-Giuseppe: Without a doubt. It is a challenge for anyone, whether you are in a flat or a house, but if we specifically just look at people who are inside flats, if you know you own a building that has been deemed unsafe and that has had a section notice or an advice notice served upon it, and then you are being told you have to live in there 23 hours a day, there is an increased risk by having more people in that flat, essentially. It is not just difficult falling asleep at night. It is when you wake up. Again, it is the fear of being in a flat that you know is unsafe and it is the fear of the unknown, compounded by the bills. It is not what we have signed up for. Every single person who has bought a flat has bought it in good faith, and that is why we are here to press the issue as far as we can.

Q4 **Chair:** Just coming back on the same point, Rituparna, could you just say, again, whether covid-19 has simply made matters worse for you, in terms of the restrictions?

Rituparna Saha: It has increased people's anxiety levels to record levels. We have heard from a young couple who are now spending their time in a one-bed flat with two children who are sleeping on an air bed because they cannot move out, and they are having to spend 23 or 24 hours a day in these circumstances. Imagine spending all your time in a place that makes you worried constantly about your safety and about your financial security. We have a building in Birmingham that has actually lost insurance cover in the middle of a pandemic. Imagine what those people must be feeling like. It has just compounded the situation horrifically.

Q5 **Mary Robinson:** Thank you to both of you for coming along and giving evidence to us today. In addition to the £200 million, at the spring Budget in March the Government announced an additional £1 billion to remove unsafe cladding from residential buildings above 18 metres. Given that it is almost three years since the Grenfell Tower catastrophe, would it be fair to say that since then, with this additional funding, your campaigns have now fully achieved their objectives?

Rituparna Saha: In a word, no. Our campaign, when we started, was to make sure that all buildings were safe. The Building Safety Fund does not do that; it only covers buildings over 18 metres. Recent fires, both in Samuel Garside House in Barking and in the student accommodation in Bolton, have shown very clearly that fire does not discriminate between buildings over and under 18 metres. Mortgage and insurance companies do not discriminate between buildings over and under 18 metres, so we are not going to rest until this discrimination is stopped.

One of our campaign objectives was that the people who are not responsible for these defects—the leaseholders—should not be paying for them. The Building Safety Fund does not cover issues such as waking



watches and fire patrols. It does not cover issues such as internal defects and fire breaks, so the scope of the fund is very narrow.

The amount of funding is also incredibly small when compared with the scale of the problem this country is facing. G15 has said that, just across London, across their portfolio, fire safety defects are going to cost about £4 billion, and in the social housing sector the costs are easily going to exceed £10 billion, so you can imagine, when you consider the number of private residential blocks in this country, how much funding is actually going to be required.

We welcome the fund and the fact that the Government are recognising the dangers of cladding, but the fund is a small baby step and a lot more important and quick strides are needed in order to really fix this problem.

Q6 **Mary Robinson:** Alex, do you agree with that? Are you concerned about the scope of the funding as well?

Alex Di-Giuseppe: I agree with what Ritu has just said. I agree that the scope of the funding is too narrow. Just to elaborate on what Ritu has said, the National Housing Federation has estimated that it will need £10 billion to remediate social housing. If we were going to look at that and take that as an example for private housing, we would be looking at a fund of £20 billion. At present we only have a fund of £1 billion, which is basically 5p in every pound at the moment.

Even though it is welcome news and it is a baby step, as Ritu says, leaseholders are still looking to pick up 95% of the actual costs. There is much more work that needs to be done, in terms of broadening the scope of the fund, so that it does not deter certain groups of people. There are definitely winners and losers. There are people who are covered by the fund and there are people who are not covered by the fund. I am somewhere in between. The fund covers part of my issues but it does not cover all of my issues, so where does that leave me? We need to be doing to residents as you are doing today, to really understand what is going on on the ground, so that we can absolutely build a fund that is fit for use and fit for purpose.

Q7 **Mary Robinson:** As the work is progressing, a lot of other issues are being brought to light, which brings forward other remedial costs along the way. Is it your contention that the fund should cover all of the costs associated with remedial works, and how would you make that case to Government?

Alex Di-Giuseppe: It is a very good question. It is about issues with the building that fall into the category of building safety; "safety" is the absolutely key word here. Most leaseholders are very fair and would say, "If the walls need redecorating, if there is wear and tear and things need to be looked after, absolutely, we are happy to pay our maintenance fee," and that is essentially what we sign up for.



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What we do not sign up for is to be sent a letter demanding anything between £4,000 and £70,000. They are just some of the examples in Manchester. You are told, just because you own a lease, you are now responsible for having the internal steel beams coated in the correct fire retardant, which you would have to rip down the building to do. What we are being asked to do and what we are being asked to pay for is just completely unfeasible.

Rituparna Saha: I completely echo Alex's sentiments. We will definitely be okay to pay for normal wear and tear of the buildings, but the critical issue is of fire safety and of defects that arose at the stage of construction. These are not defects that we had any hand in creating, so why on earth should we be made legally and financially responsible for fixing these defects? It does not happen in any other sector. If you buy a toaster that is found to be defective, you return and you get your money back. If you buy a car and the engine starts bursting, you would return it and the car would be recalled. How is it that in the issue of building safety it is the end consumer, who had nothing to do with causing these defects, that is being held liable for paying for these defects? This must change.

Q8 **Mary Robinson:** Would that include the cost of surveys as well? Are these the types of costs that you would like to be covered?

Rituparna Saha: Yes, absolutely. As far as the ACM fund is concerned, which I have been a part of applying to, the costs of surveys are covered. We are still waiting to see the details of the new £1 billion fund, but definitely it should include costs of surveys. You should not have to do a survey after 20 years to figure out whether your building is safe or not, but that is unfortunately what the situation is at the moment. These surveys are very expensive. They do not cost £1,000 or £2,000. Most buildings' reserves are already depleted as a result of interim safety measures such as waking watches, so we cannot afford these surveys. They need to be a part of the fund.

Q9 **Paul Holmes:** Thank you to both of you for coming and seeing us today. I just wanted to get into the interim fire safety costs. What costs have residents typically incurred as a consequence of the fire safety issues in your buildings? For example, you just mentioned waking watches. Is it your view that these costs have been unfairly inflated by providers who are providing the services as we speak?

Rituparna Saha: Yes, the interim safety costs that we are seeing are mainly the cost for fire wardens to patrol our blocks 24/7, which is commonly known as a waking watch. The other interim measure is the installation of temporary simultaneous evacuation fire alarms. In my own building, from November 2017 to date, we have spent more than £400,000 across 57 flats for the fire warden and another £120,000 for the fire alarm.



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I can give you the example of a building in London where each leaseholder is paying £300 per month for their waking watch. In Birmingham, some leaseholders are paying over £500 a month. There is a building in Leeds where each leaseholder is paying more than £840 per month for their waking watch. This is more than the cost of their mortgage.

To give you the extent of the problem, a freedom of information request was done across fire authorities, to which 40 fire authorities responded. They said that there are about 420 live waking watches in place around the country as of April of this year, and many of these have been in place for months. This was supposed to be an interim measure, but some of these waking watches have been in place for two years. For example, mine has been in place for two and a half years, since November 2017. These costs are onerous. They are huge. They cannot be reduced, because you need to pay somebody a living wage and a pension, etc. They are causing enormous financial hardship for people.

Q10 Paul Holmes: Alex, could I ask you the same question about inflated costs? Are you aware of any leaseholders in the organisation you have set up who have been declared bankrupt as a consequence of not being able to afford these ongoing costs?

Alex Di-Giuseppe: Just to address the first point of the question and what Ritu said there, the costs are the costs and there is a massive disparity across the country. It would be great if we could walk away and there was some sort of legislative action in order to regulate how costs were structured and set up. For me, it is all about bringing in recommendations to you guys. As you know, we work with people who live in these situations on a daily basis.

The question I have to you guys is, would you feel safe if there was a waking watch warden walking round your block of residence in a high-vis jacket with a klaxon, knowing that the only way that they were going to wake you up was either knocking on your door or sounding that klaxon? Let us be brutally honest. There are normally 100 people in an apartment block, on average, and he has to get around to every person. That is people on the top floor and people on the bottom floor. If you guys think that that is a safe way of ensuring that people are going to get out of a burning building, then absolutely we should continue.

Let's not forget that originally, fire safety chiefs thought waking watches were just going to be a short-term measure, for 12 months. As Ritu has just said, she still has a waking watch. There are many buildings in Manchester and around the country that still have a waking watch.

What I would propose as my recommendation to the Government would be for an alarm campaign to be set up, where every single building that was on a waking watch and every single building that had fire safety issues had an alarm fitted in each flat. That should come out of the Building Safety Fund at pace, so that we could tell people that they were



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safe in their buildings, because right now the measures that we have in place—a man or woman walking around in a high-vis jacket with a klaxon banging on doors if there is an issue—is not safe. I would not be doing myself or the Manchester Cladiators justice by leaving this forum today without making that point.

To your other point about people going bankrupt, we have individual cases. I could go back and I could pull those out for you, but let us just look at it plain and simple. There are mortgages, ground rent, maintenance, waking watch and fire safety bills that we have to pay in order to show that we are collecting money, and we are doing this in a covid environment. The pressure that is on leaseholders at the moment is absolutely phenomenal and is compounded by the fact that you are living in an unsafe building and you have the fear of the unknown, like I said before. It is just compression on top of compression on top of compression, and it is starting to show.

As we come further away from when Grenfell Tower burned down, we are not making as much progress as we should have done, and people are having to find this money constantly, month after month after month. That is one of the real issues as well.

Q11 Paul Holmes: Thank you for your frank answers. To answer your first point, no, I would not find it safe and a number of my friends do live in those blocks where that is happening, so I do know. Finally, just to look a bit into the future, are you eventually going to call, or are you currently calling, on the Government to reimburse the ongoing costs for these interim fire safety measures that residents are currently paying through their service charges, such as the waking watches and the new systems that you have mentioned? Is that an end goal for you guys?

Rituparna Saha: In terms of representing the leaseholders who have contacted us and from my own personal point of view, yes, we are definitely calling on the Government to reimburse these costs. My personal costs have been more than £13,700 in the last two years for waking watch and a fire alarm alone. How many more years am I going to be able to sustain this? As I said, these costs are onerous; they are huge.

