

PETER GIBSON MP



HOUSE OF COMMONS

LONDON SW1A 0AA

February 2021

Dear Constituent,

Thank you for your email about protecting leaseholders from cladding remediation costs.

The Grenfell tragedy laid bare failings in the building industry dating back 30 years. The Government has been clear that decisive action to bring about the biggest changes to building safety in a generation, ensuring people are safe and feel safe in their own homes. Decisive action is precisely what is needed to end the cladding scandal, which is why it is very encouraging that a further £3.5 billion has been recently announced toward cladding remediation, bringing the total funding to £5 billion.

The Housing Secretary confirmed that the Government will fully fund the replacement of unsafe cladding for all leaseholders in residential buildings 18 metres and higher in England, which have been independently judged to be the highest risk buildings. For leaseholders in lower-rise buildings between 11 and 18 metres, a new scheme will protect against unaffordable cladding removal costs through a financing arrangement where leaseholders pay no more than a maximum of £50 per month toward remediation when the building owner cannot pay for the work.

I welcome this reassuring announcement, which will provide security to leaseholders and protect against excessive costs. This funding should mean that banks and mortgage lenders have certainty that remediation costs for these buildings will be paid for, and balances the Government's commitment to helping leaseholders with a responsibility to taxpayers.

Indeed, remedying the failures of building safety cannot just be a responsibility for taxpayers. That is why plans to introduce a new Gateway 2 developer levy have also been announced, which will apply to developers seeking permission on certain high-rise buildings and is expected to raise £2 billion over a decade. This will help ensure that taxpayers do not foot the bill for remediation and ensure large property developers contribute to the national remediation effort.

These measures will provide certainty to residents and lenders, boosting the housing market, reinstating the value of properties and getting to buy and selling homes back on track. Work is underway with lenders and surveyors to make this happen.

Looking towards the future, new legislation is expected to be brought forward this year to protect future generations from similar mistakes by tightening the regulation of building safety and reviewing the construction products regime to prevent malpractice arising again.

Taxpayer funding should not be the only means used to remediate buildings. In more than half of cases where ACM cladding is present in private sector residential blocks, the original developer or building owner has agreed to pay, or such costs are covered through an existing warranty.

Member of Parliament for Darlington

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I welcome the new £30 million Waking Watch Relief Fund to cover the cost of fire alarms to reduce dependence on costly waking watches. The National Fire Chiefs Council has been clear that building owners should move to install common fire alarm systems as quickly as possible, which will reduce costs for affected leaseholders.

I have been following this important legislation closely, and I am aware of amendments to the Fire Safety Bill prohibiting the passing of remediation costs on to leaseholders and tenants. These amendments to the Fire Safety Bill, though well-intentioned, would not protect leaseholders from all costs associated with building remediation, and would only delay the Bill becoming law to the detriment of leaseholders and tenants across the UK.

The Fire Safety Bill is also not the correct place for remediation costs to be addressed. The Government has already committed that it will provide an update regarding remediation costs before the Building Safety Bill returns to Parliament. In addition, work is underway with leaseholders and the financial sector to identify financing solutions that protect leaseholders from unaffordable costs while ensuring that the cost does not fall entirely on taxpayers. I hope we can agree that it is important not to interrupt these discussions. Therefore, I fear this particular amendment would lead to unnecessary confusion.

Once again, thank you for taking the time to contact me and if I can ever be any further assistance to you then please do not hesitate to contact me again.

Yours sincerely,

A handwritten signature in cursive script that reads "Peter Gibson".

PETER GIBSON MP