



Ministry of Housing,
Communities &
Local Government

Jeremy Pocklington, CB
Permanent Secretary

**Ministry of Housing, Communities & Local
Government**
2 Marsham Street
London SW1P 4DF

Mr Clive Betts MP
Chair, Housing, Communities and
Local Government Committee
By email

26 May 2020

Dear Clive,

FURTHER GRANTS FOR REMEDIATING UNSAFE CLADDING

I wanted to inform you that I have today sought a Ministerial Direction to provide an additional £1bn of grants to fund the remediation of buildings over 18m which have unsafe non-ACM cladding system.

Please find attached to this correspondence my letter to my Secretary of State, which outlines the rationale, and his response to me.

I am writing in similar terms to the Chair of the Public Accounts Committee and the Comptroller and Auditor General.

Yours sincerely,

JEREMY POCKLINGTON



Ministry of Housing,
Communities &
Local Government

Jeremy Pocklington, CB
Permanent Secretary

**Ministry of Housing, Communities & Local
Government**
2 Marsham Street
London SW1P 4DF

Rt. Hon Robert Jenrick MP

Secretary of State for Housing, Communities and
Local Government

**Ministry of Housing, Communities & Local
Government**

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

26 May 2020

Dear Robert,

FURTHER GRANTS FOR REMEDIATING UNSAFE CLADDING

1. You and I remain very concerned about the plight of residents in buildings which have been constructed with cladding materials which accelerate the spread of fire. These buildings must be remediated as quickly as possible.
2. The department's expert panel provided further guidance to building owners on 20th January on materials beyond Aluminium Composite Material (ACM) cladding which we believe present an unacceptable risk to residents and should be removed as soon as possible.
3. Progress is still too slow and it is clear that one of the major barriers to remediation is the need to negotiate funding with leaseholders. Leaseholders continue to be understandably frustrated at the nature and scale of the costs being passed to them leading to lengthy disputes before work can proceed. Those responsible for putting the dangerous cladding up in the first place have been too slow to take action.
4. We are putting in place measures to address inaction, improve safety and avoid similar funding disputes in the future. The Building Safety Bill is being drafted and we are setting up the future regulator in parallel, but it is not yet operational.

5. You have therefore decided further government funding is required now, in advance of the future regulatory regime, to address the lack of pace and the most critical defects associated with fire safety.

6. The department has explored multiple options and you have concluded, based on the department's analysis and advice, that the only option that will meet these aims is for the government to offer 100% grant support to building owners to pay for remediation, as it has done previously. Other options, including partial grants or loans, are unlikely to deliver the pace required.

7. You have therefore agreed to make £1bn of grants available in the 2020-21 financial year to help ensure as many buildings as possible are remediated quickly. This timeframe is deliberately challenging to encourage building owners to come forward swiftly and pro-actively engage with the department in order to progress their remediation projects.

Compliance with *Managing Public Money*

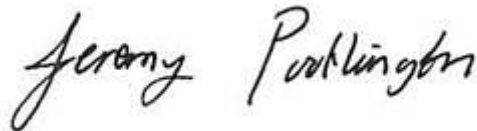
8. I agree with this assessment and approach. However, as Accounting Officer, I have a duty to ensure compliance with the public accounting rules as set out in *Managing Public Money*.

9. As my predecessor found when the department announced the Private Sector Cladding Remediation Fund, the rules in *Managing Public Money* do not support this kind of exceptional intervention. In the normal course of events, these costs would be borne by the private sector; the quantifiable public benefits from accelerating work are not sufficiently large to offset the costs to the public sector. This approach, therefore, does not meet the normal tests for value for money.

10. We are both determined to ensure that intervention of this kind remains exceptional and does not set a repercussive precedent for the future, which is one reason why we are reforming the system as outlined at the start of this letter. However, whilst I agree with you that there are strong reasons for this scheme, I have concluded that the scheme does not comply with the requirements expected by Parliament in *Managing Public Money*. I will therefore require your written direction to proceed. I will then ensure that all necessary steps are taken to carry this out without delay.

11. As is required, I will alert the Comptroller and Auditor General, and I will also write to the Chairs of the Public Accounts Committee and the Housing, Communities and Local Government Select Committee. It will then be for the Committees to decide whether to investigate the matter further, for example by holding a hearing in Parliament.

Best wishes,

A handwritten signature in black ink, reading "Jeremy Pocklington". The signature is written in a cursive style with a large, stylized 'J' and 'P'.

JEREMY POCKLINGTON



Ministry of Housing,
Communities &
Local Government

Rt Hon Robert Jenrick

*Secretary of State for Housing, Communities and Local
Government*

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26 May 2020

Dear Jeremy

Thank you for your letter of today. I have carefully considered the issues you have raised about my proposal to provide an additional £1bn to fund the remediation of buildings over 18m which have unsafe non-ACM cladding systems. In particular, I have considered the implications for the Department in demonstrating compliance with the principles set out in Managing Public Money.

I am glad that you share my view that the pace of remediation, despite advice issued by this Department since 2017, remains unacceptable, particularly in the private sector. We are pushing ahead with our reforms to strengthen regulation, but we must do more now. To not do so will leave residents facing unacceptable risks and costs. The Prime Minister and I are clear that this cannot continue and that where possible leaseholders should not be facing life changing costs.

I am persuaded that, having considered several alternatives, the only effective way to achieve this increase at the current time is to remove the financial barriers to remediation. In practice, I am clear that removing the constraint created by the need to pass on costs to leaseholders will be the most effective way to increase pace. I expect building owners to have done everything they can to pursue other funding options before calling on the taxpayer or their leaseholders to meet the cost of work.

This intervention will address the most significant safety concerns we have in advance of the new regulatory regime coming into force.

I understand that, in making these choices, the taxpayer will pick up a significant proportion of remedial costs. However, I have considered that against the safety implications for residents and the need for pace, and the benefits that will derive from these. I consider those factors to be more important, indeed I consider them to be imperative.

RT HON ROBERT JENRICK MP