End Our Cladding Scandal meeting with Barratt – May 2024

217 buildings waiting for an assessment

Although it was almost four months out-of-date by the time of our meeting, the most recent developer remediation data published by DLUHC showed Barratt's progress at 31st January 2024:

• 492 Barratt buildings had been assessed (69% of relevant buildings), which was below the industry average of 78%. Another 63 buildings would need to have completed an assessment to be in line with the average.

• 35 buildings were assessed in the quarter (November 2023 to January 2024), one of the highest volumes amongst industry peers (second only to Telford Homes). It was positive to see the programme advancing but even at this pace, it could still take another 6 quarters to complete all assessments (by July 2025), as 217 buildings were still waiting for an assessment.

The certainty of a completed assessment is important; in buildings where ultimately no remediation is required and people's lives are therefore in limbo unnecessarily, this could be the point at which many leaseholders and residents are finally able to move on with their lives.

• 174 buildings had been identified for remediation so far (35% of assessed buildings). This rate was similar to the developer average (37%).

• 58% of buildings identified for self-remediation had not yet started works (94 out of 162). This rate appears to be "better" than the industry average of 63% not yet started works, therefore Barratt's opinion was that the company was ahead of its peers on remediation progress. However, by our calculations, if Barratt's assessment programme had kept pace with the rest of the industry, remediation progress would be exactly on par with the average (63% not started works).

• 26 buildings had completed self-remediation works. By the time of our meeting (almost four months later), Barratt informed us that this had increased to 44 buildings.

• 21 buildings had started remediation works in the quarter (November 2023 to January 2024). Unless this "start pace" were to accelerate, this suggests there is a backlog of 4-5 quarters until all currently identified buildings would start remediation works.

• Of the 94 buildings identified for self-remediation but not yet started, 100% had a start date scheduled. 76% of those (71 buildings) were scheduled to start in the 12 months to January 2025.

• 16 buildings identified for self-remediation were not expected to complete works until 27/28 – which means these leaseholders and residents are still 3-4 years away from getting their lives back (if the timeline doesn't slip further). Some buildings not yet identified for works could be even further from the finish line.

Delays to the building assessment programme

The most common issues raised with us by Barratt leaseholders are long timelines and delays, both for building assessments to be undertaken and then for remediation works to start on site. At a Lewisham development, for example, where leaseholders are still awaiting the outcome of assessments, they describe the pace as "glacial" and "barely believable".

Returning to a theme discussed in our previous meeting, Barratt referred to difficulties agreeing access terms with some building owners as a cause of delay to assessments – but seemed to agree when we noted that other developers had suggested this issue had lessened significantly in recent months. In particular, we were aware that this issue had caused significant delays to undertaking assessments in buildings where E&M is the freeholder's representative, but that impasse appears to have been unblocked.

As a result, an E&M building in Chelmsford finally had its Fire Risk Assessment of the External Wall (FRAEW) PAS 9980 assessment in March 2024, but is awaiting the outcome. At a development in Southampton's Ocean Village, leaseholders have pointed out that while their E&M-controlled buildings had long delays and are similarly still awaiting the outcome of assessments, other buildings on the same site appear to have benefitted from having a leaseholder Right to Manage (RTM) company as a party to the agreement – as they had already been able to start cladding works.

Leaseholders at a large development in Wimbledon had also recently been advised that a licence agreement had finally been signed with E&M and their FRAEW assessments are now scheduled for Q3 2024. Before the developer pledge was signed, the assessments for this development were originally scheduled for Q3 2022. Incredibly, it appears that the negotiation over building access has cost them *two years of delay*.

Barratt's team also described how peer reviews of assessments and a review by an internal engineer are built into their process as standard, for every building's FRAEW. They freely acknowledged that this slows down the assessment process compared to some other developers. However, in their view it is a critical step to ensure they design the right solution and their assessments and remediation decisions are "very robust". This is partly so that they don't have to go back to redo works at a later date, but also to ensure decisions are "unchallengeable" by other stakeholders.

We questioned whether peer reviews had proved essential in a lot of cases or had only made a minor difference in certain situations, but Barratt insisted the reviews were adding value – either by assuring or tweaking or changing the outcome – in a sufficient number of cases to justify the additional time and cost. Based on the timeframes notified to leaseholders on various sites, we understand this process adds around 6-8 weeks to the assessment timeframe.

