



House of Commons  
Public Accounts Committee

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# Progress in remediating dangerous cladding

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**Sixteenth Report of Session 2019–21**

*Report, together with formal minutes relating  
to the report*

*Ordered by the House of Commons  
to be printed 7 September 2020*

**HC 406**

Published on 16 September 2020  
by authority of the House of Commons

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## Summary

Three years after the Grenfell Tower disaster in which 72 people lost their lives, only a third (155 out of 455) of high-rise buildings with Grenfell-style flammable cladding had had their cladding replaced with a safe alternative. Progress has been unacceptably slow, a conclusion accepted by the Ministry of Housing, Communities and Local Government (the Department). The Department has missed its target badly for Grenfell-style cladding to be removed from all high-rise blocks by June 2020, other than in a few exceptional cases. The Department's new target is for works on the remaining high-rise blocks to be completed by the end of 2021. It is imperative that the new deadline be met.

Most residents in blocks with dangerous cladding face exorbitant costs of funding interim safety measures (such as 'waking watches') while waiting for the cladding to be removed. Leaseholders have been trapped in this situation, unable to sell their flats which are worth nothing. This accentuates the urgent need for the replacement of dangerous cladding to be accelerated. Many residents have reported worsening mental health as a result of worries about their safety, and the life-changing bills they face for remediation works.

While the Department has made £600 million available to fund the replacement of aluminium composite material (ACM) cladding (as used on Grenfell) on buildings above 18 metres, by April 2020 it had only paid out £134 million, due in part to difficulties in working with private building owners. By April 2020, cladding had been replaced on two-thirds of student accommodation blocks and nearly half of the social housing buildings, compared to only 13.5% of private sector residential buildings.

In March 2020 the Department announced that a further £1 billion would be made available to fund the replacement of other forms of dangerous cladding on high-rise buildings, although it estimates this would meet only around a third of the total costs. It has no plans to support residents or social landlords to meet the costs of replacing dangerous cladding in buildings below 18 metres, of providing 'waking watches', or of fixing other serious defects brought to light by post-Grenfell inspections. Although the Department recognises that care homes would be at additional risk due to the difficulties in evacuating residents in the event of a fire, it has no knowledge of whether any of the 40,000 care homes, sheltered housing and hospitals below 18 metres in height are clad with unsafe material.

The Grenfell disaster has exposed serious shortcomings in the construction industry. But while the Department is clear that building owners are responsible for the safety of their buildings, it is the Department which is responsible for the building regulation system, which it accepts has been "not fit for purpose" for many years. These failings have left a legacy of problems for the Department to address which extend beyond the immediate need to remove dangerous cladding. A lack of skills, capacity, and access to insurance is hampering efforts to improve or simply assure the structural safety of apartment blocks, and thereby to restore the confidence of buyers and mortgage lenders in sales of flats across the country. Leaseholders are in limbo and facing huge bills because of a system-wide failure to protect purchasers.

## Introduction

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In the wake of the Grenfell Tower disaster on 14 June 2017, the Ministry of Housing, Communities & Local Government (the Department) established the Building Safety Programme “*to ensure that residents of high-rise residential buildings are safe, and feel safe from the risk of fire, now and in the future*”. The Department immediately began to identify all other high-rise buildings in England with cladding of a similar style to that used on Grenfell Tower (unsafe aluminium composite material, or ACM). Since then, it has identified 455 buildings with unsafe ACM cladding. In May 2018 the Department announced £400 million to fund remediation work for high-rise residential buildings in the social sector with unsafe ACM cladding, followed by an additional £200 million for similar buildings in the private sector. From this £600 million, the Department expects to fund the removal and replacement of unsafe cladding from 232 (of 455) high-rise buildings. It expects building owners to fund the remainder. In March 2020, following additional fire tests, the Department announced a further £1 billion for the removal and replacement of other forms of unsafe cladding; it estimates there are around 1,700 buildings that lie within this scope.

## Conclusions and recommendations

1. **It is unacceptable that, three years on, Grenfell-style cladding remains on hundreds of residential buildings.** The Department has an objective to oversee the replacement of unsafe aluminium composite material (ACM) cladding, as used on Grenfell Tower, from all high-rise residential buildings to which it was affixed. While some progress has been made, there are still 300 high-rise buildings (around two-thirds of the total) which have not yet been fully remediated. This is lagging far behind the Department's previous objective, for almost all high-rise blocks to have their Grenfell-style cladding replaced by June 2020; its new target date is the end of December 2021. The Department accepts that the building regulation system it oversees, which should ensure that high-rise buildings are safe to live in, has been 'not fit for purpose' for years. It is in the process of instituting large-scale reforms designed to improve building safety in future.