The first and foremost responsibility of the Government should be to try to make the buildings safe and get the cladding removed, but the reality of the situation, which the Government's own figures are showing, is that, given the extent of the problem and being realistic, cladding remediation will take a very long time in the majority of blocks around this country. Unless these interim measures, as Alex rightly pointed out, are reviewed and made less onerous and less cost-intensive, these interim measures will continue in many blocks for many years. Make no mistake: this is the immediate cost that is facing us right now and it is going to make us financially destitute before even a single panel of cladding is removed from our block.



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We are definitely calling on the Government to reimburse these costs, but, as Alex mentioned, we also want these interim measures and policies to be reviewed. The guidance has not been reviewed since 2018, which is incredible if you think of the financial hardship this guidance is causing. It is also being applied inconsistently in buildings across the country. Some buildings do not have a watch in place and some buildings have five or 10 fire wardens wandering around. It is being treated as a measure more for the protection of the freeholders and managing agents rather than having really anything to do with protecting the leaseholders living there.

I also completely agree that fire alarms are a much more practical way of warning about the dangers of fire, but the current waking watch guidance says that even with a simultaneous fire alarm being installed in your property, you will still need to have a fire warden or a responsible person present on site 24/7, and that is what happened in our block. We still have a fire warden and we are paying £11,000 a month for the privilege on top of a fire alarm, so this guidance definitely needs to be reviewed.

Q12 Paul Holmes: Thank you; we have heard that. Alex, are you of the same opinion for Manchester Cladiators? Are you calling for a reimbursement too?

Alex Di-Giuseppe: Yes, very much so. In an ideal world and if the pot was endless, absolutely. Ritu's costs far outweigh what I have paid in my building for a waking watch for various reasons, and that goes back to the point about regional disparity in terms of what people are paying.

Just to echo the tail end of what Ritu is saying there, in an ideal world we would love to be reimbursed, but I would like to be able to walk out of this meeting and say, "Do you know what? They are not going to reimburse us; but they are going to quicken the pace of remediation, because every single person knows if you get the funding and if you get the yes, it is going to be at least 12 to 18 months, especially living in a covid world, from when the first panel of ACM cladding or HDL cladding comes off." Speed is key, because, at the end of the day, buildings need to be made safe while people are living in them.

That is a trade-off, and I am sure people may disagree with what I am saying here. In an ideal world, yes to being reimbursed for what has been paid before. However, if it was a trade-off for getting the process of buildings made safe and speeding things up, I would take that second option every single day of the week.

Q13 Chair: Just following up the funding issues, it is absolutely key, given the situation you are in. You have already both explained that it is not just the cladding that is defective with the building. You have problems with insulation and with fire doors, either defective ones or missing ones, and other problems.

Just from your own experience with the residents you are representing,



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roughly what percentage of people are living in homes where they have other defects, apart from the cladding? Do you have a rough idea from the surveys you have done?

Rituparna Saha: Again, from personal experience, when we found we had cladding on our block we also found out we had internal fire safety issues, which was the lack of compartmentation of fire breaks. From the surveys that we have done recently, about 35% of the people we have surveyed have reported internal defects and 36% of these people have already also received bills for rectifying these defects.

The other issue that we have is that you need a survey to be done in order to confirm whether internal fire safety defects exist or not, and these surveys take a long time. There are not enough professionals to do them, but what we have heard from talking to G15 is that it thinks that, given the new measures that have been announced by the Government, pretty much the majority of buildings—and by majority, I am saying 90% of the buildings—in their portfolio will probably require some other form of rectification work to be done apart from cladding.

Just to give you a scale of the issues, it is not just about the internal defects as well. There are buildings that do not have a cladding problem but have extremely dangerous combustible insulation that needs to be removed. There are buildings that have dangerous render that needs to be removed and is combustible. These are not covered by the Building Safety Fund.

There is a block in east London where the leaseholders have already been billed between £83,000 and £250,000 per flat to fix issues associated with insulation and lack of fire breaks. The building insurer is saying that it is going to withdraw cover unless that money is paid immediately. The managing agents have said that they will walk away unless that money is paid immediately, and so the residents of this building, who are mainly elderly, are breaking their pension and are having to pay for these defects.

Alex Di-Giuseppe: I am going to be completely honest with you: it is very difficult to give a percentage, but one broad sweeping statement I can make is that if there are problems on the outside, you can bet your bottom dollar that there are problems on the inside. I know that sounds incredibly clichéd, but this is just what I have seen from speaking to people from all of the different buildings in and around Manchester.

The fire service now is asking for an intrusive survey to be done. With the experience that I have from speaking to other buildings, I know that when a building has asked to have an intrusive survey done, which can cost anywhere between £25,000 and £30,000, it is just going to open a can of worms that will take years and years to fix. I am not saying that it should not be fixed, but the scope of the fund that Ritu alluded to when she answered the first question goes beyond ACM, goes beyond HPL and goes beyond timber cladding.



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We could talk all day about lack of fire breaks, lack of cavity barriers and things like that. In my building, for example, the internal steel beams are not covered in the correct flame retardant. There are issues upon issues, and this is why we are calling for the fund to be extended.

- Q14 **Chair:** Just to get this right, basically you think these defects should be covered by the Government as well. As an additional point, are there any issues that you think leaseholders should have to pay for? You mentioned that in the end there might be a trade-off with fire watches if everything else was done, Alex, but, apart from that, basically you are saying that all the inherent defects in the building should be covered by the fund.

Alex Di-Giuseppe: Here is my thinking about it, and feel free to critique it: if the Government are serving advice notices and section notices saying that our building has to have a survey done and the survey comes back and says it is unsafe, why does it then sit with the leaseholders to pay for the remediation? That would be my question.

If you guys are telling us it is unsafe and we had nothing to do with building it, why are you guys not looking at it in more detail and saying, "Actually, do you know what? There has been a systemic failure of building regulations for the last 20 years, because what has been signed off is clearly not what is in the ground"? We all know that is a huge issue that we have not talked about. I am not sure if it will come up later on.

There is that, which needs to be looked at internally, or go and look at the developers and freeholders, who actually built the building and own the building, because you are coming after young professionals who maybe make anywhere between £25,000 and £30,000. It is their first time on the ladder. How are they going to find £20,000, I would like to know.

- Q15 **Chair:** Yes, and the inadequacy of the initial buildings and how they were signed off by building inspectors is something the Committee has actually commented on in the past. It clearly is an issue that we will want to continue to address, I am sure. Rituparna, is it your position that all the inherent defects should be covered by the Government fund and the leaseholders should not be asked to cover these costs at all?

Rituparna Saha: Our position is that the most important aspect here should be building safety. Make these buildings safe first, instead of haggling on about who pays for it. In an ideal world, we would like the freeholder or the developer who built these blocks to pay to make these defects safe. In a small handful of cases they are doing so, but in the large majority of blocks, the freeholders and developers are not paying, and here we want the Government to, as Alex said, step in and pay to fix these defects. Then, if the Government find that developers that were at fault or the building control was at fault, then go and recover the costs from them. That is what we want.



I would really challenge anyone in Government to let me know what the difference is between a construction defect that caused combustible cladding to be put on the outside of a building and a construction defect that caused insulation to be used that was not fit for purpose or fire breaks to not be there. There is literally no difference between these two types of construction defects, so why are the Government funding one kind but not the other, as Alex said? It makes no sense.

Chair: That is a very good, challenging question. We will probably be putting that to the Minister in due course.

Q16 **Brendan Clarke-Smith:** Good afternoon, everybody. Could you tell us about the difficulties residents have faced in obtaining mortgages and/or selling their properties where these have not been certified as safe through the new, industry-led EWS1 process?

Alex Di-Giuseppe: The EWS1 form has been needed for a long time, or at least a movement in that direction in order to free up buildings, so that apartments that do not have issues can be bought or sold. I do not know how many people on this call have actually looked at an EWS1 form. My first reactions from looking at it and reviewing it are that, yes, it is made with the help of industry leaders, but as a document it is very static, it is very inflexible and, to be honest with you, I feel like it is very much a filtering process, being able to tick whether buildings can be sold or not sold.

If you fall into the category that your apartment cannot be sold, then what happens? It either basically says your flat is worth nothing or it is worth £130,000, £200,000 or whatever. It needs to provide more. As a Government-led initiative, that is something that you guys could really lead upon. That would be my recommendation there.

Rituparna Saha: You mentioned the question of the problems that we are facing. Again, may I break this up into three different parts, the first being the issue of obtaining mortgages on buildings where we know the building is unsafe. All of our flats are now valued at zero. We are unable to sell and we are unable to obtain any sort of remortgage in order to raise funds to pay to fix these defects.

The second issue is that when people's mortgage rates are ending and we try to obtain more feasible rates from the market, we are not getting access to the same mortgage rates as normal members of the public. We are being moved on to higher variable rates and this is causing our mortgage payments to increase, on top of the extensive bills that we are already facing.

We have received lots of representations from people who are completely destroyed as a result of the external wall systems survey or EWS forms, and the issues around that are that these forms are required by MHCLG for building only above 18 metres; but mortgage companies are now asking for them for buildings below 18 metres. We have examples of



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Barclays, Lloyds and Halifax all asking for them. When you go and ask the freeholder or the managing agent to try to do this survey, they are saying, "It is not legally required for your building because it is less than 18 metres, so we are not going to give you this form or do this survey."

The leaseholders are caught between a rock and a hard place, where they cannot sell their property because the lender will not lend without that form and the freeholder or the managing agent is saying, "We are not going to give it to you because it is not legally required."

There are not enough chartered fire engineers in the world to carry out these surveys on the number of blocks required. Housing associations are telling leaseholders, "You will have to wait anywhere between two to five years for your building to even be surveyed, so get ready for staying in your building for the long haul."

Network Homes has given us an example of where it has spent £1 million on obtaining an EWS survey for one block, which ultimately turned out to be safe. Across its entire portfolio to date, it has only been able to secure 17 EWS forms. When we surveyed our people earlier this year, 84% of people have said that they cannot move on with their lives because of cladding issues, and 51% of those people said that the reason that they cannot move on is because of EWS forms. This is a huge issue, which is causing stagnation in the housing market.