Long lead time pre-works and delays to starting works

Barratt's "Durations Guideline" indicates that a typical project plan for the period between receiving a building assessment outcome and works starting on site can be as long as 64 weeks (15 months). We highlighted that we repeatedly hear concerns not only about this long timeline but also the fact that there are frequent delays compared to the expectations that have been set. These delays are often at the last minute and the reasons can be unclear. At a development in Milton Keynes, for example, "everyone is frustrated with how long this is taking – and so far, everything takes 50% longer than estimated."

At a development in Brentford, a draft schedule of works had originally indicated a start date of mid-September 2023 and it wasn't until the day after that planned start date that leaseholders received an update that works were now planned to start in "Spring 2024". Then in mid-May 2024 – when works should have already started – another notice informed them that works were now expected to begin in "Autumn 2024." Aside from the last-minute nature of the delays, the reasons did not seem clear.

Leaseholders were advised that Barratt had encountered a delay relating to the building control application under the new Building Safety Regulator (BSR). But they were previously advised that the application had been submitted in mid-March 2024 and an update was expected in around 12 weeks, so why would this have turned into a six-month wait? Difficulties finalising a main contractor were also given as a reason – but leaseholders had understood that one had already been appointed, as Gilmore had been visiting their site since late 2023.

Across their portfolio more generally, Barratt referred to both of these issues as being "limitations" on the speed at which remediation works could start. They emphasised that "a finite pool of contractors" is a factor causing long timelines, although it wasn't completely clear how, and to what extent, the supply constraint was leading to longer timelines. Are projects not attracting enough bids and having to be retendered more than once, for example? We didn't have an opportunity to probe this further.

According to Barratt's generic timeline, it can take 20 weeks from the preparation of contractor tender documents through to finally signing a Pre-Construction Service Agreement (PCSA) with a contractor. After this, the contractor and architect refine the remediation design and specification and the BSR application is

prepared; Barratt's guidelines allocate a lengthy 28 weeks to this stage. Barratt pointed out that timelines will vary depending on the complexity of construction, for example they noted that some developments could have 15-16 different wall types.

In relation to the time taken for building control applications, the BSR is required to determine an application within 8 weeks for existing Higher Risk Building (HRB) projects, although variations to this can be agreed between the parties. Prior to the transition to the BSR on 6th April, concerns had been rumbling across the industry that approvals might take as long as 20 weeks. Although it is still in the early stages, delays do not seem to have transpired to that extent.

Barratt highlighted a development in Basingstoke as an example where the BSR had recently notified them of a 4-week extension to the 8-week timeframe – although when asked about the aforementioned Brentford development, they were not aware of any delay being caused by the BSR requesting an extension. We also asked about the fact that the BSR had recently highlighted concerns that "a majority" of applications are lacking the basic information required, but Barratt assured us that the BSR hadn't raised concerns of this nature for any of their applications, therefore that was not a cause of delay.

Insurance costs may not fall if buildings aren't fully remediated

Another serious concern which is routinely raised by leaseholders in every building, is that they appear to be on the hook for significant costs relating to building safety, in one form or another – despite the assurances to the contrary when the developer pledge was announced as "a victory for leaseholders… ensuring those responsible pay to solve the crisis they helped to cause."

That pledge was subsequently turned into a legally-binding Developer Remediation Contract, which set a minimum requirement for works to be remediated to a "tolerable" life-safety standard under the PAS 9980 standard. Even if buildings were approved several years ago under the Building Safety Fund, with plans for remediation to an "A1" standard – based on all combustible materials being removed – some leaseholders are now finding that Barratt only intends to achieve the bare minimum "B1" rating. After years of waiting for remediation, this means leaseholders won't get the defect-free homes that they originally paid for. From Woolwich to Hackney to Brentford to Milton Keynes, leaseholders have highlighted significant fears that insurance premiums may not reduce after remediation if combustible materials remain in place. With no route to escape these costs, they may effectively be forced to pay for further remediation works themselves. Neither developers or DLUHC should underestimate the strength of feeling and that leaseholders will push back against any solution that leaves them bearing more costs.