**Recommendation: *The Department should, within six months:***

- a) *be working with the new Building Safety Regulator, begin vigorous enforcement action against any building owners whose remediation projects are not on track to complete by the end of 2021; and*
  - b) *begin publishing monthly updates of projected completion dates for all remaining high-rise buildings with ACM cladding, to increase transparency of progress without identifying individual buildings.*
2. **The Department is not fully funding the replacement of forms of dangerous cladding which are different from that used on Grenfell Tower, nor is it prioritising spending according to greatest risks or need.** While the Department has established a new Building Safety Fund to finance the replacement of other forms of unsafe cladding, it has not provided a clear rationale for the size of this fund. The £1 billion fund will meet only around one-third of the estimated £3-£3.5 billion costs. The Department says it will distribute its funding on a 'first come, first served' basis, but could not say how it would sort applications in rank order, nor could it guarantee that funding would be prioritised according to financial need. Those buildings where the risks are greatest may well be excluded. In its previous fund to replace Grenfell-style cladding, the Department had insisted that stringent financial checks were needed to protect public money, but this seems incompatible with its intention to commit the much larger £1 billion Building Safety Fund in full by the end of the 2020-21 financial year.

**Recommendation: *The Department should, within three months:***

- a) *publish its impact assessment of the safety risks and financial impacts on private leaseholders and social landlords (including knock-on impacts on house building and maintenance of existing stock) arising from only funding a fraction of the estimated costs of replacing non-ACM cladding from high-rise blocks; and*
  - b) *write to us, outlining its assessment of the risks to public money of*

*committing all £1 billion of the Building Safety Fund by the end of March 2021, and how it will monitor and mitigate these risks.*

3. **The Department has no knowledge of how many care homes below 18 metres in height have dangerous cladding.** The Department has published advice that the risks of unsafe cladding are increased for buildings, such as care homes, where there are residents who need significant assistance to evacuate. The Department is confident there are no high-rise care homes (above 18 metres in height) with dangerous cladding. However, while it estimates there are around 40,000 care homes, sheltered homes and hospitals below 18 metres in height—of which around 800 are between 11 and 18 metres—it has no data on whether any of these have unsafe cladding. While it plans to commission a data collection exercise to estimate the prevalence of unsafe cladding on residential buildings between 11 and 18 metres, it has not said it will prioritise care homes in this exercise. Nor has it announced any plans to find out what cladding is on the thousands of care homes below 11 metres.

**Recommendation:** *The Department, working with the Care Quality Commission and local authorities, should make it a priority for its forthcoming data collection exercise to identify any care homes below 18 metres which have dangerous cladding. The Department should write to us by the end of 2020 setting out progress on this and on its wider data collection.*

**Residents of buildings with unsafe cladding face huge financial burdens, with little say in the process.** Many say they are not being kept informed about the process of having their buildings made safe. In addition, residents who own their properties are incurring huge costs for safety measures, passed onto them by building owners. A major source of costs are interim fire safety measures, such as ‘waking watches’ (overnight patrols to evacuate residents in case of fire) which the Department has previously estimated at between £12,000 and £45,000 per week, per building. Leaseholders may also face significant costs for correcting wider fire safety issues revealed during the replacement of cladding. The Department acknowledges that leaseholders are incurring significant costs and experiencing impacts on their mental health, but is clear that its funding schemes, totalling £1.6 billion, are solely for replacing dangerous cladding. It believes that as cladding is replaced this will itself remove the need and costs of interim measures.

**Recommendation:** *The Department should write to us within three months, setting out what specific steps it will take to provide greater transparency for residents throughout the application and remediation process, and how it will ensure that building owners meet a standard of service in communication with residents.*

4. **The Department has not done enough to address spiralling insurance costs and ‘nil’ mortgage valuations.** Private leaseholders in blocks with dangerous cladding have received ‘nil’ valuations for their properties, meaning they have found it impossible to sell or remortgage, while their insurance premiums have risen over 400% in some cases. The Department’s introduction of an External Wall Fire Review process in December 2019 was designed to provide assurances to lenders and buyers where the external walls of apartment blocks had been inspected for safety. However, qualified professionals have had difficulty accessing the personal indemnity insurance needed to undertake these reviews, which has reduced the



availability of these inspections. In addition, following changes to departmental guidance to assess and manage the risk of external fire spread to buildings of any height, there is uncertainty whether the External Wall Fire Review process should also now apply to lower-storey buildings. The Department tells us that this is an ‘industry issue’, with efforts to address the problems with the review process being industry-led, but in our view the Department needs to step up and ensure matters are resolved quickly.

