



Department for Levelling Up,  
Housing & Communities

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Dear Dame Meg,

## **OPENING TRANCHE 2 OF THE BUILDING SAFETY FUND TO NEW REGISTRATIONS**

At the Public Accounts Committee hearing on 6 July, you asked whether lenders would change their position on lending to buildings affected by safety defects, and when the Building Safety Fund would reopen. I am writing to update you on progress.

A significant advance has been made in improving access to mortgages. On 15 July, UK Finance<sup>1</sup>, the trade association for the UK banking and financial services sector, and RICS<sup>2</sup>, the professional body for surveyors, made announcements signalling significant changes in their approach. The signatories agreed that, in light of recent changes, they will be able to lend against buildings that qualify for leaseholder protections, as well as those buildings that will be self-remediated by developers; or covered by a government scheme. As discussed at the hearing, lenders will need time to operationalise these changes and RICS will need to update their valuation guidance.

Tranche 2 of the Building Safety Fund opened to new registrations today (28 July). This launch is the next step in progress to make high-rise buildings safer and, as discussed at the hearing, will align our funding with the new risk-based PAS 9980 standard.

You will recall that I received a Ministerial Direction to open the fund in May 2020 because, although I agreed there remained a strong case to remediate buildings as quickly as possible due to the public safety risk and the need to support leaseholders, the benefits accrue mainly to the private sector. The underlying position has not

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<sup>1</sup> <https://www.ukfinance.org.uk/policy-and-guidance/guidance/statement-industry-support-leaseholder-protections-within-building>

<sup>2</sup> <https://www.rics.org/uk/news-insight/latest-news/news-opinion/statement-to-support-leaseholder-protections-in-building-safety-act/>

changed, and the next tranche of the Fund will operate under the same Direction. Although the Building Safety Act has commenced, the new regulatory regime implementing and enforcing building safety reforms is not yet fully operational. The same public safety risks in terms of life safety due to unsafe cladding exist today as existed when the Direction was issued – the new regulatory regime will not resolve the issue of historical safety defects, this requires funding to prevent this issue persisting into the long-term.

Finally, I wanted to note that the leaseholder protections in the Building Safety Act came into force on 28 June. The two statutory instruments that give the protections practical effect took effect on 20 and 21 July, meaning that the protections are now fully in force.

Thank you for your continued engagement on this important issue, both as Chair of the Public Accounts Committee and as MP for your constituents. We will separately respond to your letter about specific buildings in your constituency.

I am copying this letter to the Chair of the LUHC Select Committee and to the Comptroller and Auditor General.

Best wishes,

A handwritten signature in black ink, reading "Jeremy Postlington". The signature is written in a cursive, flowing style.