



Building Safety Fund FAQs

Q. How many properties/leaseholders are impacted by dangerous cladding?

We estimate there are currently 650,000 people living in homes with unsafe cladding across the UK. And this figure is rising. The latest figures are based on research carried out with our hundreds of ARMA and IRPM members over the last six-months, to May 2021.

Q. Have all dangerous properties across the UK been identified now and where are they mainly based?

As yet, the exact number of buildings affected and the scope and scale of the issues is not known, although the number of applications to the Building Safety Fund gives some indication of the buildings that are most at risk. The latest Government figures show that around 3,000 applications have been made to date. ARMA and IRPM are calling on the Government to do a sample test on around 300 buildings, so we can understand more about the types of issues, such as internal compartmentation failure, and how widespread the problem is.

Looking at the data we've received so far from our members, the majority of affected buildings are in London, the South East and Manchester.

Q. How much is it going to cost in total to carry out remediation work on all of these properties?

The latest industry estimates have indicated that the cost of remediating all of affected buildings and the safety issues, [according to the Housing, Communities and Local Government Select Committee](#) may be in the region of £15billion – three times the amount of the current Building Safety Fund.

Q. What makes cladding unsafe and in need of removal?

After the Grenfell Tower tragedy and subsequent Hackitt Report, certain external cladding materials and external wall systems that contain flammable materials have been deemed a fire risk by the Government. As a result, today's building safety regulations require for these systems and materials to be removed in order to protect the lives of those living within these blocks.



Q. Why are leaseholders being asked to pay for cladding removal and other building safety costs?

ARMA and IRPM firmly believe that anyone downstream from the initial construction sign-off of a building should not be responsible for funding the cost of any building safety work, and we continue to lobby the Government to make sure costs are not passed on to homeowners.

Managing agents are contracted by building owners/freeholders to manage and maintain the properties. Their budgets to do this originate from service charges acquired from leaseholders living in their homes within their managed blocks. In turn, without access to external funding, managing agents have no choice, but to ask leaseholders to fund essential remediation work not covered by the Building Safety Fund in order to make their buildings safe.

Q. What is being done to help leaseholders pay for cladding removal costs?

Depending on whether their blocks meet the criteria, managing agents may be able to apply to the Building Safety Fund to pay for essential remediation works. There was also a £30m Waking Watch Relief Fund for 18m-plus buildings with unsafe cladding, which was used for the installation of fire alarms, to remove the requirement for expensive Waking Watches (Thus fund has now closed).

Q. Why isn't the managing agent being asked to pay towards these cladding costs?

The fire safety issues that exist in residential blocks today are the result of building developers' designs and construction. Managing agents are responsible for managing built blocks, and therefore are not at fault for any historical fire safety issues that may be present in blocks under their management, as a result of how they were built.

Q. Who is responsible for assessing fire safety issues and cladding/external wall system surveys in buildings and what criteria are they working to?

Independent advice on the fire risk assessment of an entire building should always be obtained from a qualified fire risk assessor with the necessary Skills, Knowledge, Experience and Behaviours (SKEB). Evidence of specialist training and experience, or membership of a professional body, or certification by a third-party certification body, may assist in demonstrating competence in this regard.

The Fire Risk Assessment Competency Council (FRACC) has [published a set of criteria](#) against which the competency of those undertaking fire risk assessments can be judged.



Cladding and External Wall System surveys entail a comprehensive assessment of a property's fire safety standards and are carried out and upheld by a trained professional fire engineer, to pinpoint whether or not the property meets regulations. Unfortunately, there is currently a lack of qualified professionals to carry out assessments and complete EWS1 forms. However, the Government has provided funding of almost £700,000 to train more assessors, speeding up the valuation process for homeowners in cases where an EWS1 form is required.

The training is being delivered by the Royal Institution of Chartered Surveyors (RICS), starting in January 2021, and is expected to train 2,000 additional assessors within six months; there are currently around 500 professionals progressing through this training. There are a number of factors that will help drive this number further, including the solution for accessing professional indemnity insurance (PII) that is being developed by the Government and key industry stakeholders.

It's also expected that following the new guidance from, announced in April 2021, will free up inspectors to focus on higher risk buildings and speed up the process.

Q. By when and by who does the repair work have to be carried out?

In order to qualify for the Building Safety Fund, applicants must meet several impossible deadlines, which include submitting a full cost funding application by 30 June 2021, as well as a construction tender price, although in early June, the MHCLG said it will allow applications to be processed beyond that deadline on a case-by-case basis.

Remediation projects must start on site by 30 September 2021, i.e. the applicant must have entered into a signed works contract and the main contractor must have taken possession of the site and started to deliver this contract. The work will be undertaken by qualified contractors, of which we estimate there to be just a few hundred firms in the UK.

Q. Is it true leaseholders may have to wait years for dangerous cladding to be removed?

There's currently an extreme shortage of cladders and scaffolders, who are suitably qualified to undertake the remediation work. This could potentially lead to a delay in dangerous cladding being removed from properties and other associated remediation work taking place. In addition, once the cladding has been removed, other safety or structural issues may be exposed. These additional issues must be addressed before a new external wall system can be installed.