You mentioned insurance. I really wanted to talk about that, because we have seen lots of examples of people having great difficulty in obtaining affordable building insurance cover. "Affordable" is the key word. Buildings insurance is accessible but it is not affordable. There is a building in Birmingham where the insurance premium has increased from £30,000 to £190,000 per year. One in London has increased from £30,000 to £300,000. The building in Birmingham that now does not have insurance cover used to have a premium of £50,000 and they have been quoted a premium this year of £500,000.

The issue is that all these blocks have put in place measures and done everything the Government have asked us to do. We have the waking watches in place. We have complied with the directives of the fire service and these buildings have been considered safe for human habitation, but now we are being hammered by the insurance companies that are saying, "Your block is too risky, so I will not give you affordable insurance cover." What are leaseholders going to do?

Q17 **Brendan Clarke-Smith:** What would you like to see the Government do to address the difficulties with obtaining insurance or mortgages? Is there anything specific?

Rituparna Saha: We have a range of recommendations. Of course, all of these will need MHCLG and the Government to sit with the insurance industry, the insurance brokers, the British Bankers' Association and major banks. Primarily, what we want is for the same parameters to be



used by MHCLG and by mortgage and insurance companies for the risk assessments that are being conducted on these blocks. It cannot be the case that the Government are saying that buildings above 18 metres are riskier than those below 18 metres, whereas mortgage and insurance companies are using completely different parameters to assess the level of risk. That is the first one.

The second is, where buildings have been found to be eligible for funding, either from the ACM fund or from the new Building Safety Fund, we want valuers to stop giving these buildings a value of zero. These buildings are going to get remediated. It is now time to start moving this market forward. This policy of valuing these buildings as zero has to stop.

We also want the large freeholders to adopt what we are calling a top-down, bottom-up approach, which some people are doing, to assessing the risk in these blocks. What I mean is that some housing associations and large freeholders have said, "Your building is considered low-risk, so we will not even survey your building for the next five years," which means that for the next five years the leaseholders in those buildings will be unable to sell their properties.

We want clear guidance from the MHCLG and the adoption of a top-down, bottom-up approach to risk management, so that the buildings at the lowest-risk end of the spectrum can get moving again. The EWS form process requires a complete overhaul. It is not doing the job it was intended to do. It has completely stalled the housing market and it needs immediate and urgent review.

In terms of insurance, we have had discussions with the British Insurance Brokers' Association and with the Association of British Insurers and, if there is one thing that the covid-19 pandemic has proved, it is that the Government are the insurer of last resort. If the insurance industry is not going to make insurance available at affordable rates for leaseholders, we want the Government to step in and underwrite this risk for an interim period of time until the buildings are made safe. We have done this through programmes like Flood Re and Pool Re for flooding and terrorism. I am sure people can get their brains together and put in place some sort of scheme that does not pass on these extortionate costs to leaseholders.

ABI commissioned a study in 2018, which Alex very clearly mentioned, about the wider issue that the regulatory regime has caused this problem of the cladding scandal, and it is because of that that our insurance premiums are going up. If the ABI is saying that the regulations are to blame, which has now caused insurance premiums to increase, why should leaseholders pay? Should it not be the ones who are responsible for the regulation—the Government—to fix this problem?

Q18 **Brendan Clarke-Smith:** That was going to be our next question. Alex, do you want to come in on that—about the Government?



Alex Di-Giuseppe: Ritu has said everything that I would have liked to in a really eloquent way. I have two things to add. The first thing is that I know people in Manchester whose insurance premia have gone up 400%. I have banged this drum since we started this call, but when you have to pay insurance on top of waking watch, maintenance fee, ground rent and mortgage, it just adds and adds and adds. If the Government could step in and insure, like it has done in places such as Northern Ireland and in places in the UK that are susceptible to flooding, that would be a very welcome move for residents.

The other thing that underpins the entirety of the insurance and mortgage conversation is speed of remediation, because the sooner the Government get buildings deemed safe, the sooner we do not have to talk about people not being able to remortgage and people having to pay higher insurance premia. It really is as simple as that.

Q19 **Mohammad Yasin:** It has been reported widely that construction firms are delaying remedial work during this coronavirus pandemic period. Two weeks ago, the Secretary of State told us that remedial works on affected buildings were beginning to resume. Has that been the experience of your members?

Alex Di-Giuseppe: That is a good question. The entirety of the covid situation has thrown a lot of things out of sync. Yes, there has been some slowing down, but that is probably for safety concerns of construction workers and other people. While that may continue to happen and while we cannot take ACM panels and have buildings remediated, there are other things that can be done off site that can be done in the background.

One of the recommendations from the Manchester Cladiators that can be done in the background—I have spoken to Ritu about this—is making sure that the new Building Safety Fund is aligned as much as possible with the successful applicants of the ACM fund, so that anyone who had access to the £200 million and would have access to the new Building Safety Fund is looked at in isolation. The reason is that it will reduce duplication, it will reduce project costs, which would hopefully leave more money for remediation, and it would also increase economies of scale in terms of being able to get things done.

Covid has slowed things down, absolutely. It is a travesty. It is a nightmare for everyone who is part of it, but while we cannot remediate blocks, there are definitely things that the Government can be doing in the background to ensure that, once people can go back to work safely, we can hit the ground running with it.

Rituparna Saha: I completely agree with what Alex said. The Government's own figures released this month showed that remediation work had paused on some sites and on some they have picked up. We have not directly heard from any members. There were members who told us that remediation work had stopped and they have not come back



yet to tell us that it has restarted, but that does not mean that it has not happened; it is just that our members are not reporting that. As Alex said, there are definitely things that can happen in the background that do not require you to be on site, and we would like the Government to focus on those during this time.

Q20 **Mohammad Yasin:** What more do you think the Government could do to make sure that happens?

Rituparna Saha: First and foremost, make the new £1 billion Building Safety Fund available. The fund was announced in the Budget more than two months ago. We still cannot access the fund; applications to the fund have not opened. Grants during this pandemic have been set up and disbursed within a matter of a fortnight. We are now more than two months on since this fund was announced and we still do not have access to apply to it, so please get your act together to get this fund open immediately.

I also want to go back to the ACM fund. If you look at the latest statistics, out of 94 buildings that are eligible for the fund, only nine have had their applications approved for full funding. This is more than a year after the ACM fund was announced. Clearly, the progress with MHCLG in terms of approving buildings for the ACM fund is very slow. None of this requires people to be onsite. It can all be done behind your computer. We need the people in Government to move very quickly on this.

We also want, during this time, clear guidance to be released by the Government as to what support is available for leaseholders who have lost their jobs, who are on furlough or who have lost their businesses, but for whom the cladding bills are continuing to land. What protections are available to us? Are there any protections available to us? Will we get some respite, for example, through council tax relief, in order to be able to manage our finances? None of this has been addressed and all of this can be addressed from the safety of your own homes, behind your computers.

Mostly importantly, given the fact that this is the start of Mental Health Awareness Week, we want the Government to start treating this scandal as a public health scandal. The impact that this is having on people's mental health is huge. It cannot be underestimated. We are hearing from hundreds and hundreds of people saying, "My mental health has taken a beating. I am suffering depression and anxiety and I have suicidal thoughts."

There has been no effort from the Government, from the NHS or from Public Health England to recognise the impact that living in dangerous buildings with cladding, with huge bills, is having on our mental health. There are actually pamphlets released by the NHS for how to deal with the mental health issues of living in a house that has been flooded. Can you believe that there has been nothing so far of that same sort of mechanism that would support leaseholders living in dangerous buildings



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day in and day out, worried for the safety of their families and their futures? That can, again, definitely be done at this time. Please start treating this as a public health crisis and please start providing real support for people whose mental health is struggling during this time and has been made worse by the coronavirus pandemic.

Alex Di-Giuseppe: Just to tag on to what Ritu has just said there, yes, I agree absolutely in terms of being able to join up the ACM fund with the Building Safety Fund and broadening the scope. I can speak from my own experience; I have not really talked about this before, but your mental health does take a significant impact from living in a dangerous building and having the burden of the cost on top of you.

Just to echo what Ritu said there as well, the Government and No. 10 are really the only people who can join up the dots on this and have a really joined-up approach from the top down. I do not just mean just coming straight to the leaseholders. It is absolutely great that we have this forum and are able to speak to you guys today, and hopefully there will be some good that comes out of it, but, given the size of the issue and the amount of hours that we have had with Ministers and junior Ministers over the last 12 months, it is not reflected correctly, considering the success we have had in the £200 million fund and the £1 billion fund. That is why we love to see Lord Greenhalgh reaching out to us and having a conversation about how we can build a relationship, because we have a lot of technical expertise in all the different cladding groups around the country and can really bring some interesting insights to you guys, in order to help increase the speed at which buildings are remediated in order to make people safer. That is absolutely key.

It would also be great to see a more joined-up approach from the Government, in terms of bringing together leaseholders, local government, fire service, insurers and mortgage lenders, rather than having conversations with everyone in silos. We should bring everyone to a roundtable, talk about the issues and work out what the best way is to move things forward. Ultimately, as I said to Robert Jenrick as I left the meeting with him on 4 March, the fund is great and all the rest of it, we appreciate it and do not want to seem ungrateful; but if this problem continues, we are only going to get louder, because more and more buildings are going to find out that they have issues, which means we are going to get louder and keep banging that drum. If we work together, we have a much better chance of solving this for everyone.

Chair: Can I at this stage, on behalf of the Committee, thank Rituparna and Alex very much for giving us a really comprehensive view of the real difficulties and problems that you and all other residents living in blocks of this type are facing? I do not think that could have been put across any better for us than you have done today, so thank you very much indeed. That has given us quite a few questions that we are now going to follow up with the Minister shortly. Thank you very much for coming.



Alex Di-Giuseppe: Thank you for having us. I appreciate it.

Rituparna Saha: Thank you for having us.

Examination of witnesses

Witnesses: Lord Greenhalgh and Neil O'Connor.

Q21 **Chair:** We are now moving to Lord Greenhalgh, who is going to join us to respond to questions, along with the director for building safety in the Ministry, who is Neil O'Connor. You are welcome, Lord Greenhalgh. Thank you very much for coming to us this afternoon. We are pleased to see you, but may I say, first of all, we are probably not necessarily pleased that yet another Minister is coming to explain why, three years after Grenfell, we still have so many buildings with dangerous cladding on them and so many residents having to live in those buildings.

