



Ministry of Housing,
Communities &
Local Government

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Housing, Communities and Local Government
Committee
House of Commons
London
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Rt Hon James Brokenshire MP
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Dear Clive,

10 June 2019

Thank you for your letter of 20 May about Government funding for the removal of ACM cladding on private residential high-rise buildings.

I am pleased to hear that you welcome the Government's announcement. You have raised some important questions which I want to recognise and, as far as I am able at this stage, address in this letter.

Through continued engagement with building owners, developers and local authorities, we have made progress. A number of owners and developers have committed to doing the right thing and protecting leaseholders from the costs of remediation. However, I do recognise and share your concerns about the rate of progress in the private residential sector. Despite our continued engagement and pressure, it became increasingly clear that not all private building owners and developers would act swiftly enough to ensure the long-term safety of their residents, while protecting leaseholders from the costs. I recognise the stress and anxiety this has caused for many. This fund will be a large step towards ensuring the long-term safety of residents in buildings with unsafe ACM cladding systems.

In cases where leaseholders have had to pay for remediation, the building owner or the managing agent on their behalf would be eligible to apply to the fund for a refund for those costs that would qualify under the terms of the fund. In this scenario, any funding agreement will contain a condition that ensures that funding is provided only on the basis that leaseholders are fully reimbursed. I trust that this clarifies our position that we expect affected leaseholders to receive refunds for ACM remediation work that has already been completed.

I am clear that building owners should not pass on the costs of interim measures to leaseholders. Refunding the costs of interim measures will not be eligible under this fund. In the light of the stress and strain that living in a building with unsafe ACM cladding is causing to leaseholders and residents, the priority must be to remove and replace unsafe cladding to ensure buildings are safe in the long term. In many cases the size of the remediation costs required up front and in full from leaseholders was unaffordable and was acting as a barrier to remediation. This fund removes a key barrier to progress and will speed up the pace of remediation, so leaseholders do not have to rely on interim measures for any longer than is necessary.

You asked about the types of cladding covered by this fund. It is for the remediation of high-rise private sector residential buildings with unsafe ACM cladding. Non-ACM cladding

systems or other structural works which are not directly related to the remediation of ACM cladding systems will not be part of the fund. This replicates the scope of the social sector fund.

Government intervention to provide funding for the removal of unsafe ACM cladding is wholly exceptional. The reason for this exceptional intervention is because of the unparalleled fire risk ACM poses, very real public safety concerns and the abject failure of many building owners to do the right thing by their residents. Government funding does not remove responsibility for overall building safety from the building owner, nor the responsibility for remedying other risks that might be uncovered.

I do, however, want to assure you that the Government is taking the issue of non-ACM cladding systems very seriously, and I outlined in my letter of 13 May the actions the Government is taking in relation to this. As you will be aware, acting on advice from the Expert Panel, the Government has commissioned research to support further understanding of the fire performance of non-ACM external wall systems. These tests began in April and we expect final results to be available by the summer, although we will of course monitor the work as it progresses to decide whether we need to take any immediate action.

You ask several questions about the operation of the Fund. To ensure that remediation proceeds as swiftly as possible, we have now written to all building owners. We will publish the full Fund application guidance including eligibility and evidence criteria by mid-July to allow building owners to start preparing their applications swiftly. At this stage, therefore there is a limit to how many details I can provide on evidence and eligibility criteria.

We expect that the formal application process will begin in the summer, with a hard time limit on application of three months from the point of applications opening. We want money to be released as quickly as possible, but this needs to be balanced with appropriate checks and control processes. The application process will be designed to ensure that progress is swift. We will monitor progress and funds will only be drawn down when milestones are met.

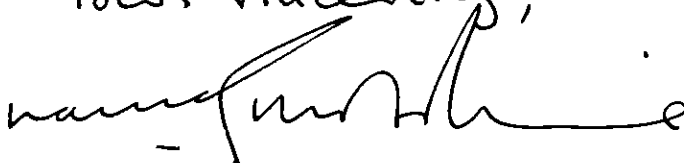
The Government will set out a set of criteria against which it will assess applications. Applicants will have to meet these criteria in order to access funding and the Government, in conjunction with any delivery partner commissioned to oversee the process, will make the final decision on what aspects of projects are eligible. Applicants will generally be the responsible entity for the safety of the building(s) in scope of the Fund. The Fund will cover reasonable costs which are capable of being capitalised and are associated with the removal and replacement of unsafe ACM cladding systems (including insulation). Further detail will be provided in the full application guidance, but this may include access, removal and disposal of existing cladding, replacement materials and labour.

As a condition of funding we will stipulate that building owners pursue warranty claims and legal action against those responsible for putting unsafe cladding on these buildings. This will be repaid to Government once recouped. These requirements will be set out in detail in the full application guidance.

Turning to local authorities, we have provided all relevant local authorities with a short briefing note on the detail of the Fund and the potential implications. We are regularly engaging with the relevant local authorities, particularly on enforcement, and would welcome further dialogue if they have any questions or concerns. We do not anticipate that local authorities will be responsible for administering the Fund

Finally, on your questions about the sufficiency of the Fund, the Government estimates that the Fund will be approximately £200m. However, the Department manages significant programme budgets from year to year and will manage the funding requirements for this programme from within our existing budgets – in line with normal government budgeting processes. The £200m allocated represents around 3% of the Department's capital and resource programme budgets and we do not expect the full £200m to be required in 2019/20. The Department remains committed to delivering its strategic objectives as outlined in its Single Department Plan. These strategic objectives include ensuring that people are safe and feel safe in their own homes and the fund supports that. The Department will ensure that funding re-prioritised towards remedial work does not impact delivery of our wider objectives.

Thank you once again for your letter and for your questions on the scope and delivery of the private sector remediation fund. Please be assured that these answers will be set out in the full application guidance in mid-July. I recognise and appreciate your continued engagement with me on this vital issue.

Yours sincerely,


RT HON JAMES BROKESHIRE MP