Leaseholders have endured sky-high insurance premiums for several years already, due to the delays in remediation, and describe the costs as "crippling… really hurting people", for example at a Milton Keynes development there had been a five-fold increase from £200k to £1m. The situation is causing such desperate financial precarity that we understand it is raised with Barratt at every opportunity.

When we asked Barratt what they are doing to address the impact that building safety defects are having on insurance costs borne by leaseholders, they responded that in their view, insurance prices are "not necessarily linked" to the fire safety defects for which they are taking responsibility, and they are lobbying the Government to intervene.

In our view, the Government's approach to the critical issue of insurance has been far too hands-off so far, and it is imperative that all stakeholders are brought together to mutually agree an acceptable standard of remediation, otherwise it will be leaseholders that continue to pay the (extortionate) price in perpetuity. During a debate on the Leasehold and Freehold Reform Bill, the shadow housing minister questioned if soaring insurance premiums in buildings with safety defects could be added as a category of costs that leaseholders could potentially recover via a Remediation Contribution Order at the First-tier Tribunal. This is an idea we support, because we think it might sharpen minds to do something about the scandalous costs leaseholders are picking up through no fault of their own.

Additionally, we highlighted that leaseholders are incurring other knock-on costs due to living on a building site for prolonged periods of time. For example, at a development in Hackney, scaffolding has been up since 2020 and the public square has been turned into a storage site for construction materials. This has led to a significant rise in pest control costs and security costs due to anti-social behaviour, with no offer by the developer to compensate these direct expenses.

Liability for internal fire safety remediation works

We repeated the concerns raised in our meeting six months ago, regarding a development in Wimbledon where leaseholders are potentially facing costs for the remediation of fire doors where, for example, gaps exceed the regulations and would have been non-compliant at the time of build.

Similarly at a development in Milton Keynes, there has been a 100% failure rate on all 400+ apartment doors, but a question mark remains over whether leaseholders will be charged for remediating these as well as the communal fire doors. Meanwhile at a building near Southampton's city centre, leaseholders understand their service charge reserve has been increased to potentially cover not only the remediation of fire doors but also a defective smoke extraction system in the car park.

Likewise, at an under 11 metre building in Maidstone – where, despite the building height, Barratt has confirmed they will fund remediation "to the extent of the pledge", including replacement of the cladding and missing fire breaks – leaseholders are facing costs to fix the defective Automatic Opening Vent (AOV) system. This work is apparently deemed life-critical by the fire brigade, which has also insisted on implementation of an expensive alarm system, with the threat hanging over leaseholders that they may be decanted from their homes if works are not done.

We asked Barratt, why are leaseholders in so many buildings facing costs to fix internal fire safety defects?

Barratt advised us that such costs would be reviewed on a "case by case basis" and any concerns can be brought to their attention via a managing agent. They are formally requesting internal Fire Safety Assessments (FSA) and fire door reports from the building's Responsible Entity – but it was their belief that if a managing agent didn't share any internal building assessments when requested, then Barratt had satisfied its contractual requirements. While acknowledging that the reports they receive from third parties can also be of variable quality, in their view a developer isn't obliged to commission any internal assessments or fire door reports, or to investigate whether assessments that are supplied to them are robust or not.

Government guidance on the remediation of internal defects is not sufficiently clear, in our opinion, because the developer contract only vaguely defines that it must ensure "all industry standards and Applicable Law relevant to ensuring the level of fire-safety risk arising from such parts as assessed by a Fire Safety Assessment is tolerable," without explicitly stating which industry standards it is referring to. The BSI is currently developing a new standard for internal works, but that will not be published until April 2025.

Despite this, we strongly disagree with Barratt's interpretation of the developer contract in relation to this point. Although the contract states that Participant Developers are not required to undertake a physical inspection "in all cases", we pointed to clause 5.3(D) which states that a developer must use "reasonable endeavours" to secure an assessment but "where [it] is unable to obtain such document from the Responsible Entity (or where the Participant Developer so elects), the Participant Developer [should acquire] such document by commissioning the relevant assessment."

