



## Department for Levelling Up, Housing & Communities

Clive Betts MP,  
Chair, Levelling Up, Housing and  
Communities Committee

**Jeremy Pocklington CB**  
*Permanent Secretary*

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

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

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Dear Clive,

Thank you for your letter of 29 March following the hearing on the Department for Levelling up, Housing and Communities (DLUHC) Annual Report and Accounts 2020-21 on 7 March.

#### Support for Ukrainian refugees and local government procurement rules

As set out in the Cabinet Office's Procurement Policy Notice 01/2022, DLUHC is considering an amendment through secondary legislation to address the issue that section 17 of the Local Government Act 1988 presents. Following requests from a number of councils, the government will support councils who wish to cease their contracts with Russian suppliers. We are currently consulting with councils as we prepare a Statutory Instrument, and intend to set out further details in the coming weeks.

#### Social rent homes

The Committee requested additional information on the costs to Government for providing social rent homes. The cost would depend on a number of factors such as when and where the social rent homes were delivered, alongside landlords' ability to provide cross-subsidy. The likely cost would range from £60k - £160k per unit, based on grant rates for the 2021-26 Affordable Homes Programme.

#### Building Safety and remediation

You asked for clarity on how the Residential Property Developer Tax and the Building Safety Levy feed into the £5.1bn Building Safety Fund announced in February 2021. In January 2022 the Secretary of State reset the approach to building safety to adhere to three principles:

1. We must protect leaseholders;
2. We must ensure those responsible pay to fix the problems they created; and
3. We must restore common sense to the assessment of building safety risks, speeding up fixing the highest risk buildings and stopping buildings being declared unsafe unnecessarily.

As part of this reset, the Secretary of State committed that no leaseholder living in a building that is at least 11 metres tall will ever face costs to fix dangerous cladding. This means that in addition to the £5.1bn Building Safety Fund, which deals with cladding remediation on blocks of flats over 18 metres tall, the government has committed to protect leaseholders in buildings 11-18m in height from cladding remediation costs, which we estimate to amount to c.£4bn. The Secretary of State is

clear that while the taxpayer is contributing to the costs for buildings over 18m, the industry must do so for those between 11-18m.

Over 45 of the largest developers have already agreed to a pledge to undertake all necessary life-critical fire-safety work on buildings above 11 metres that they had a role in developing or refurbishing over the past thirty years. Alongside this commitment, they have also agreed to refund money paid out by existing government remediation schemes to fix buildings that they originally developed, and to not apply for further funding, so that this money can be used for other building safety remediation. This is a commitment by developers of a minimum of £2 billion and applies to both cladding and non-cladding remediation for relevant buildings.

The remainder of the funds necessary to address cladding issues between 11-18m will be raised using the Building Safety Levy. This has been expanded so it can apply to all residential developments that require building control approval. We estimate the necessary amount to be around £3 billion over ten years, since some of the £2 billion pledged by developers will address non-cladding defects. The Residential Property Developers Tax, which was announced in 2021, is a 4% tax on the largest most profitable developers and is expected to raise at least £2bn over ten years to help pay for building safety remediation on buildings above 18m.

### Response to Committee reports

Following the Machinery of Government change, Ministers have been giving careful consideration to several policy issues, resulting in some of the work on these responses pausing. We endeavour to give due consideration to all the Committee's reports and respond in full. Regarding the specific reports you reference:

- **Supporting our high streets after Covid-19** – DLUHC responded to this report in full on 29 March ([DLUHC response](#))
- **Future of the planning system in England and Permitted Development Rights** – it was right that the Secretary of State and the Department spent time reviewing how any changes to the planning system would align with and support the department's wider mission to level-up the country and regenerate left-behind places. As part of this, consideration has been given to the role of permitted development rights within a reformed planning system and a government response to the Select Committee report on its inquiry on permitted development rights will be provided shortly. DLUHC responded to the Future of the planning system in England report in full on 12 May. ([DLUHC response](#))
- **Cladding remediation** - government has made radical changes on its approach to building safety since the report was published in April 2021. Appointing a new Secretary of State in September 2021 further delayed a response as we established new principles for building safety, as set out in our [January announcement](#). We continue to work through the issues raised by the Committee and intend to respond to their latest report on building remediation funding in May.

*Jeremy Pocklington*

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