

Government – Agreement with major developers to fund building safety repairs

4 years ago



The government has revealed a wide-ranging agreement that will see industry contribute £5 billion to address the building safety scandal.

In a victory for leaseholders, Levelling Up Secretary Michael Gove has agreed a solution with the housing industry that will see developers commit a minimum of £2 billion to fix their own buildings. Industry will also pay up to a further £3 billion through an expansion to the Building Safety Levy.

Under the new agreement, which will become legally enforceable, over 35 of the UK's biggest homebuilders have pledged to fix all buildings 11 metres+ that they have played a role in developing in the last 30 years.

For the companies yet to make the pledge, the Secretary of State has also confirmed there is little time left for them to sign up, and that those who continue to refuse will face consequences if they fail to do so.

As set out in January, a new government scheme will also see industry pay to fix buildings where those responsible cannot be identified or forced to in law. This follows previous confirmation that plans for a 30-year loan scheme paid for by leaseholders would be scrapped.

The new scheme will be funded through an extension to the Building Safety Levy that will be chargeable on all new residential buildings in England. This is expected to raise up to an additional estimated £3 billion over ten years from developers and ensure no leaseholder in medium-rise buildings faces crippling bills, even when their developer cannot be traced.

New proposed laws, announced in February under the Building Safety Bill, will ensure qualifying

leaseholders are protected from the costs of historical building safety defects, including total protection against cladding costs. Today's deal establishes that the industry responsible – not innocent leaseholders – will pay.

Levelling Up Secretary Michael Gove said: "Today marks a significant step towards protecting innocent leaseholders and ensuring those responsible pay to solve the crisis they helped to cause.

"I welcome the move by many of the largest developers to do the right thing.

"But this is just the beginning. We will do whatever it takes to hold industry to account, and under our new measures there will be nowhere to hide."

The pledge published by government today commits developers who have signed up to legally binding contracts, and to implement their promises as soon as possible.

The detailed agreement confirms developers will:

- Act as quickly as possible to fix buildings
- Implement new proportionate guidance on building safety
- Regularly report to leaseholders and government on their progress
- Respect an independent dispute resolution process established by government; and
- Refund money already received from the taxpayer to fix their buildings.

More information on how government plans to enforce the agreement in law will be released in due course.

The government is introducing new powers that could be enforced on a developer should they breach the agreement, as well as on any remaining companies who fail to sign up. These new powers would allow the Secretary of State to block those who refuse to sign from building and selling new homes.

The government is clear that building safety is an industry wide issue. Cladding and insulation manufacturers are yet to accept their share of responsibility and come forward with a proposal. The Secretary of State has also today written to the Construction Products Association and warned he will do whatever it takes to hold cladding and insulation manufacturers to account.

Today's announcement follows a statement from Mr Gove in January, when he set out a 4-point plan to reset the approach to building safety and give leaseholders more protection against unfair costs.

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