**Recommendation:** *The Department should ensure that cross-sector work to resolve issues with the External Wall Fire Review process progress at pace. As part of this cross-sector work, the Department must ensure that professionals can acquire indemnity insurance, and leaseholders are not facing escalating insurance premiums. The Department should write to us within three months setting out its assurance that these processes are operating effectively.*

5. **There is a shortage of specialist skills to support the remediation of buildings with unsafe cladding.** There is a shortage of fire safety expertise, both in the enforcement and inspection of buildings with unsafe cladding; this has been a particular issue with fire engineers. To date, work has centred on the removal and replacement of Grenfell-style cladding, covering around 450 buildings. However, the demand for specialist skills is set to increase markedly with the new £1 billion Building Safety Fund, launched in May 2020, for removing other forms of unsafe cladding. The Department has estimated there are around 1,700 buildings within the scope of the new fund. The Department says that it has begun to look at supply chain issues through its project management contractor, but this is very late in the day, given that it has committed to allocating funding by April 2021.

**Recommendation:** *The Department should, within the next three months, assess the capacity of specialist fire safety skills within the sector and set out what the impact is on delivery of its timetables for the removal and replacement of unsafe cladding. It should include in this assessment options to tackle the skills shortage so that this does not become a barrier to remediation work continuing at pace.*

# 1 Remediation of dangerous cladding

1. On the basis of a report by the Comptroller and Auditor General, we took evidence from the Ministry of Housing, Communities and Local Government (the Department) about the remediation of dangerous of cladding on high-rise buildings.<sup>1</sup>

2. On 14 June 2017 a fire at Grenfell Tower claimed the lives of 72 people. The presence of flammable aluminium composite material (ACM) cladding on the exterior of the building has been found to be the principal reason why the fire spread so rapidly. In the wake of the fire, the Department established the Building Safety Programme “to ensure that residents of high-rise residential buildings are safe, and feel safe from the risk of fire, now and in the future”. As part of its activities under this programme, the Department has adopted an objective to “oversee and support the remediation of high-rise residential buildings that have unsafe aluminium composite material cladding”.<sup>2</sup> By June 2020, the Department had identified 455 high-rise residential buildings with unsafe ACM cladding.<sup>3</sup>

3. In May 2018 the Department announced it would make £400 million available to fund the replacement of unsafe ACM cladding on high-rise buildings in the social housing sector, followed in May 2019 by the announcement of an additional £200 million for similar buildings in the private leasehold sector. From this £600 million, the Department expects to fund the replacement of unsafe cladding from 232 (of the 455) high-rise buildings (140 social sector and 92 private leasehold buildings).<sup>4</sup> It expects building owners to fund the remainder. In March 2020 the Department announced a further £1 billion for the removal and replacement of other forms of unsafe cladding; it estimates there are 1,700 buildings that lie within this scope.<sup>5</sup>

## Pace of remediation

4. At the time of our evidence session, three years after the Grenfell Tower disaster, only a third (155 out of 455) of high-rise buildings with clad with unsafe aluminium composite material (ACM) panels have had their cladding replaced with a safe alternative.<sup>6</sup> The Department agreed with us that it is unacceptable that any tower blocks still have Grenfell-style cladding on them.<sup>7</sup> While greater progress has been made in the student accommodation (where 68.5% of affected high-rise blocks have had their ACM cladding replaced) and social housing sectors (50.3% replaced), the Department conceded that “progress has been inadequate” in the private sector (where only 14.1% of buildings have had their cladding replaced).<sup>8</sup> The Department blamed private building owners for, in too many cases, not stepping up to their responsibility to make their buildings safe. Where building owners were not “doing the right thing” by paying for cladding replacement

1 C&AG’s Report, Investigation into remediating dangerous cladding on high-rise buildings, Session 2019–21, HC 370, 19 June 2020.

2 C&AG’s Report, paras 1–2

3 Ministry of Housing, Communities & Local Government, *Building Safety Programme: Monthly Data Release – June 2020*, 16 July 2020.

4 Ministry of Housing, Communities & Local Government, *Building Safety Programme: Monthly Data Release – June 2020*, 16 July 2020.

5 Q 28

6 Ministry of Housing, Communities & Local Government, *Building Safety Programme: Monthly Data Release – May 2020*, 11 June 2020.