Q. Are leaseholders now having to pay hefty annual buildings insurance bills too?

The Grenfell Tower disaster and subsequent investigations exposed a vast number of buildings designed, built and signed off by a regulatory system which we now know was unfit for purpose, and has caused significant nervousness amongst insurers, particularly those with large property exposures.

The level of potential catastrophic loss caused by fires hasn't changed since Grenfell, making the higher premiums more difficult to justify. Meanwhile, the various Government reviews of the events of June 2017 have caused insurers to be more cautious of the construction methods used within multiple occupancy dwellings.

According to research we have carried out, annual buildings insurance premiums have increased by an average of 379%, which equates to an average increase of £1,116 per leasehold homeowner per year. This increase has taken place within a year.

Our research, which covered 145 buildings across England & Wales, also found the insurance for 13 of those blocks had increased by more than 1,000%. For one building, it had risen by 1,840%, resulting in the leaseholders' annual cost rocketing from £600 to £11,000 a year.

ARMA and IRPM is continuing to engage with MHCLG to highlight our concerns with regard to these increasing premiums, and in conjunction with a panel of major insurance companies, has made a proposal to MHCLG to reduce the cost of premiums, where it related to fire-related loss.

Q. What's the reason for these high insurance costs?

Investigations carried out following the Grenfell tragedy uncovered numerous buildings designed and constructed in a way that's no longer fit for purpose.

Insurers are working on the basis that the costs of fire in these buildings are significantly higher than originally thought, and that many represent an ongoing fire risk. As a result, rising insurance premiums have caused tremendous financial pressure on leaseholders.

We are also seeing that some insurers are moving the goalposts, with an EWS1 'B1' rating no longer being adequate, instead requiring works to be done in order to attain an 'A' rating, which means leaseholders paying for works outside of the Building Safety Fund. In many cases, Waking Watches (WW) are also being requested by insurers in order for them to proceed with cover, despite the local Fire Brigade being satisfied that they are not needed.



Q. What financial help is available for leaseholders?

A total of £5 billion has been made available by the Government through dedicated Building Safety Fund monies. It is being allocated on a first come, first served basis.

This funding covers removing and fixing flammable elements contained within external wall systems. However, it only currently applies to buildings that are taller than 18 metres and doesn't cover the further secondary costs for other fire safety issues within buildings. For example, installing missing fire barriers; removing, replacing or refitting balconies or windows integrated with the cladding system; or compartmentation or other structural issues that are exposed once the cladding has been removed. We estimate these costs, based on our collated data, to be £14,443 per leaseholder.

At present, blocks under 18 metres in height don't qualify for any financial support and the average costs to remediate these buildings are around £22,375 per apartment, for cladding and external wall remediation, as well as fixing internal issues. This average cost excludes rising bills for fire wardens to patrol blocks until they are fixed and escalating costs of insurance premiums. We are currently campaigning for the Building Safety Fund to be expanded to cover the costs for buildings under 18 metres.

The Government has announced a long-term low interest loan for residents in buildings under 18 metres/four to six storeys tall, to pay for cladding remediation (where needed). The details of how this fund can be accessed have not yet been announced, so we are unable to comment on the practicalities. It is our long-held position that leaseholders should not be financially liable for such costs.

Q. What is being done to help leaseholders?

We are currently campaigning for the Building Safety Fund to be increased. ARMA and IRPM are working closely with a small group of managing agents and are engaging with MPs who are hearing of the challenges through affected constituents. They are also lobbying the Government, including the Prime Minister's Special Adviser, Lord Greenhalgh MP, and the Ministry of Housing, Communities and Local Government (MHCLG).

Both organisations are also in discussions/engaging with housebuilders and developers in relation to them setting aside funding for building safety remediation work.



In addition, ARMA and IRPM are leading a cross-industry working group, the Cladding and Building Safety Campaign Group, calling on the Government to:

- **Expand** the Building Safety Fund to cover the costs of all necessary remediation, including structural issues and internal compartmentation and fire breaks
- **Extend** the scope of the Building Safety Fund to remediate buildings below 18 metres and ensure the costs of remediation are paid by those directly responsible
- **Introduce** a risk matrix that prioritises funding based on the risk to life
- Establish a Fire Safety Delivery Group chaired by MHCLG

In the meantime, some managing agents are arranging inspections in order to provide an EWS1 form on behalf of leaseholders. Having a favourable EWS1 rating means leaseholders can unlock their ability to re-mortgage, sell and potentially get access to reduced insurance premiums. Many mortgage lenders now ask for confirmation the entire external wall system of a building complies with the latest Government standards. This is usually requested as an EWS1 form, which was developed by the Royal Institute of Chartered Surveyors to address the issue. The latest version was launched earlier this year.

Q. Why are building safety (EWS1) ratings being changed?

This can happen if the safety rating was originally carried out by an independent chartered fire engineer, who was instructed to do so by the managing agent at the time. However, the Responsible Entity (either the building owner or resident-controlled management company) may choose, for a variety of reasons to instruct a different chartered fire engineer to carry out a new inspection and rating. In these circumstances, it is not uncommon for different ratings to be given, for instance, a B2 rating instead of the original B1 rating.

June 2021

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