Lord Greenhalgh: Thank you very much indeed for the invitation. I just want to, by way of personal introduction, explain that I was appointed last month and actually was sick with covid, so I have only effectively been in post since the middle of April. I also lost my mother last month to covid. The reason I need to have an official alongside is, while I will answer what I can, you must appreciate that I am really early into this job.

Chair: Minister, may I just say that we appreciate that? We also understand this is a really technical issue, so having a technical expert with you helps both you and the Committee, so that is appreciated.

Lord Greenhalgh: One of the earliest meetings that I had was with Ritu, from the UK Cladding Action Group, and Alex, from the Manchester Cladiators. I wholly understand and empathise with the position they find themselves in.

First and foremost, we need to recognise where we are today, which is that we have established a fund of £600 million. That is £200 million for private-sector housing and £400 million for social sector housing. I asked my officials how much of that fund had been used to date. We have to recognise that the social sector fund has been available for longer than the private sector fund. Essentially, around £260 million has been approved and £137 million paid out, so there is still considerable money in that fund to be used for ACM cladding remediation. It is reflected by the fact that, three years after Grenfell, there are a considerable number of sites that have not even started remediation of ACM, which I agree with you, Chair, is completely unacceptable.

In addition, for the £200 million it is a worse story, because that is a more recent fund. £26.4 million has been approved and £1.4 million has been spent, so that leaves the vast majority of that £200 million fund still unspent.



The important thing to recognise is that it is the building owner who is responsible for building safety. The building owner is typically the freeholder or the managing agent. These funds have now been available for ACM cladding for some time in the case of the social sector, and for about nine months for the private sector.

The new fund, which everyone has talked about on this Committee, is a significantly greater sum, but then the costs will have to go through a larger number of buildings. That is the £1 billion Building Safety Fund. That will be opened by the end of this month. I cannot give the precise date but it should be at some point next week, and registration will follow soon after. Let me say that this Government, as well as the metro Mayors, where a lot of these buildings are, the Mayor of London and local government, want this to happen as soon as possible. We have to get the whole of Government working together to make this happen.

Q22 Chair: Do we know precisely how many buildings there now are, and how many residents are living in them, with property that is considered dangerous, either ACM or non-ACM cladding? Have we got a figure for that now?

Lord Greenhalgh: We know how many ACM buildings there are. There are 457 ACM buildings. We have the statistics on how many have had remediation; 144 of those 457 have already been remediated, 137 are on site, and that leaves 176 buildings with ACM cladding yet to start within that fund. We know that the vast majority of those are in London: 122 of those 176 buildings yet to start are in London.

With non-ACM, this is in scope for us to focus on this. It is about 11,300 buildings, but my officials have given me a rough figure that probably the high-risk buildings with flammable cladding would be around the 1,700 mark. Again, we have funded the investigation and inspection of those buildings with a protection capacity surge to the NFCC, which is the leadership of the fire and rescue services.

Q23 Chair: I am going to pass over to colleagues to explore some of those things in more detail, but you just mentioned that, in the end, building owners are responsible. We had some of that issue with the previous witnesses, who say, "It is not our fault. We are leaseholders. We bought these buildings in good faith." We are back to freeholders, who often are little more than shell companies sometimes, or developers who have disappeared. We get a situation, do we not, of pass the parcel around, and in the end should it not be Government that come in and make sure this happens?

Lord Greenhalgh: First of all, we are seeing remediation happening, but it is taking too long. At this stage there is no reason that I have been given by my officials—Neil may wish to comment—as to why we cannot get all of those 457 remediated, including all the private sector. What we are typically finding, however, which is where we have needed to add support, is that the building managing agent is often not equipped on his



own to do the form-filling process. That is why we have added in extra support to enable people in the private sector, where there is a building manager, to apply for funds. So the construction and project management expertise [inaudible] is a relatively recent addition to add pace to remediation.

Q24 Abena Oppong-Asare: In February, the Association of Residential Managing Agents published research that found that half a million people may be living in unsafe buildings that passed building control when they were built. Does that sound like a reasonable estimate to you?

Lord Greenhalgh: I would like to see those statistics, because those are relatively new statistics to me. All I know from those buildings that are 18 metres and above is that we are talking about 457 ACM-clad buildings and approximately 1,700 non-ACM with high-density laminate or other flammable materials. That sounds like a high number. Is that for all buildings of all heights?

Abena Oppong-Asare: Yes, that is correct.

Lord Greenhalgh: I cannot really comment. It is a new statistic to me, but it would be useful to see that.

Q25 Abena Oppong-Asare: I also wanted to explore your comments about why work has not started on a large proportion of buildings in London. My understanding is that quite a substantial amount of buildings in London are privately owned. Do you think that is a significant barrier? I also understand there was some difficulty in terms of getting funding from the Government in order to start doing the works. Is that something that you are aware of?

Lord Greenhalgh: I will answer as best I can. You are correct that the private sector fund opened later than the social sector fund with regard to ACM, and you are also correct that there are more private sector or privately owned buildings in London than in Manchester. Broadly speaking, the figures, if I remember, are that over 60% of the building stock in Manchester is socially owned, and therefore less than 40% is private, and in London between 30% and 40% is socially owned and the rest is private. Therefore, you are right that there are more buildings of that tenure.

However, what is interesting is that this is where Mayors can play a part in providing the pace. The fire and rescue service is something that falls under the auspices now of the Mayor of London and the Mayor of Greater Manchester. The Mayor of Greater Manchester put his back into a high-rise taskforce that really drove the level of inspection at pace in Manchester. In Manchester, 80% of the buildings have either been remediated or work is on site; only 20% of them are yet to begin. In London, it is nearly half the buildings where work has yet to begin.

I am happy to be corrected, but my understanding from my officials is that the leadership has come effectively from London Councils, where fire



and rescue services used to be. This is where we could really do with support, with the GLA, which is a delivery partner in the same way that Homes England is outside, just to have that mayoral heft to help accelerate the process. It is not to say that it is all the Mayor, but Mayors can help and they do matter, as do the local authorities with all their enforcement powers.

Q26 Abena Oppong-Asare: Before I go on to the next question, I also just wanted to point out, because you just compared Manchester to London, that London has more taller buildings, so it is more complex in terms of doing remedial works in comparison to what has happened in Manchester. I also wanted to ask when the Government anticipate that all these necessary remedial works will be completed. Are you able to give us some timescales in terms of what you are looking at?

Lord Greenhalgh: I am afraid I cannot at this stage. We all collectively want this to happen as soon as possible. One ambition, as opposed to a commitment, is that the objective for the ACM fund is that, despite covid, we get on site with all those 457 buildings by the end of the year, and then the works follow on from that and will be completed sometime in 2021. That is the ambition that we have, but it is something that we need collective work on at all levels of government.

Q27 Abena Oppong-Asare: You are looking at 2021 in terms of completion. Is that what you are saying?

Lord Greenhalgh: I am saying that, with all those 457, the ambition is to have that in this calendar year. Making safe will happen at some point before completion, but I cannot give you an exact deadline for completion or when the buildings will be made safe.

Q28 Abena Oppong-Asare: Finally, following on from that, two weeks ago the Secretary of State told us that approximately 70% of sites have seen remedial works pause due to this pandemic, but now we are seeing a number of those sites resume work. What proportion of those sites have started remedial works? Do you have that data?

Lord Greenhalgh: I do. I will give you, broadly speaking, the picture as it is at the moment, as we speak. The Secretary of State did give you the right figures. Our reports were that around 70% had ceased remediation. Then he issued a joint building safety pledge with the Mayor of London and five Mayors in total from our cities, as well as 25 local leaders, to say, "This is vital. The remediation must continue."

Since then, we have seen more starting to work. About 14 sites have restarted their work on remediation. In the last month, the figures I had were that five sites had restarted in the month of April. Gradually, more sites are continuing remediation. I actually had a meeting with one of the registered social landlords who had found workarounds to continue remediation, despite the pandemic. Broadly speaking, it is around half now where work is yet to start. Those were my latest figures, but Neil O'Connor, who is on the line, may be able to add to that.



Neil O'Connor: The Minister is correct. The Minister has all the up-to-date information. Building sites are going back. We have employed Faithful+Gould, as the Minister mentioned, to provide extra support to building owners going through remediation. They have been engaging directly with all those building sites and holding webinars with them during the lockdown period, where they have been able to exchange good practice and ways of working to get back on site. There is also guidance issued from the Construction Leadership Council on site operating procedures that construction companies can follow to work safely. We are seeing more and more building sites returning and more and more indicating that they are working towards getting those sites back up and running.

Q29 **Abena Oppong-Asare:** Just for clarification, 14 sites have started, five are about to start and you are expecting more to start doing work.

Neil O'Connor: Correct. In fact, 15 had gone back. 14 is the number now, but one of them has actually got to the completion stage, so it is now just waiting for building control sign-off.

Q30 **Chair:** Minister, you mentioned not a target but an aspiration, let us say, of 2021 for getting all this ACM cladding off buildings. I have to remind you that the then Secretary of State, James Brokenshire, in July last year in a written statement said he expected all the ACM cladding to be off buildings by June of this year. Was that too ambitious a target? It has not been hit.

Lord Greenhalgh: I accept that previous targets have not been made and this was not really presented to you as a target. I am saying the ambition is to get on site by the end of this year. I am struck by what Alex from Manchester Cladiators said. When asked and really pushed by you, Chair, he said that pace of remediation is what we all want. What we want to do is collectively work on what is needed to accelerate the pace of those vital building works that will make people safe in their homes. Therefore, I am giving you our honest ambition, but this is not just dependent on MHCLG or central Government. It is something where we do need to march in step at all levels of government to make this happen. In some cases, as you know, we have not seen the plans three years after Grenfell, which is simply unacceptable.

Chair: It is, absolutely. The Minister's written statement called it an expectation. You are now giving us an ambition, but I am sure we will be wanting to ask questions if the ambition does not come to fruition. I am sure that is our job as a Committee.