7 Qq 18, 72

8 Ministry of Housing, Communities & Local Government, *Building Safety Programme: Monthly Data Release – June 2020*, 16 July 2020; Q 19.

themselves, the Department said it had been forced to fund these works itself. Even with this funding, the Department explained the private sector was still lagging behind other sectors for a number of reasons, including a lack of interest or skills among building owners in managing cladding replacement projects. The Department said it had responded by offering bespoke technical and financial support, to assist building owners in managing these projects.<sup>9</sup> It said that it would pay out funding as quickly as building owners were moving to plan and carry out their cladding replacement works themselves.<sup>10</sup> By the end of April 2020, however, the Department had only paid out £1.42 million (0.7%) of its £200 million funding for private sector ACM cladding replacement.<sup>11</sup>

5. Previously (July 2019) the Department had expressed the expectation that, other than in exceptional circumstances, all high-rise buildings with ACM cladding would have had their cladding replaced by June 2020.<sup>12</sup> It told us its new “ambition” was for all remaining buildings to at least have begun replacement works by the end of 2020, and for all works to be completed by the end of 2021. The Department believed this new timetable was achievable even though it would require an acceleration of building works; however, it also noted there was uncertainty about the potential for COVID-19 to cause prolonged disruptions, which is why this was only framed as an ambition.<sup>13</sup> The Department assured us it was monitoring the progress of building works closely, and reporting the latest state of cladding replacement overall transparently.<sup>14</sup> However, it did not respond to the specific criticism made by the National Audit Office, which found it was difficult for observers to judge whether overall building works were on track to meet the Department’s timetable, because the Department did not publish updates of cladding replacement against milestones of expected progress towards a target date.<sup>15</sup>

6. In a review commissioned jointly by the Department and the Home Office in the wake of the Grenfell Tower fire, Dame Judith Hackitt found that the building regulatory system was “not fit for purpose” to protect high-rise buildings.<sup>16</sup> While the Department stressed that it was the construction industry that was first and foremost to blame for the safety flaws brought to light following the Grenfell tragedy, it accepted that “*there was a failure of the regulatory regime over many years to stop those bad practices happening*”.<sup>17</sup> The Department was clear that it took responsibility for the regulatory system when it came to reforming it. It drew our attention in particular to a range of new measures to enhance building safety, including the establishment of a new Building Safety Regulator, to be introduced through its Building Safety Bill.<sup>18</sup>

## Funding

7. Aluminium composite material cladding is not the only form of flammable cladding that has prompted serious safety concerns.<sup>19</sup> In January 2020 the Department published

9 Q 19

10 Q 59

11 C&AG’s Report, paragraph 11

12 Hansard HC, 19 July 2019, vol 663, col 56WS.

13 Qq 20, 22

14 Qq 23–24; [Note](#) dated 17 July 2020 from Ministry of Housing, Communities and Local Government.

15 Q 24; C&AG’s Report, para 1.32

16 Dame Judith Hackitt, *Building a Safer Future: Independent Review of Building Regulations and Fire Safety: Final Report* (Hackitt report), Cm 9607, Ministry of Housing, Communities & Local Government, May 2018.

17 Q 25

18 Q 26; [Note](#) dated 17 July 2020 from Ministry of Housing, Communities and Local Government.

19 C&AG’s Report, para 6

advice from its independent expert advisory panel on fire safety, that nonfire-retardant panels made from high-pressure laminate (HPL) present a notable fire hazard on high-rise residential buildings, and should be replaced immediately.<sup>20</sup> The Department told us there were around 1,700 high-rise buildings with such unsafe non-ACM cladding.<sup>21</sup> In March 2020 the Chancellor announced a £1 billion Building Safety Fund to finance the replacement of such cladding in the private leasehold and social housing sectors.<sup>22</sup> The Department was clear that a key reason for this funding, as in its funding to remove ACM cladding in the private sector, was to protect leaseholders from facing “*unacceptable costs, in the tens of thousands of pounds*”.<sup>23</sup>

8. The Department told us it estimated the costs of replacing this cladding as between £3 billion and £3.5 billion; the new £1 billion fund would therefore be expected to cover up to a third of these costs. It said the fund was not designed to fund the replacement of all unsafe non-ACM cladding from high-rises, but would focus on those cases where affordability to leaseholders was the greatest barrier to cladding replacement.<sup>24</sup> The Department said it was operating with an expectation that those private building owners which could afford to pay for cladding replacement themselves would do so; however it was unable at this stage to say what proportion that might be.<sup>25</sup> It further expected that all those social landlords (housing associations and local authorities) which could afford to, would also pay for these works themselves—though it was unable to suggest how many were already taking this work on without funding, nor what the impacts would be on their finances if they absorbed these costs themselves.<sup>26</sup> Despite these uncertainties the Department was confident that the fund would be sufficient to pay for all the buildings in the private sector, where building owners would not pay for the works themselves.<sup>27</sup> At the same time, it said it would operate a ‘first come, first served’ approach to distributing the fund, which we took to suggest that funding might in fact run out before all claims were met. The Department was unable to provide details on what ‘first come, first served’ would mean in practice, including how it would date applications to ensure they were paid in the order they came in; nor could it assure us that those buildings with the greatest risks would be prioritised.<sup>28</sup>

