



House of Lords

Building Safety Remediation Scheme and Leasehold Reform A statement by the Earl of Lytton

It has been suggested that my amendments to the Levelling Up and Regeneration Bill designed to protect leaseholders from building safety remediation costs—both now and in the future—are an impediment to leasehold reform.

I wish to reassure everyone that nothing could be further from the truth. Indeed, the protection afforded to leaseholders and commonhold unit owners through the amendments I have tabled, are an essential element of leasehold reform and the reinvigoration of commonhold. Not only that, but existing protections could even be lost by moving to some other form of tenure if these amendments are not passed.

These amendments create a Building Safety Remediation Scheme that would augment the Government's own measures under the Building Safety Act by protecting all leaseholders. Under the Scheme leaseholders and commonhold unit holders, without qualification, in blocks of any height and with fire or structural defects, would be able to apply for an award covering remediation costs. If the defects were caused by a failure to adhere to building regulations in force at the time of construction, then the developer and/or principal contractor would be jointly and severally liable. If neither can pay/no longer exist or the building met building regulations at the time but is now considered unsafe, then the costs would be met from a levy on the wider building industry, including construction product manufacturers.

Whilst the principal aim of the Scheme is to protect unqualified leaseholders from life-changing remediation costs, it also provides a serious incentive to improve the culture of, and drive up standards in the building industry that I believe have been eroded over nearly 40 years of poorly regulated building certification. Further information on the Scheme can be found at www.buildingsafetyscheme.org.

As many readers will be aware, some of the most desperate and heart-rending stories of this crisis come from leaseholders in enfranchised blocks. Amanda, one of those affected, sets out her story at <https://buildingsafetyscheme.org/house-of-lords-briefing-video-04-july-23>.

Without the backstop provided by the Building Safety Remediation Scheme, enfranchised leaseholders and commonhold unit owners will remain responsible for

From The Earl of Lytton DL FRICS

litigation and remediation costs of a defect if discovered in their building – put simply, paying to remedy defects they did not create.

I am certainly not anti-commonhold and wholeheartedly support leasehold reform. Indeed, I look forward to the publication of Government's forthcoming reform proposals and will certainly be examining the legislation thoroughly to ensure that leaseholders are protected from some of the disgraceful behaviour that far too many currently suffer from. My primary concern is, and always has been, to ensure that residential blocks of flats are safe, insurable and mortgageable, properly maintained, and that disputes between residents are promptly and satisfactorily managed.

In my view, the Government's current building safety measures do not go far enough; the promises of further action are too vague and in the meantime far too many innocent homeowners are having their lives turned upside down. My fear is that the building safety crisis will continue for some considerable time. Post-Grenfell regulatory changes are driving increased inspections and the discovery of more and more building safety defects. The tally of compulsory evacuations is a growing scandal. So the time to amend the law is now. If leaseholders are to make the most of the Government's plans to make enfranchisement easier, the statutory backstop provided by the proposed Building Safety Remediation Scheme allows them to do so without the attendant worry of losing protections provided by the Building Safety Act.

LYTTON

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