Q31 **Paul Holmes:** Minister, thank you for coming, and may I pass on my condolences to you? I am glad that you are better, and congratulations on being appointed. You may have heard through some of the evidence given earlier that residents told us that delays were costing them very large amounts of money. For example, there was one where we were told that across 57 flats it was costing them £400,000 for fire wardens and



fire alarms, and there were also significantly higher service charges for waking watches. Can you quickly outline what the Government will do to support people while they are waiting for this remediation work?

Lord Greenhalgh: I was asked by the Secretary of State to conduct a review of waking watches and also to make sure that buildings remain safe during the pandemic. Perhaps I can give this Committee my recommendations following on from that review. It effectively gives you an idea of how we can help from the centre. I also had input on this from both the UK Cladding Action Group and Manchester Cladiators; talking to them was incredibly helpful in drawing up some of these proposals.

The first recommendation is that the National Fire Chiefs Council should update their guidance, which is currently apparently in hand, for buildings where “stay put” is suspended, so these are the buildings that we are talking about.

The second recommendation is that we ask the protection board of the fire and rescue service about how to operationalise the guidance, in particular encouraging greater use of more cost-effective measures, because, as you rightly say, some of these measures appear very high-cost.

The third recommendation is that we should commit to publishing data on waking watch costs, because I really feel that we at the centre can shine a spotlight of transparency on the disparity of costs. Talking to some building owners in the social sector, they say that the security companies may have seen them coming, that they are given very little time and, frankly, some of the charges are usurious. Shining the spotlight of transparency may provide leaseholders with the ammunition they need to challenge their building owners on why they are paying this amount for a particular service.

The fourth recommendation is that we confirm that assurance on interim measures, including waking watch, during covid-19 is being addressed through the NFCC’s publication of specific advice and assurance work of the protection board, so that we are not seeing this suspended during the pandemic.

The fifth is that the Government should not provide funding to cover the costs of waking watch or replacement for waking watch. Our view is that the Government funding, such as it is today—that is the £1 billion for non-ACM and the £600 million for ACM—needs to go against remediation, because, as Alex said, it is the speed with which we can remove this unsafe cladding that is the key.

Q32 **Paul Holmes:** Thank you, Minister, for going into so much detail, because you have slightly touched on one of my follow-up questions. Two weeks ago the Secretary of State told us that you would be investigating whether those costs for interim fire safety measures, such as those waking watches, had been unfairly inflated by providers. You have hinted



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there in your answer about transparency, but in the early days of your job and speaking to your officials, what have you found so far? Is there a general inflating of prices by providers for these watches?

Lord Greenhalgh: Again, I mention the survey done by *Inside Housing*. It is a very interesting survey. The spread of costs is considerable, from tens of thousands to millions. Obviously, at this stage we do not hold the data officially at the centre but, from talking to the cladding action groups that you have taken evidence from and also speaking to some of the building owners, it seems to me that we are seeing a huge disparity in costs, and that is something we need to address. Transparency could be a good way of doing that.

Q33 **Chair:** Just to be clear, Minister, what you are saying to leaseholders is, "You are just going to have to get on and pay these costs for interim measures. There is not going to be any help."

Lord Greenhalgh: No, I am not saying that. I am saying that the money we have available needs to go to the end mission, which is to remediate unsafe cladding. The money is simply not there for everything; it is a choice. As we stand today, the best use of the money is to accelerate the pace and get the cladding off.

Q34 **Chair:** I hear what you are saying, but that then surely leads on to what I have just said, as an accurate statement, which is that, therefore, there is no money to fund the interim costs and so leaseholders will have to pay for those. That is what you are saying.

Lord Greenhalgh: Currently, there is no money from central Government. However, what we have said is that the building owners should do the right thing for this. The people who have made profits on these buildings—the building owners, the freeholders and the developers—should not be passing these costs on to leaseholders.

Chair: In some cases, of course, the developers are not there any more; they have gone. Anyway, I am sure we will explore that further as a Committee.

You mentioned the very welcome news of the £1 billion fund that was announced by the Chancellor. He announced it saying it was basically what the Select Committee had asked for, so perhaps we could explore now whether that is absolutely the case.

Q35 **Ian Byrne:** Once again, Minister, my deepest condolences for the sad news. It is good to see that you are back in health, and that you are here today. Welcome.

At the spring Budget in March, the Government announced an additional £1 billion to remove unsafe cladding. The Chancellor said that the new fund was what the Select Committee has called for. Therefore, can you confirm that the new fund will cover any high-rise or high-risk building, as we called for in paragraph 47 of our July 2019 report; all ancillary



costs associated with remedial works, such as building surveys, and the reasonable costs of any additional essential works that become apparent after remediation has begun, as we called for in paragraph 28; and “the costs of replacing combustible insulation”, as we called for in paragraph 40?

Lord Greenhalgh: I am not sure whether the Chancellor read all those particular paragraphs but you can perhaps put that to him at the next Select Committee.

We have to recognise what both Ritu and Alex said, which is that the cost of remediation of cladding alone for these buildings—high-rises above 18 metres—is considerably more than £1 billion. There is a real choice there about where you put the money. Neil may correct me, but the estimates that I have seen, just for the remediation of unsafe cladding, are £3 billion or £3.5 billion. The fund needs to be set to a purpose, and we deem that that £1 billion should go towards the remediation of unsafe non-ACM cladding in the high-rises above 18 metres, or maybe slightly under with the way that we have phrased the fund.

Neil O’Connor: There are various estimates around, as the Minister said. We have tried to estimate ourselves what the demand for this fund might be. The Minister mentioned that we have a working assumption that there may be around 1,700 buildings over 18 metres with unsafe types of cladding out there. The cost of fully remediating all of that may be as much as £3 billion or £3.5 billion. These are very rough estimates that we are making at this stage. It will only be once we get the fund open and get building owners coming forward with details of their buildings that we will understand the full potential.

Of course, as we have made clear, that work is already going on across a large number of buildings and is already being paid for by many building owners, such as the large developers, the larger freeholders and indeed social landlords who are already getting on with this work and who have planned and are starting remediation of things such as high-pressure laminate cladding or timber cladding or other forms of unsafe cladding. We would expect that to continue and for them not to draw on the fund, so some of the demand will already be absorbed by finances out there currently. The new fund will be an additional form of financing to meet that overall demand.

Q36 **Ian Byrne:** Just to confirm, we had a survey of 1,300 people who responded and they were asking that it cover buildings below 18 metres and cover other fire safety defects, such as missing or inadequate fire breaks. This point was made very powerfully by our two previous witnesses. Will there be any confirmation that the fund will be open to these defects?

Lord Greenhalgh: The focus of this fund is on the removal of unsafe cladding rather than additional defects as things stand. We will be publishing the prospectus and eligibility because it will not be drawn on



by everybody that needs to remove unsafe cladding. The focus of this fund is on the removal of unsafe cladding alone, not the additional fire safety defects.

Ian Byrne: That is confirmation that they will not be allowed within the £1 billion fund as it stands now.

Lord Greenhalgh: That is confirmation of the situation before publication. That is what you will see when we publish next week.

Q37 **Rachel Hopkins:** You have always said that you do not think the £1 billion will be sufficient to remediate all affected buildings. The National Housing Federation recently warned that the bill for remediating all social sector properties with dangerous cladding and other fire safety flaws could easily exceed £10 billion. Do you accept those estimates?

Lord Greenhalgh: I have heard a number of estimates about the cost of remediation of all fire safety defects. Clearly, unsafe cladding will not be the only thing that needs to be remediated in many of these buildings. For instance, I spoke to the leader of the Royal Borough of Kensington and Chelsea, where they are remediating nearly 4,000 fire doors across their council estates. Of course, the remediation cost will be beyond cladding in all probability.

However, the Government will not fund all of this. It is, again, building owners that have a duty to do this. The fund is there to help and support those people where, without a fund, these works would not go ahead. There will be clear eligibility criteria for that, published next week.

Q38 **Rachel Hopkins:** Will there be any additional funding beyond the £1 billion if it proves to be insufficient? You quoted some figures earlier about applications, etc. Balancing it all in the round, surely there has to be some further funding.

Lord Greenhalgh: I am not going to make commitments because I am a junior Minister across two Departments and relatively new. I am not saying this is the final fund but it is a considerable sum, is it not? £600 million came in two tranches, first the £400 million and then the £200 million for the private sector. The Chancellor has announced this £1 billion. I am not going to make any comment other than that this is probably not the last word. This is a big issue but then again it is, as I said at the outset, the responsibility of the building owner to make their building safe. We believe that those costs should not fall on leaseholders. I feel very bad about that. I really stand four-square behind the leaseholders. This is not something that should be burdening them. It is the responsibility of the building owner to make the building safe.

Q39 **Rachel Hopkins:** On that we agree, and I will be pleased that in the future we will no doubt come back to you on these issues.

There have been warnings from the social sector that if Government funding is not forthcoming—you touched on it yourself—this will have a



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direct impact on their ability to build new affordable and social housing. Does that concern you?

Lord Greenhalgh: I have been a council leader for six years and a councillor for 16 years. I know how important it is to get our registered social landlords, who are effectively very able developers, to build affordable housing. I do not have the figures to hand but there is obviously a large pot of money that is dispensed through Homes England. Is it not around £4.2 billion for the affordable housing programme? It is that kind of number, admittedly over a number of years.

We want those homes to go ahead and the purpose of these funds is to ensure that funding is available, should it be needed, for both the social sector and the private sector to remove this very dangerous cladding.

Q40 **Chair:** May I explore a little further with you what you have just said? Ian Byrne put it to you that the Chancellor has said that the £1 billion fund was there to “do what the Select Committee has called for”. He then gave a number of illustrations of what the Committee had called for that were not covered by the fund. That is a fair summary of the situation, is it not? The fund does not cover all that the Select Committee has called for, does it?

Lord Greenhalgh: I made it very clear what the fund is there for. The fund will remediate unsafe cladding, so high-density laminate and other forms. I have made it very clear that that is where the fund has to go, because the £1 billion simply would not be enough to do more than that.

Q41 **Chair:** Okay, so you are saying, “This is all the money we have. How do you spend it?” The Committee was saying, “We actually need to spend the money that is necessary to cure all the problems.” That is the difference, is it not?

Lord Greenhalgh: I will restate that the fund is there to remediate unsafe cladding. It is not there to remediate other fire safety defects such as outlined by your witnesses and that you have called for as a Select Committee.