9. The Department intends for the £1 billion Building Safety Fund for non-ACM cladding to be committed in full by the end of the 2020–21 financial year. The National Audit Office has suggested that this timetable would pose potentially significant challenges for the Department to address.<sup>29</sup> It would certainly require an acceleration in administration compared to the existing fund for the replacement of ACM cladding in the private sector: the Department told us that in the months since that fund had opened at the start of January 2020, it had committed £33 million (of the total £200 million available).<sup>30</sup> Regarding the private sector ACM fund, the Department has imposed stringent financial checks on

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20 Ministry of Housing, Communities & Local Government, *Advice for Building Owners of Multi-storey, Multi-occupied Residential Buildings*, January 2020.

21 Q 28

22 HM Treasury, *Budget 2020: Delivering on our promises to the British people*, HC 121, March 2020, p 80.

23 Q 131

24 Q 81

25 Q 93

26 Qq 84, 125–6

27 Q 114

28 Qq 65–69

29 C&AG’s Report, para 2.21

30 Q 59

applications, which it believes have been essential to safeguard public money and legality.<sup>31</sup> Additionally, building owners have in practice required significant technical support.<sup>32</sup> As a result, administration of the private sector ACM fund has been resource-intensive.<sup>33</sup> The Department told us that one of the main lessons it had learnt from this ACM fund, and which gave it confidence it could commit the much bigger Building Safety Fund in full by the end of March next year, was the need to provide extensive support to applicants.<sup>34</sup> This suggests the Building Safety Fund will also be resource-intensive to administer.

## Care homes

10. The Department said it was unacceptable that buildings of any height had unsafe cladding, not just high-rise buildings (i.e. those above 18 metres in height). Nevertheless, it said it was not funding the replacement of cladding in buildings below 18 metres, but was seeking to strengthen the legal obligations on building owners to take action themselves.<sup>35</sup> The Department said it was about to begin a data collection exercise to help it understand the prevalence of dangerous cladding on buildings between 11 and 18 metres in height. It estimates there are around 88,000 buildings in this height range in total in England, but could not yet estimate what proportion have unsafe cladding.<sup>36</sup> It was not aiming to establish a comprehensive database on every building between 11 and 18 metres, but would review what was feasible to achieve in this review after an initial three-month pilot phase.<sup>37</sup>

11. One category of buildings below 18 metres that might present increased risks are care homes. In January 2020 the Department published advice from its independent expert advisory panel that buildings of any height with residents who need significant assistance to evacuate exacerbate the risks presented by dangerous cladding.<sup>38</sup> While acknowledging that the presence of elderly or vulnerable residents would exacerbate the risks posed by unsafe cladding, the Department pointed out that care homes were subjected to enhanced fire safety checks.<sup>39</sup>

12. The Department understands there are around 40,000 care homes, sheltered homes, and hospitals (i.e. buildings with residents who might need significant assistance to evacuate) below 18 metres in England, of which 98% are below 11 metres (less than four storeys).<sup>40</sup> That 2% are above four storeys would still equate to around 800 care homes, sheltered homes, and hospitals between 11 and 18 metres in height. The Department said that in its data collection exercise on buildings in this height range it was “*going to look at sampling in key areas where we know there are particular types of building*”, but did not explicitly say it would prioritise buildings with elderly or vulnerable residents. Neither did the Department suggest it was seeking to identify how many of the approximately 39,200 low-rise care homes, sheltered homes, and hospitals have dangerous cladding on them.<sup>41</sup>

31 C&AG’s Report, para 1.20

32 Q 64

33 C&AG’s Report, para 2.21

34 Q 64

35 Qq 145, 146

36 Qq 101–3, 110

37 Q 128

38 Ministry of Housing, Communities & Local Government, *Advice for Building Owners of Multi-storey, Multi-occupied Residential Buildings*, January 2020.

