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Lord Stephen Greenhalgh  
Minister for Building Safety and Fire  
Department for Levelling Up, Housing and  
Communities  
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5th July 2022

Dear Stephen,

I write to you following the letter, addressed jointly to The Property Institute (TPI) and to the British Property Federation, of 27 June 2022 from the Levelling Up Secretary of State Rt Hon Michael Gove MP, regarding the ongoing building safety crisis and the vital protection of leaseholders throughout the process of buildings being made safe.

As you know, the Association of Residential Managing Agents (ARMA) and the Institute of Residential Property Managers (IRPM) – the predecessor organisations to TPI - have been engaging with you and the Building Safety team at DLUHC, and with parliamentarians across both houses, since the tragedy of the Grenfell Tower fire. Since the Grenfell tragedy, ARMA, IRPM and now TPI have been consistently clear, and remain as such, that leaseholders, who bought their homes in good faith, should not have to pay for fixing homes that are unsafe.

TPI members have raised the point that the recent letter from Mr Gove to TPI has sparked a flurry of leaseholders contacting managing agents about how the remediation of their building will be funded and how they can reclaim costs they have already paid for building safety measures, such as waking watch costs and increased insurance premiums.

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Additionally, where service charge funds have been used to carry out preparatory safety works following the very clear instruction from Government for fire services and local authorities to 'fix now – don't delay', Mr Gove's letter has caused leaseholders to demand their reserve funds be reinstated back into the service charge fund. Building managers are now fearful of a raft of claims against them for doing the right thing at the behest of Government.

Going further, we are waiting for the Building Safety Act's secondary legislation and regulations to come through. There is also a lack of clarity on significant items within the Act and the details behind the sources of funding such as the 'structured waterfall'. All the above together with the recent letter from Mr Gove mean that confusion is rife amongst leaseholders and managing agents alike. Most importantly, some building projects to remediate unsafe buildings have been halted.

To add to confusion in making buildings safe for leaseholders, developers who have signed the Government's pledge letter are in the process of making differing commitments on different buildings, with each taking individual approaches on what items they are prepared to remediate and what costs they are willing to incur. Some are covering all costs, including costs already incurred by leaseholders for building safety measures. However, other developers are being far more selective in what they will remediate and fund.

There is a clear risk that the work done by developers will not meet the standard ultimately required of the forthcoming Regulator. It is entirely possible that fixed buildings are rejected by the Regulator in 18 months' time, with a new fight over who is to blame, with funding channels to fix buildings again being cut off and orders to decant buildings in the post.

There is a clear need for developers to sign contracts that require them to meet the standards of the Regulator, and for independent sign-off of the work they do, so that the remediation work carried out is to the standard of the Regulator.

In order for building safety projects to move forward in the swiftest way possible and for leaseholders to have clarity over what they should and should not be invoiced for, TPI are keen to see the following clarified by Government at the earliest opportunity:

- Details of the 'structured waterfall' and details of the agreement that developers and Government have come to, including what is, and isn't, covered under the building safety pledge that developers have signed up to
- The details and timing for the affordability test for Freeholders of unsafe buildings as part of the 'structured waterfall'
- The situation with regards to buildings incurring ongoing costs now and into the future (such as Waking Watch & excessive insurance premiums) where affordability tests have not taken place

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- The situation with regards to historic costs, including costs that have already been paid by leaseholders over and above the leaseholder cap, as defined in the 'structured waterfall'
- What will happen to orphan buildings where buildings have been remediated at leaseholder cost and whether leaseholders will be able to reclaim such costs.
- A requirement for developers to commit to remediate to a standard that will meet the Regulator's requirements and independent sign-off of the work they do.

These items represent just some concerns that TPI members have raised since the publication of Mr Gove's letter to TPI, and some building projects have now been stalled due to renewed lack of clarity on sources of funding; without which managing agents are unable to progress vital building safety works.

TPI has reiterated the need to Mr Gove for a collaborative approach to building safety. As you know, ARMA, IRPM and now TPI have been clear that a Fire Safety Delivery Group, convened to discuss such challenges as funding sources and ways forward, as well as the protection of leaseholders as a final imperative would be a vital tool in getting unsafe buildings fixed.

TPI want to continue to work collaboratively, both with you and the Government and with the sector and leaseholders, to ensure the Act continues to be the tough safety net which the industry has been striving for following the Grenfell tragedy. As such, TPI suggest a roundtable meeting is convened with the Department and managing agents in the coming weeks to discuss the challenges currently facing the building safety crisis, alongside solutions to move the crisis forward. This roundtable between DLUHC and managing agents will exchange vital information in a swift manner. I look forward to hearing from you as to when this roundtable can be arranged for in the coming weeks.

Yours sincerely,

**Andrew Bulmer FIRPM FRICS Chartered Surveyor  
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Rt Hon Michael Gove MP – Secretary of State, DLUHC

Emran Main – Director General, Decentralisation and Growth

Chandru Dissanayeke – Director, Building Safety Reform

Camilla Sheldon – Deputy Director, Building Safety Reform

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