



Eich cyf/Your ref
Ein cyf/Our ref JJ/03050/20

Janet Finch-Saunders MS
Chair, Petitions Committee
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Dear Janet,

Thank you for your letter of 27 November regarding the petition from Carl Tubbs.

This is a very important issue and I have engaged in a number of meetings with residents of buildings with safety defects. I have also received a large volume of correspondence where residents share the financial and emotional impact this is having on them. I strongly believe people should feel safe in their homes and that is why my officials have been working with partners, including local authorities and the Fire and Rescue Services, to ensure immediate fire protections are in place. I know that this does not solve this hugely complex issue and Welsh Government is committed to finding a way forward that is right for people living in Wales.

I have repeatedly made clear that building owners and developers should face up to their responsibilities and put right these faults at their own cost, or risk their professional reputation. Welsh Government has taken a clear stance that it does not believe leaseholders should have to pay to rectify issues that constitute failure to build to appropriate quality standards or where matters are in breach of building regulations; neither does Welsh Government think it is right that the Welsh taxpayer should do so.

The UK Government announced funding for the removal of unsafe cladding from residential buildings taller than 18 metres and has established two grant schemes in relation to Building Safety. The grant for ACM cladding was announced in July 2019. The fund will meet the capital costs of removing and replacing unsafe non-compliant ACM cladding systems on high-rise residential buildings. 456 buildings were identified in England with this type of cladding. A total of £600m was set aside for this fund (£200m for the private sector and £400m for the public sector).

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

The National Audit Office (NAO) recently reported that as at the end of April 2020, the Government had paid out £1.4m to the private sector and £133m to the public sector.¹ No consequential funding was provided to the Welsh Government.

The second fund is for the remediation of non-ACM cladding and was announced in March 2020. A total of £1bn has been set aside for this fund. As at 17 December 2020 there have been 2820 total registrations to the fund, of which 294 proceeded to an application for funding.² Whilst the Welsh Government received some consequential funding from this fund, at that time Welsh Ministers were taking very difficult decisions about how money would be spent in Wales in the face of the coronavirus pandemic.³ We remain committed to financial support to help fund remediation in a way that is fair to leaseholders and tax payers.

I am now in a position to consider how any funding might work and which defects funding could cover and I have recently issued a statement detailing the current position on funding and setting out next steps <https://gov.wales/written-statement-building-safety-funding-wales>.

This is a complex matter and it is this complexity that is dictating the pace of driving this work forward; it is not a reflection of any lack of commitment to supporting those affected.

With regard to the stated nil valuations in the background of the petition, this is referring to the EWS1 process and issues that have arisen with it. The EWS1 form is not a Welsh Government regulation but was designed following UK Government advice regarding external wall systems to ensure buildings over 18m tall could be assessed for safety to allow lenders to offer mortgages. The process is designed to raise awareness of safety-critical elements to a high-rise building and not to create a system where it is difficult to sell, buy, or move.

Whilst the EWS1 form is not currently part of any legislative requirement, it is being used by lenders to obtain assurance when lending against high rise residential buildings. We are aware that there are a number of problems with this process. This is primarily about providing information and assurance to financial bodies to inform lending decisions, and as such requires UK Government to lead on addressing these issues. There have been some recent developments which aim to address some of these problems.

The UK Government has confirmed that owners of flats in buildings without cladding do not need a EWS1 form to sell or re-mortgage their property. The Royal Institution of Chartered Surveyors (RICS) is working with lenders, valuers and fire safety bodies to develop new advice for surveyors to encourage a more proportionate approach to assessing buildings and to ensure that any additional investigations are focused on the most at risk buildings.

In addition to this, there is funding being provided to train more assessors to address capacity issues so that there are more qualified assessors available for buildings where a EWS1 form is required.

Whilst these are positive steps, we are aware that some issues with the process remain and we continue to engage with the UK Government and the other devolved administrations to ensure the issues affecting Wales are understood and addressed.

¹ <https://www.nao.org.uk/wp-content/uploads/2020/06/Investigation-into-remediating-dangerous-cladding-on-high-rise-buildings.pdf>

²

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/945445/BSF_Data_Release_171220_Final.pdf

³ Welsh Government received consequential funding amounting to £58.873m in capital and £1.177m in revenue. Money received as consequential from the UK Budget is not ring fenced to be spent for the same purpose in Wales. Once the consequential is received it is for Welsh Ministers to decide how this money is spent.

There is further information on the EWS process via the following links on the RICS website:

<https://www.rics.org/uk/news-insight/latest-news/fire-safety/new-industry-wide-process-agreed-for-valuation-of-high-rise-buildings/>

Cladding Q&A - <https://www.rics.org/uk/news-insight/latest-news/fire-safety/cladding-qa/>

In terms of work we are engaged in the longer term to improve protections for leaseholders, from a building safety perspective, we are engaged in a major programme of work to significantly reform our approach to building safety in order to prevent problems such as these occurring in the future. We published a Position Statement in the summer setting out proposals for a new building safety regime that puts the safety and wellbeing of residents at its heart to ensure people feel safe in their homes. We will share our vision for the proposed new regime in a White Paper on 12 January. In the interim, we continue to work with our partners, stakeholders and, crucially, residents with lived experience, to ensure their perspectives inform this important work as it progresses.

Beyond building safety, I am also committed to making leasehold fairer. Officials have been collecting evidence of the issues and options for change, which includes the [report from the independent Task and Finish group for Residential Leasehold Reform](#), as well as research into the issues in relation to leasehold in Wales, which is due for publication later this term. Alongside the [Law Commission's reports on leasehold reform](#), this will give us a strong evidence base from which to consider what changes are required.

The response to the Covid-19 pandemic, and dealing with EU Exit mean that it is not possible to bring forward legislation to enact the recommendations of the Law Commission reports during this Assembly term. I am able to set out the direction of travel I would like to take to tackle these issues, including using legislative measures available, and intend to do so shortly.

I hope this information provides you and committee members with a useful overview of the significant efforts we are dedicating to resolving these matters.

Yours sincerely,



Julie James AS/MS

Y Gweinidog Tai a Llywodraeth Leol
Minister for Housing and Local Government