39 Q 109; C&AG’s Report, para 2.8

40 Q 109

41 Qq 108–11

## 2 Issues beyond remediation

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### Emotional and financial impact on residents

13. The number of residents living in buildings with unsafe cladding is not clear. The Department estimates there are over 20,000 homes in around 240 high-rise buildings yet to be remediated with unsafe cladding similar to that used on the Grenfell Tower.<sup>42</sup> However, this number does not cover all buildings with unsafe cladding. The Department estimates an additional 1,700 high-rise buildings with other forms of unsafe cladding, and an unknown number with unsafe cladding not classed as high-rise (below 18 metres).<sup>43</sup> This puts the number of those homes affected in the many tens of thousands, and the number of residents into multiples more.

14. Living in unsafe buildings has clearly impacted residents' mental well-being. According to a survey undertaken by UK Cladding Action Group, of the 550 residents that took part, nine out of ten leaseholders in flats with unsafe cladding say their mental health has deteriorated as a direct result.<sup>44</sup> We received written evidence confidentially from residents of affected buildings which highlighted the feeling of being trapped and the daily emotional strain.

15. Private leaseholders' emotional strain has been compounded by rising costs passed on to them by their building owners. These costs are often as a result of interim fire safety measures. The Department estimated a common interim measure, waking watches (overnight patrols to evacuate residents in case of fire), to range between £12,000 and £45,000 per week per building depending on the number of individuals and hours covered.<sup>45</sup> We received written evidence confidentially for a block where the reserves built up by the leaseholders over 20 years were exhausted in around three months as a result of waking watch costs. The Department told us that building owners "*would—or should—consult their leaseholders and explain to them what costs are being put in place and what they are being charged*".<sup>46</sup> In response to the concerns we raised about such costs, the Department told us that it is not collecting information on waking watch costs. It told us that it is working with the National Fire Chiefs Council to update their guidance on interim measures, which includes promoting more cost-effective measures to ensure that private leaseholders are more informed consumers.<sup>47</sup> We understand the government plans to publish data on the costs of waking watch to ensure greater transparency, which we welcome.<sup>48</sup> However, as the Department accepts, these are temporary measures which should never have become permanent fixtures.<sup>49</sup>

16. Additional costs may also arrive through wider fire safety issues discovered during remediation works and need correction. The National Audit Office found that cladding inspection has revealed other significant flaws in construction and fire safety in many

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42 Ministry of Housing, Communities & Local Government, *Building Safety Programme: Monthly Data Release – June 2020*, 16 July 2020.

43 C&AG's Report, paras 2.5, 2.7

44 UK Cladding Action Group, *UKCAG Mental Health Report*, June 2020

45 C&AG's report, para 2.13

46 Q 54

47 Qq 48–54

48 Hansard HC, 14 July 2020, vol 678, col 1492

49 Q 72



cases.<sup>50</sup> Any additional costs beyond the work to remove and replace dangerous cladding are not covered by the £1.6 billion funding schemes. The Department was clear to us that remediating buildings is its priority, and that this would in turn remove the need and costs of interim measures.<sup>51</sup> The funds do not take account of buildings below 18 metres with unsafe cladding. The Department told us it is not running a specific remediation programme for these buildings, but it has strengthened the obligations on building owners, and it is strengthening enforcement as well: “*It is for building owners to take action on those buildings*”.<sup>52</sup>

17. We asked the Department if it knew of any impact to social sector rents as a result of cladding replacement. It told us that it does not collect the information currently, but it has received information from social landlords, and is considering what further programme monitoring it can do.<sup>53</sup>

## Insurance and lending

18. Leaseholders in blocks with dangerous cladding have had their properties valued nil, making it impossible for them to sell or remortgage. This issue was raised with us many times in written evidence from across the sector and confidentially from residents.<sup>54</sup> It is unacceptable that leaseholders are in effect ‘mortgage prisoners’, through no fault of their own. The Department told us that lenders and surveyors have been more diligent in considering mortgage valuations, because of the risks identified since the Grenfell tragedy.<sup>55</sup> The introduction of the External Wall Fire Review process in December 2019 was brought in to sort this issue. It was designed to provide assurances to lenders that the cladding system is safe or is in need of remediation, which should allow for an informed lending decision. Identifying what work is required, when it will be carried out and how it will be funded should be considered in the valuation process, and certified by a professional with an EWS1 form.<sup>56</sup>

19. However, the process has not been working as intended. The process can be expensive and lasts for only five years, with costs often passed onto leaseholders.<sup>57</sup> The process has been slow; the demand for the work to inspect external walls has outweighed the supply of the professionals with the skills to do so. This has been compounded by the difficulties these professionals have had in acquiring indemnity insurance to undertake the work.<sup>58</sup> The Association of British Insurers wrote to us saying that the EWS1 form had been created without any consultation with the insurance industry.<sup>59</sup> The scope has also drifted; we received written evidence to suggest that the process may be being used on buildings below 18 metres, beyond its intended remit of 18 metres and above.<sup>60</sup> This

50 C&AG’s report, para 1.21

51 Q 49

52 Q 144

53 Qq 125–126

54 Building Societies Association ([RDC0009](#)), Local Government Association ([RDC0003](#)), Greater Manchester High Rise Task Force ([RDC0014](#))

55 Q 138

56 Royal Institution of Chartered Surveyors, *Form EWS1: External Wall Fire Review*, December 2019.

57 Housing, Communities and Local Government Committee, Cladding: progress of remediation, Session 2019–21, HC 172, 18 May 2020 [12 June 2020].