Q42 **Chair:** Could I just ask about one example, Minister? Say the fund will cover the removal of some dangerous cladding and the survey also identifies dangerous insulation or fire safety doors missing and other defects. The work cannot go ahead because you obviously have to do all the work to make the building safe and the freeholders are not going to pay for the additional work. Where does that leave the leaseholders in that building?

Lord Greenhalgh: Let us just start off by saying we hope that the vast majority of freeholders will go ahead and remediate and do all they need to to make their buildings safe. They have a legal duty to do so. We are talking about a proportion of the buildings where we are struggling to get these people to come up with something that is, in fact, their legal duty. Therefore, the Government funding is there to support that.



Q43 **Chair:** This is a problem, Minister, that has been going on now for at least two years with freeholders, where they say, in many cases, that they are not legally responsible. If they are saying, “We are not going to pay for the additional work,” so the cladding work cannot go ahead, where does that leave the Government in terms of wanting to get this dangerous cladding off buildings?

Lord Greenhalgh: Of course, you know that the new Fire Safety Bill has been introduced in the House, which will put in scope both the internal fire doors and the external cladding. You are also aware, I am sure, as an experienced Chair, of all the enforcement powers that are here today to ensure that this does happen. You need to use the carrot and the stick with this. Enforcement happens through fire and rescue services under the current fire safety order, and that will be strengthened under the new fire safety order. We have the Housing Act where the environmental health officers can step in, and we have put some money in through joint inspection to, if necessary, deem it a Category 1 hazard so that you can use that route as well.

I also have to say that, under a piece of legislation I did not know about—perhaps Neil can add to this—which is the Defective Premises Act 1972, there is a right of action for private individuals to sue building owners and landlords who fail to make a building safe. Again, this is where we need to strengthen legislation, and we are doing so because we have the new Fire Safety Bill coming through. As you know, one of the things that will be announced relatively shortly is a fundamental reform of building safety regulations to make sure that that does not happen again in the future.

Q44 **Chair:** Neither the Fire Safety Bill nor the review of the building regulations will be retrospective, will they?

Lord Greenhalgh: At the moment you are correct that this is a regime to ensure that it does not happen in the future. We have the issue of remediating buildings, but it is important that we change the culture of developers in the construction industry so that this does not happen again. You are right that it does not solve the problem of the past. We are trying to remediate and solve the problems of the past.

Neil O’Connor: There is new legislation coming in: the Fire Safety Bill amending the fire safety order for fire and rescue service enforcement; and the Building Safety Bill, which will implement Dame Judith Hackitt’s recommendations when it comes in. Chair, you said that they will not apply retrospectively. They will apply to existing buildings and they will require comprehensive fire risk assessments, for the fire safety order, which cover cladding and all those other defects. In the Building Safety Bill—in the new Hackitt regime, to use the shorthand term—they will require a safety case review to be undertaken regularly of all existing buildings. It is through those reviews that defects will be picked up and overseen by the regulator and accountable people in the building so that they have to happen in the future.



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Lord Greenhalgh: What I meant was that the legislation would apply to all buildings, existing or new. However, we still have the problem of remediating old buildings.

Chair: Exactly. As Neil was just saying, those requirements can identify what is wrong with existing buildings but not actually require them to be put right. That is the issue.

Q45 **Paul Holmes:** Minister, I just want to slightly challenge you on this. I absolutely agree with you that it is up to builders and the original builders of these developments to make these remedial works that need to happen, and it should be their responsibility. However, as someone who worked for a housing association, we had an estimate of up to £3 billion for all remedial works for the G15 housing stock in the social mix. What legislative mechanism is there for the Government to take builders or developers to task if they simply refuse to commit to these remedial works? I know you did not say this but one of the options was legal action from leaseholders, but after paying all of this money, they simply will not be able to do it. What tangible mechanism is there to force these builders to take those remedial works? There does not seem to be much of a mechanism at the moment.

Lord Greenhalgh: Neil will comment on this, but I have a list of names here, because it is very important that we recognise those people who, three years on from Grenfell, have done absolutely nothing. It has also been said in evidence that a lot of these are shell companies where the beneficial owner is hidden. My first thought is that naming and shaming shell companies is not particularly effective. However, we can go after the beneficial owner, and get the Financial Conduct Authority or the police involved; I used to be Deputy Mayor for Policing. We should name and shame these people for what they have done. I am not going to commit anybody to this, but we do need naming and shaming to mean something. That is the first thing.

The second thing is that, if necessary, the state needs to take steps where people live in unsafe buildings where there is absolutely no prospect of getting a plan, because you simply cannot allow it to happen that there is absolute stasis. There may be options there, including CPO and so forth.

We have to work with local councils—there are four local authorities with 20 or more ACM buildings—to get the local picture and ensure that we get this done. It is happening because, at the end of the day, we are making progress month on month. The problem is that it is painfully slow.

Q46 **Paul Holmes:** This question is for Neil. I know the Minister has only been in position for a short time so it may have happened before this, but what steps are you and your officials taking to have these hard-hitting conversations? I agree with you that naming and shaming will work to some extent with some people, but to delve down further to try to find



some of the perpetrators of this will take quite a lot of work in conjunction with law enforcement. Have you already started that work?

Neil O'Connor: Yes, we have. We as a Department—officials, Ministers, former Ministers, the current Secretary of State, former Secretaries of State—have been having these discussions. We have been identifying the relevant people and engaging directly with them to persuade them to get on with the remediation work. We have also been encouraging local authorities to take enforcement action and we have set up a joint inspection team of expert inspectors to help them with that. We are aware of at least 20 buildings where local authorities are taking enforcement action already.

May I return to my earlier point about the changes to the legislation? These will strengthen enforcement powers. They will enable enforcement of remediation on existing buildings to address the backlog of defects. I want to be clear on that: these are not things that will only apply to new-builds; they will apply to existing buildings. There will be a systematic approach.

One of the key aims of this programme from the outset has been to reform the whole system so that it is more effective for the future, not just for new-builds but for existing buildings in scope as well. That was what Dame Judith Hackitt's review was all about. All the work we have been doing in the meantime to try to identify existing buildings with defects and to put those right, through the advice we have issued to building owners and the money that the Government have made available to pay for remediation of cladding, is about making headway now, ahead of the new regime, and trying to fix the stock in advance of the new regime kicking in. These are short-term actions we are taking to make things better before a new regime and a much more systematic approach comes into effect once the Building Safety Bill gets through Parliament.

Q47 **Rachel Hopkins:** In 2018, the Government introduced new powers through an addendum to the HHSRS—the housing health and safety rating system—to allow local authorities to require the remediation of affected buildings in their areas. To what extent have they been used?

Lord Greenhalgh: Neil gave the figure that there are 20 buildings that he knows of where enforcement action is taking place. It may be more than that. Neil, do you want to comment on that?

Neil O'Connor: There are 20 that we are aware of, but local authorities have been taking action across a wider number. Bear in mind that the way that enforcement generally works is that there is always an initial approach to building owners to say, "You need to do this or we will take enforcement action." That is often the more effective part of the process, but of course it is not then captured in actual actions taken.



We know local authorities are taking enforcement action. A lot of that has been at the early stage of just making sure that building owners identify the buildings and tell the local authority what cladding they have. It is happening, but the measures we are taking with the Fire Safety Bill will enable fire and rescue services to be more active in their enforcement, particularly around cladding, going forward.

Q48 Rachel Hopkins: I am very conscious that you talk about local authorities and local fire services, all of which have huge pressures on their budgets. In this realm, having the powers is one thing but, where they have been used or proposed to be used, have the Government provided financial support to these councils, particularly on additional remediation outside of just the cladding?

Lord Greenhalgh: On funding, it is fair to say that, in the last couple of months alone, close to £20 billion has been spent on supporting local services during the pandemic. Specifically for local government, there have been two tranches of £1.6 billion to deal with demand pressures. It is fair to say that this is essential. We recognise that local government funding is an important element of that. Fire and rescue services had a very good settlement in the last £1.6 billion. As well as the standalone fire authorities, through the £1.6 billion tranche, about £33 million went to fire and rescue services.

We recognise that fire and rescue services play an important part. As well as being Building Safety Minister, I am the Fire Minister in the Home Office. £30 million has gone to enhance the protection capacity, including at the centre. £20 million of that went to fire and rescue services around the country, so that we have that ability to protect the buildings across the board, not just high-rises that are residential but student accommodation, hotels and so forth. We recognise that protection is a critical challenge for fire and rescue services and they need the funding to do that.

Chair: We will move on now to Bob Blackman who, like myself, has sat through quite a few of the hearings around these issues after the Grenfell tragedy.

Q49 Bob Blackman: Minister, we accept the fact that you are relatively new to the Department and to your job, but this process has been going on for almost three years and there are some concerns around. Hopefully, you will be able to clarify the position here. We produced a report in July 2019, which the Government took some three or four months to respond to. As the Chair and others covered earlier, the response from the Government to our request for all unsafe cladding to be covered was that the funding for the ACM cladding was wholly exceptional and non-ACM cladding systems will not be part of any fund. Why did the Government's view change?

Lord Greenhalgh: I have to be honest, Bob. I am not party to that. I can probably write to you on this. I do not know the sequence of events.



We all agree that the £1 billion announced by the Chancellor is a good thing. It is a substantial sum of money. My view as a Minister is that I need to focus on ensuring we get the remediation done. I do not know the sequence of events.

Q50 Bob Blackman: One of the reasons I raise that is that, according to the information supplied, the position, particularly from the Secretary of State, was that tests on non-ACM cladding took place in the summer of 2019 so that, by the time the Ministry replied to us as a Select Committee, those tests had already been done and it was quite clear to the Ministry that there was a severe problem with non-ACM cladding and that action had to be taken. My concern is that we want to see some transparency around this and make sure that, if things are unsafe, not only is work funded but that the Government are telling us what they are going to do.

The clear point here is that ACM cladding was not exceptionally dangerous but other forms of cladding clearly require remediation. The Secretary of State's letter of 2 April said that the test had taken place, so why did we wait until March 2020 for this fund to be extended? It does not make any sense. Can you shed any light on that? If you cannot, if Neil O'Connor could, that would be helpful.