58 Q 58; Housing, Communities and Local Government Committee, Cladding: progress of remediation, Session 2019–21, HC 172, 18 May 2020 [12 June 2020].

59 Association of British Insurers ([RDC0007](#))

60 UK Finance ([RDC0010](#)), National Fire Chiefs Council ([RDC0008](#))

has been acknowledged by the Minister for Housing.<sup>61</sup> The uncertainty by the sector is reflective of changes to departmental guidance in January 2020, which now includes the need to assess and manage the risk of external fire spread to buildings of any height.<sup>62</sup>

20. In response to our concern that leaseholders are receiving nil valuations, the Department told us that this is an “*industry issue*” but it is engaging with lenders and involving the Treasury on this.<sup>63</sup> UK Finance wrote to us to say that it has been working with the sector to resolve valuation issues of high-rise buildings, which includes the creation of a sector-wide database of completed EWS1 forms.<sup>64</sup> The government has committed to providing necessary funding for this.<sup>65</sup> The Department told us that the process is not intended to be used for all properties, i.e. those under 18 metres. It told us that it and RICS are working to clarify the role and purpose of the form.<sup>66</sup>

21. We made it clear to the Department that professional indemnity insurance has been regularly brought to our attention by the industry and needs sorting as a priority.<sup>67</sup> The Department told us that it is working with the Fire Industry Association and the Institution of Fire Engineers to look at the insurance barriers that prevent the existing fire engineers from conducting this work. It told us that Lord Greenhalgh, Minister for Building Safety, has been engaging with the insurance sector and has asked them to establish a solution the inability of professionals accessing insurance. The Department was positive on the progress of the work but told us that there are no clear solutions yet.<sup>68</sup>

22. While leaseholders have been unable to move or remortgage, some have seen their insurances premiums rise significantly. For those in buildings with serious fire safety defects, there are examples of premiums rising by over 400%.<sup>69</sup> This is on top of other additional costs faced by leaseholders. In response to the concerns that we raised with the Department with insurance premiums, it told us that it does not collect insurance data systematically. It told us that this is a challenging area but it is “*working closely with the sector to see what further solutions are available that could mitigate some of the costs on leaseholders*”.<sup>70</sup> The Association of British Insurers wrote to us saying that it has been engaging with Department officials on interim solutions to premiums.<sup>71</sup>

## Lack of skills

23. The National Audit Office found that there has been a shortage of skills or personnel needed to complete remediation work.<sup>72</sup> However, shortages are not restricted to the removal and replacement of cladding. The Local Government Association wrote to us outlining the “*chronic shortage of fire engineering and safety expertise, both in the enforcement and*

61 Hansard HC, Written Question 71711, 09 July 2020.

62 Ministry of Housing, Communities & Local Government, *Advice for Building Owners of Multi-storey, Multi-occupied Residential Buildings*, January 2020, para 1.5.

63 Qq 134, 138

64 UK Finance, ([RDC0010](#))

65 Secretary of State for Housing, Communities and Local Government, *Updates on Building Safety Reforms*, 02 April 2020.

66 Q 134

67 Q 107

68 Qq 104–105, 119

69 Qq 57–58, Association of Residential Managing Agents ([RDC0002](#))

70 Qq 56, 106

71 Association of British Insurers ([RDC0007](#))

72 C&AG’s report, para 1.16



*inspection field and in the private sector*".<sup>73</sup> The supply has also impacted on the External Wall Fire Reviews process for valuations, which requires sign-off by a fire safety expert. The difficulties experienced in acquiring professional indemnity insurance have slowed the pace of the valuation process, which is compounded further by a backlog of cases to address. We raised our concerns with the Department that it can take 12 months or more for the valuation process. The Department told us that this is part of the cross-body work on the External Wall Fire Reviews process.<sup>74</sup> We asked the Department to clarify in writing the professional bodies that are qualified to issue the statements of compliance, as this was unclear during the session.<sup>75</sup> In a follow-up written response, the Department confirmed that this has been superseded by the External Wall Fire Review and EWS1 form, which requires RICS surveyors and appropriately qualified fire engineers.<sup>76</sup>

24. We raised concerns with the Department about the ability to complete remediation work by the end of 2021 with the current skills capacity. The Department told us that it believes there is sufficient capacity, but recognised the timescale as "*challenging*".<sup>77</sup> The Department told us that the additional construction and consultancy expertise that it has brought in this year will support the process of plans, and that it has begun to look at supply chain issues through its project management contractor. It also told us that it is working with the Fire Industry Association and the Institution of Fire Engineers on the future strategies at increasing the number of qualified fire engineers.<sup>78</sup>

25. The demand for resources to inspect and remediate buildings with safety concerns is already high and set to increase with the new £1 billion Building Safety Fund. The Department estimates there to be around 1,700 buildings with unsafe non-ACM cladding within scope of the Building Safety Fund; this is in addition to the 455 buildings with unsafe Grenfell-style ACM cladding. The Department told us that it had already received hundreds of applications for the Building Safety Fund in the first month, all of which it is aiming to assess and approve by April 2021.<sup>79</sup> The Department told us it was surprised at the lack expertise and competence among building owners to conduct the projects with the previous two funding schemes, and that the introduction of technical support is a big difference with the Building Safety Fund.<sup>80</sup>

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73 Local Government Association ([RDC0003](#))

74 Q 138

75 Qq 135–137

76 [Note](#) dated 17 July 2020 from Ministry of Housing, Communities & Local Government, paras 10–11.

77 Q 122

78 Q 104

79 Q 63

80 Q 64

## Formal minutes

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**Monday 7 September 2020**

Virtual meeting

Members present:

Meg Hillier, in the Chair

Gareth Bacon	Craig Mackinlay
Olivia Blake	Mr Gagan Mohindra
Peter Grant	Sarah Olney
Mr Richard Holden	James Wild

Draft Report (*Progress in remediating dangerous cladding*), proposed by the Chair, brought up and read.

*Ordered*, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 25 read and agreed to.

Summary agreed to.

Introduction agreed to.

Conclusions and recommendations agreed to.

*Resolved*, That the Report be the Sixteenth of the Committee to the House.

*Ordered*, That the Chair make the Report to the House.

*Ordered*, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Thursday 10 September at 9:30am

# Witnesses

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The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

## Monday 06 July 2020

**Jeremy Pocklington**, Permanent Secretary, Ministry of Housing, Communities and Local Government; **Neil O'Connor**, Director, Building Safety Programme, Ministry of Housing, Communities and Local Government

[Q1-148](#)

## Published written evidence

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The following written evidence was received and can be viewed on the [inquiry publications page](#) of the Committee's website.

RDC numbers are generated by the evidence processing system and so may not be complete.

- 1 Association of British Insurers ([RDC0007](#))
- 2 Association of Residential Managing Agents ([RDC0002](#))
- 3 Benn MP, Hilary ([RDC0011](#))
- 4 Building Societies Association ([RDC0009](#))
- 5 Greater Manchester High Rise Task Force ([RDC0014](#))
- 6 Homes England ([RDC0005](#))
- 7 LGA ([RDC0003](#))
- 8 London Councils ([RDC0006](#))
- 9 The National Fire Chiefs Council ([RDC0008](#))
- 10 National Housing Federation ([RDC0013](#))
- 11 Tyron, Mr Andrew ([RDC0004](#))
- 12 UK Finance ([RDC0010](#))

# List of Reports from the Committee during the current Parliament

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All publications from the Committee are available on the [publications page](#) of the Committee's website. The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

## Session 2019–21

First Report	Support for children with special educational needs and disabilities	HC 85
Second Report	Defence Nuclear Infrastructure	HC 86
Third Report	High Speed 2: Spring 2020 Update	HC 84
Fourth Report	EU Exit: Get ready for Brexit Campaign	HC 131
Fifth Report	University Technical Colleges	HC 87
Sixth Report	Excess votes 2018–19	HC 243
Seventh Report	Gambling regulation: problem gambling and protecting vulnerable people	HC 134
Eighth Report	NHS expenditure and financial management	HC 344
Ninth Report	Water supply and demand	HC 378
Tenth Report	Defence Capability and the Equipment Plan	HC 247
Eleventh Report	Local authority investment in commercial property	HC 312
Twelfth Report	Management of tax reliefs	HC 379
Thirteenth Report	Whole of Government Response to Covid-19	HC 404
Fourteenth Report	Readying the NHS and social care for the COVID-19 peak	HC 405
Fifteenth Report	Improving the prison estate	HC 244