Lord Greenhalgh: This is an example of why I need an official. What I do know, having come into this job, is that the mindset of the Department was that the unsafe cladding goes well beyond aluminium composite material.

Bob Blackman: Yes, we all agree with that.

Lord Greenhalgh: It is probably for the official to comment on your specific point.

Neil O'Connor: If you go back to the horrific time of June 2017, the Government were very clear straightaway that ACM cladding was a high-risk material. That was on the advice of various experts who came together in the days after the fire. We prioritised action on ACM cladding because it was the most combustible type of cladding material that we were aware of.

We did look at other cladding types back in 2017 and we considered other cladding types, such as high-pressure laminate and so on, and we put out advice for building owners towards the end of 2017, with the support of our expert advisory panel, which made clear that we were aware that other cladding products had been used that we did not regard as compliant with building regulations. They do not adequately resist the spread of fire, which is the legal requirement of the building regulations. The evidence we had at that time, which the expert panel supported, was that those other cladding types were not as high-risk as ACM, which, if you understand the product, has a polyethylene core that is highly flammable. The advice we issued was that other cladding should be assessed and remediated by building owners, but that Government were



prioritising their efforts and resources on the most dangerous form—the ACM cladding.

The testing that we conducted was a long-scale programme of research—desktop research, literature research and then actual testing of other products—to look at the fire behaviour of other cladding products, notably HPL but timber as well, and a number of other products, to see whether there was some way in which our evidence was not good enough. In other words, were there characteristics of those other cladding products that suggested that they might behave differently in a fire to what the evidence had suggested previously? All of that testing was conducted, and concluded that it basically confirmed the existing view and the existing advice that we put out, which is that ACM was the most dangerous cladding, and that the other cladding products were not as dangerous but were not safe and should not be on buildings.

The expert panel's advice has been consolidated now to reflect all of that, but it has not really fundamentally changed. The thing that has changed is that the Government have found an extra £1 billion to put towards the cost of remediating those other types of cladding. All of these are positive steps forward, but we have to deliver them now and we have to get the work done. Our efforts are focused on getting building owners to do the work and complete the work that we have been telling them since 2017 they should be doing.

Q51 **Bob Blackman:** Obviously, Dame Judith Hackitt's report was extremely scathing about desktop studies in terms of the testing. What changes have there been to the testing regime? One of the concerns here is that, if you test ACM cladding, where it is literally on the walls, as it were, and you put direct flame on it, it resists the fire but, as you quite rightly say, Mr O'Connor, when you cut it and have that polyethylene core, it is highly inflammable. Has the testing regime changed? If so, what changes have been made? If we are not able to itemise that today, it would be very helpful if you could write to us as a Committee with the details of what changes have taken place.

Lord Greenhalgh: Bob, can I come in before Neil responds? From talking to Roy Wilsher, who is Chair of the National Fire Chiefs Council, I know that there are well-established tests for ACM that the fire and rescue services feel they can apply. For non-ACM, there is still some work that needs to be done on a robust test. That is my understanding. That is certainly what he briefed me on coming into this role. Neil, you may be able to add to that.

Neil O'Connor: Yes, I can add to that. It is not so much whether the testing regimes have changed; it is more about whether the standards and the requirements of the regulations have changed, which they have. With the changes we have made to building regulations since Grenfell, we have made it very specific and very prescriptive in the building regulations that if you are putting up cladding on a tall building, it has to be of limited combustibility.



We have banned desktop studies. We do not even allow systems that have been put through the old British Standard BS 8414 test, which is a wall system test. All of those things are no longer permissible for cladding on high-rise buildings. That is the fundamental change. Every product used in the exterior wall of a high-rise building now must meet standards A1 or A2, which are the highest levels of limited combustibility or non-combustibility. That is the key change.

Q52 Bob Blackman: It would be very helpful if we could have a note on that particular issue for the benefit of the Committee when we are doing our report.

Can I just mention one other issue? As the testing and regulations have changed, which you are quite clearly stating has been the case, there will be building owners, whether they are freeholders, leaseholders, managing agents or whoever, up and down the country, in London and other parts of the country, all saying the same thing: "When we put our building up and when we put our cladding around those buildings, it accorded with the building regulations that the Government had released and it was signed off by someone from building regulations."

Our problem, then, is that those building owners will turn around and say, "We accorded with the regulations as they stood. You, the Government, have changed the rules, so you, the Government, should pay for the remediation of all these buildings going forward." I quite understand a position whereby we change the law and require new buildings and new cladding to conform to the new standards. I want to see building owners make sure that their buildings are safe—do not get me wrong—but they can quite legitimately say, "We were in accordance with the building regulations as they stood. Grenfell has changed the rules. Therefore, why should we pay for remediation when we did things in good faith?"

Lord Greenhalgh: Bob, you are making two points. One is that when you bring in a new regulatory regime, you necessarily set the bar higher.

Bob Blackman: Of course. I agree with that. That is good.

Lord Greenhalgh: That is a good thing. The second point you make is that they passed building controls, signed off by either the local authority or one of these building control firms, following the regulations at the time. My understanding from my official is that many of these buildings should not have passed building control and the regulations of the time. I am not saying this is the case with all of them, but for very many of them it was scandalous that they passed building control even at the time.

Q53 Bob Blackman: I understand that and I completely accept that if people were acting fraudulently or improperly, action can be taken against them. However, if a local authority building regulations department signed off to say, "This is in accordance with the building regulations and the regime that exists," how can they end up receiving the bill for remediating the cladding, when they will say, "We did everything we should have done"?



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Lord Greenhalgh: The point I am making is that we need to dig into that overall point. How many of those buildings were okayed or deemed to be safe even though they were clad with a flammable cladding? How many of them would have even failed the regulations of the time? My understanding is that the vast majority would have failed the regulations even at the time. That is something for Neil O'Connor. I am a month in, Bob.

Bob Blackman: I understand, Minister. You are picking up the pieces.

Lord Greenhalgh: It is quite a hospital pass, but there you go. Neil O'Connor might be able to shed some light.

Neil O'Connor: This is a difficult issue of debate. Mr Blackman, you raise the critical issue and the debate that is raised. The law is that the building regulations apply and the responsibility for complying with them applies to the person conducting the works. Getting building control sign-off does not let you off that responsibility. The legal requirement that you have to meet—not what is written in the guidance but the actual statutory legal requirement—is to build in a way that adequately resists the spread of fire up the external wall.

As we have seen, the judge presiding over the public inquiry on Grenfell said that Grenfell patently failed to meet that requirement because the fire spread. We have seen a number of fires where that is the case, where our view is that they did not meet the building regulations because they used the wrong materials, whether that is HPL cladding, ACM or other products. The onus is on the person doing the work to get that right.

Bob Blackman: We are going to go on to some other questions on this in a minute, but the key point here is that if the testing regime has changed and the regulations have changed, quite rightly—do not get me wrong; I completely agree with this—the building developers that did this have long gone. This is one of the problems with pursuing the people that should actually be putting this right. From that perspective, we need complete clarity on this.

One or two of us have been pushing this very strongly in the House. Minister, I accept completely that you are new to the role but we have been pressing successive Ministers on this particular topic, because leaseholders and people living in these properties have an inherent belief, quite rightly, that they should be in a place of safety. At the moment, as has been said, there are an awful lot of people living in unsafe homes where there could be a repeat of the Grenfell tragedy. We are determined to make sure that it cannot happen again, and that the work is done. We have already heard that people are slow, to put it mildly, in getting these buildings remediated. I want to make sure that no one has an excuse for not carrying out this necessary work.

Mr O'Connor, you say it is very difficult, complicated and complex, but we would certainly want to see action taken against the individuals



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responsible for putting unsafe cladding on these buildings and to make sure it is rectified as soon as feasibly possible. In fact, in my view, it should have been done long before this, given that we are nearly three years after Grenfell.

Chair: Bob's comments there come from a great deal of knowledge and frustration with the many times we have been through these discussions. If you could come back, Minister and Mr O'Connor, with some indication, following Bob's questioning, about the number of properties with cladding that is now deemed to be unsafe where it was deemed to conform at the time with building regulations or where it was not deemed to conform, it would be very helpful for the Committee to have some further information about that difference, where you did further explore it.

Q54 **Ben Everitt:** Minister, you were very clear in your opinion earlier that the costs should not fall on to leaseholders, and I think everybody would be with you on that. Many members of this Committee are also councillors with local authorities and we are very familiar with the difficulties that authorities are having in tracing ultimate beneficial owners. The whole process is complex, time-consuming and expensive. Realistically speaking, what are the chances of success for the Government in recouping these costs from the freeholders?

Lord Greenhalgh: At the moment, the focus needs to be on remediation and getting this done. We recognise that this will need Government intervention. £1.6 billion to do the cladding remediation is not an insignificant amount of money. £1 billion has not yet been spent, and there is quite a proportion of the £600 million that has yet to be spent. We want to make sure that happens.

The focus and the effort needs to be on enforcement. That was a good line of questioning. We support the local authorities having the enforcement powers to ultimately compel building owners to do this and, if necessary, we have to be more radical.

I am not sure how easy and practical it will be to go after beneficial owners to get the money back. We need to recognise that these people should be pariahs in terms of future business in the country. We cannot allow these people to have a good name if they are the beneficial owner of a building, three years on from Grenfell, that still has unsafe cladding. It is an absolute outrage that they have pocketed all of that money and are sitting in the Cayman Islands, enjoying the fruits of that, and not fixing this problem. It is simply unacceptable. Therefore, we should go down the enforcement route, marching in step with and supporting local authorities and using the fire and rescue services to bring in those enforcement powers that will be enhanced by the new Fire Safety Bill. We should also, if necessary, identify those shadowy individuals that sit behind those shell companies.

Q55 **Ben Everitt:** I do not think anybody would disagree with your approach of making pariahs of the ultimate beneficial owners who are not



contributing to this. Everybody would also agree that the focus right now should be on safety.

You will be as aware as anybody of the situation in local government finances. This will ultimately need to be paid for either by local government or central Government, and so we will need to find some kind of mechanism for doing this. Some campaigners have suggested that the Government could take a financial stake in the freehold of some private-sector buildings where there need to be funds to remediate and maximise the value for taxpayers. Is this something that has crossed the Government's radar in these strange and uncertain political times?

Lord Greenhalgh: That specific idea is new to me as a new Minister, but I certainly believe that if we are not able to get someone accountable to actually get on and do these essential works to make things safe or if we cannot get hold of the building owner, the building manager or the freeholder, we have to look at all the means to get this done.

We know that authorities have compulsory purchase powers to step in and take buildings away from those people who are not fulfilling their legal obligations, and that may be a default option alongside the idea that you are putting forward. All of these ideas need to be looked at in the final analysis. "Whatever it takes to get this done" has to be the mantra of government at every level.

Ben Everitt: I respect that you are new to the post so it is an incredibly honest answer. I wonder if Neil would comment on that suggestion of the taxpayer money going in.

Neil O'Connor: It is worth knowing that, in the current funding for ACM remediation, we have identified 208 private sector buildings with ACM cladding overall. Of those, more than half are being paid for by the original developers or the freeholders without passing costs on to leaseholders or drawing on the taxpayers' funding. In 84 of those cases, the developer or freeholder has just accepted that they will accept the financial costs and meet those themselves. In 23 cases, they have claimed successfully against warranty schemes, which is an important part of this landscape.

We do not know whether those same proportions will apply to buildings with other types of unsafe cladding but we are pursuing the same approach where we will expect freeholders or developers to pay where they can or to draw on warranties where those are available.

It is a condition of the ACM fund, for freeholders who draw on the fund, that they must demonstrate the efforts they have made to recover those costs, from the original developer or contractors, or through warranties and so on. We scrutinise that. We also reserve the ability to take the legal claim on their behalf subsequently if we are not satisfied that enough has been done.



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We are trying to protect taxpayers as much as we can in those ways. There are, no doubt, other ways that we should be exploring for the future, particularly with the new building safety regulator and safety case reviews coming on stream once the Building Safety Bill goes through Parliament. More ideas are welcome on that.

Q56 Ben Everitt: It is funny you should ask, because the final point is just to pick up on one of the suggestions from the campaign groups, which is that it could be paid for by a levy on future new-builds. This is something that would favour the existing freeholders much more in terms of spreading the cost over a number of years. I am aware that one of the most permanent things in Government is a temporary tax but is this something that the Government have considered?

Lord Greenhalgh: I need to defer to my official. That is the first time I have heard of that proposal. Neil, do you know anything about that?

Neil O'Connor: We do not have a proposal of that sort on the stocks, as it were, or in planning at the moment, although, obviously, as part of the new building safety regime and the Building Safety Bill, the costs of things such as the safety case review, the establishment of the new building safety regulator and the additional inspection activity that will go on there will be funded through the normal fees that currently go to building control and so on from the developers in the process of building. The question you are raising as a Committee is whether that might be extended.

Q57 Chair: Perhaps Neil O'Connor can answer this. I understand that NHBC, which is one of the biggest providers of warranties in the industry, has refused to accept responsibility where it was not its building control inspectors that signed the building off. Is that something that you have investigated at the Department? Is that a real challenge and a problem?

Neil O'Connor: As I understand it, NHBC has accepted a number of warranty claims for these buildings, but you are right, almost in the reverse of the way you have asked the question, that its conditions are that it provided the warranty and provided building control sign-off. Where that is the case, it has accepted warranties. Incidentally, just to go back to the points that Mr Blackman was raising, by implication it is also accepting that the cladding was not compliant with the building regulations.

Q58 Brendan Clarke-Smith: Since the Government published Advice Note 14 in 2018, residents in high-rise buildings have struggled to obtain building insurance, sell their properties or obtain new mortgages. Do the Government regret the difficulties caused by the advice notes they have published?

Lord Greenhalgh: Before I hand over to my official, let me say that I was struck by the need to look into the issues around insurance, not just building insurance but also the ability to get professional indemnity insurance, because obviously the process of remediation needs the skills



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of many professionals to carry out the surveys and all the investigative work that is needed. I was also struck by the unfairness of not being able to remortgage a property that you owned and also seeing valuations plummet.

One of the things I have done in the few weeks I have been in post is meet with the ABI, as the UK Cladding Action Group has done, as well as BIBA and the International Underwriting Association, to investigate some of the approaches that we may be able to take to address the insurance problem, which is considerable and is something that we need to focus on to get right in order to ensure we get the remediation done. These are very real issues that we need practical fixes for in order to accelerate the pace of remediation.

Neil O'Connor: Advice Note 14, which is the advice about other unsafe cladding types, was actually first issued in 2017. It took the lenders and the insurance industry over a year to notice, and they only noticed when we issued a revised version of it in December 2018.

The advice acknowledges the risks that are out there. It does not create new risks. These were risks that were there and that have been there, unfortunately, for many years, and Grenfell, and our investigation since, has exposed them. It is absolutely right that the Government have taken the action to expose the risks and to give advice to building owners on what they should do about them. What is very unfortunate for the people living in these buildings is that the lenders and the insurers have become more risk-averse as a result of these risks becoming known to everybody.

In the end, remediation is the answer. Remediation and the longer-term reforms that we are bringing about will make buildings safe, and, hopefully, lenders and insurers will go back to being less risk-averse in the products that they offer to residents.

In the meantime, we are working with the Royal Institution of Chartered Surveyors, and it is working with lenders and insurers, to try to find mitigations for this in the short-term. That is where things like the EWS1 form that was mentioned in the earlier discussions come into play. These are designed to try to find a way to get through the short-term problem of risk aversion amongst the lending and insurance industries.

Q59 **Brendan Clarke-Smith:** Do the Government support the new industry-led External Wall Fire Review—EWS1—process for the valuation of high-rise properties?

Lord Greenhalgh: My understanding is that the EWS1 form—the external wall system certificate of compliance—was developed in collaboration with a number of bodies, including RICS lenders and RICS evaluation practitioners, in 2019. I am sure you will have taken evidence from insurers who will give you more detail on that.



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It is fair to say that a number of these EWS1 form surveys have taken place already. One of the issues we have uncovered, certainly in my insurance roundtable held last week, is that, in order to carry these out, you need professionals to undertake them. You need the fire safety engineers. These are key professionals. Getting professional indemnity insurance cover has proved more difficult than it really should be to carry out essential remediation. We are looking at a number of ideas to enhance the availability of professional indemnity insurance for fire engineers that carry out these survey forms. It is not the survey itself; it is about having enough of the professionals needed to carry them out.

Q60 **Brendan Clarke-Smith:** Would you say, then, that this will be a slow process and that it could take several years to sort out the affected buildings?

Lord Greenhalgh: I have used the word “ambition”. Predecessors and Secretaries of State have used “expectation”. Mine was an ambition. We are seeing these buildings getting remediated. When it comes to the aluminium composite material, more buildings are going back on site every month and more buildings are starting. It is a process that is far too slow. All of us collectively want to up the pace, and one of the ways we will up the pace is by ensuring that more fire engineers get the cover they need to carry out these external wall surveys. That is something that we are aiming to fix.

Q61 **Brendan Clarke-Smith:** Some stakeholders have been advocating for a reinsurance scheme akin to Flood Re. Would the Government support something like that—a Cladding Re—for high-rise or high-risk buildings? Has this been considered at all?

Lord Greenhalgh: I am a newly minted junior Minister who has just got his feet under the table. I defer to the insurance industry. Coming back to my law enforcement experience as Deputy Mayor, there was a Pool Re scheme for terrorism, and there has been a Flood Re scheme in the past, but the insurance industry itself does not believe that approach is the solution to this. Then again, you need to take evidence from insurance experts rather than me. Nevertheless, we are engaging with the insurance industry to come up with practical ways in which we can ensure that we have the availability we need for building insurance as well as for professional indemnity insurance.

Q62 **Chair:** Minister, I just want to conclude on one or two points. You mentioned that leaseholders might be able to take action against developers for defects in properties. I understand that there is something called the Defective Premises Act 1972 that probably allows that to happen. I am sure it was part of your bedtime reading last night before you came to us today.

Lord Greenhalgh: I read the whole Act, from beginning to end.

Chair: Perhaps Mr O’Connor has read it from beginning to end. I understand that there might be a six-year limitation on action under that,



and maybe that is the only thing leaseholders can do. On many buildings, therefore, it may be time-limited and not applicable. Is that the case?

Lord Greenhalgh: That is a fair point. I put it to Mr O'Connor.

Neil O'Connor: Unfortunately, I did not read that full Act last night so I cannot comment. In general, there are a number of different avenues for pursuing action, whether it is enforcement or cost recovery. They all have their conditions and circumstances in which they do or do not work. It is a bit of a job to look around and find the right one for the right product, and you may end up finding that none works perfectly.

I am sorry to sound like a cracked record on this but I again come back to the Building Safety Bill and the new regime that we are bringing in, which is designed to address some of these problems, holes and gaps in the regulatory framework that Dame Judith identified. We have to wait for it but it will make the world a better place.

Q63 **Chair:** It will, Mr O'Connor, but it will not allow anyone to take action against defects that happened some years ago when the building was built, will it? It is about putting things right from now on, not enabling leaseholders to take more effective actions against those that failed some years ago.

Lord Greenhalgh: Chair, you make a key point. Let us look into this as Government. Let us look at what it would take and what the situation is regarding a statute of limitations. In my previous role in public life, there was no statute of limitations on a crime; perhaps there should not be a statute of limitations on building a building that is fundamentally unsafe.

Chair: That is a helpful suggestion. It would be really helpful if you could come back with a note on that, in terms of what measures are available to leaseholders, what the restrictions are and what can be done about those restrictions.

Minister, that has been helpful to the Committee today. We will reflect on what you and Mr O'Connor have had to say. Thanks to him as well for coming to the Committee.

In conclusion, Minister, we all hope you have a full recovery from your illness with covid-19. We appreciate that you are now back at work and we hope for that recovery for you. Again, I reiterate what all my colleagues have said and give our commiserations for your personal loss of your mother during this period, which has obviously been a very challenging and difficult time for you.

With best wishes on those issues, we will consider what you have had to say today and will produce a report. Our aim—like yours, I am sure—is to get these buildings made safe for the people living in them. Our questions will be whether the Government have gone far enough so far to have achieved that and, if not, what more we think you need to do. That is what we will come back with our recommendations on. Thank you very much for joining us today.