Quality concerns

A significant portion of the buildings where Barratt has completed remediation works are in a Hackney development. We highlighted the lack of confidence expressed by leaseholders there about the quality of workmanship and cladding materials which "look cheap", which has left some leaseholders feeling their homes have been devalued. An EWS1 was apparently issued after works were completed, but more works

subsequently needed to be carried out, before a revised EWS1 was reissued – and this has cast doubt over the quality of post-work sign-offs.

At a building in Southampton, leaseholders also described the snagging issues and poor quality of redecoration after compartmentation works as "not acceptable".

While Barratt's team didn't comment on the specific cases, they highlighted the company's efforts to "have the best quality assurance [processes]", in order that they "cannot be challenged from a technical point of view". They are focused on "leaving a suite of documents with leaseholders" including evidence of the materials and design. DLUHC also has the right to audit their work under the developer contract, and for the first time it had recently requested documentation from around 20% of the completed remediation projects (8-10 buildings). It is in everyone's interests that DLUHC audits are thorough and robust, so we look forward to finding out more about the audit experience at our next meeting.

Communication: mixed feedback

For buildings that do not have an assessment outcome yet, such as the development in Southampton's Ocean Village or the development in Wimbledon, a lack of contact over a long period seems to be typical. In a development in Lewisham, for example, leaseholders have commented that they only get updates by hounding both the developer and freeholder for information, both of whom advise them to contact the other party for updates. There hasn't been any official communication from either party to all leaseholders, without prompting, since February 2023.

Where works have already taken place, for example in Hackney, residents have also highlighted a lack of consultation *during* the project, which is expected under the Code of Practice for the remediation of residential buildings. For example, requests to be present during the sign-off assessments at the end of the works were denied.

However, the experience at several developments which are currently post-assessment but pre-works – including in Brentford, Milton Keynes and Chelmsford – is that the regularity of written communications has improved in the last six months. Letters are easy to understand, usually set out the next couple of steps and set a clear expectation of when the next communication will follow.

But the feedback is that more focus on the big picture would be appreciated – for example, a chart or diagram showing progression towards the end goal over time – and that there is a tendency to "gloss over issues". As an example, the most recent communication to a building in Chelmsford made it sound as if the current step was ahead of schedule, when in fact it had slipped by a month compared to the timetable communicated to their MP six months ago. We highlighted that leaseholders and residents would also like more interactive meetings, with an opportunity to ask questions so that communication isn't all one-way.

Continued difficulties with selling affected properties

Towards the end of our meeting, we discussed the difficulties people are facing with being unable to sell homes which are not yet remediated. Barratt's team initially appeared to dismiss the idea that this is still an issue, because the company is able to provide "letters of intent" which they understood would satisfy any of the major lenders who had agreed to "consider" lending on properties covered by a recognised remediation funding scheme. The directors were also personally aware of an example of a buyer who succeeded in getting a mortgage on a property in Bristol (although it seems likely to us that the works here must have already been in progress or nearing completion, as EWS1 certificates have already been issued).

Barratt's directors were not aware that despite the mortgage industry's pledge in December 2022, lending is still inconsistent, and we pointed to the statistics published by DLUHC that show the same proportion of mortgage valuations still need an EWS1 as three years ago and an EWS1 is still requested for around half of all high-rise mortgage valuations. We do hear success stories – but lenders often ask for additional

information such as remediation start and end dates or a confirmed scope of works – which a majority of buildings still do not have.

At Holland Gardens in Brentford, for example, only two properties had sold – either to a cash buyer or at auction, with substantial losses. In other cases, leaseholders had found a buyer but they had subsequently pulled out, due to the uncertainty over remediation timelines and scope of work.

The cost of being unable to sell can be substantial. At a development in Lewisham, for example, there is still no start date scheduled for remediation works. One family put their flat on the market over five years ago but because buyers kept pulling out, they bought a "second home" in 2021 and paid additional stamp duty. Three years on, not a single flat has sold in their building, and they have now exceeded the three-year threshold to get a stamp duty refund. They can only hope their circumstances will be considered an exception when they finally succeed in selling, otherwise they will have suffered tens of thousands of pounds of losses.

For some developments, there are more extreme circumstances affecting the ability to sell. At a development in Poplar, the remediation project is expected to be so complex – due to being awkwardly situated between a railway and a dual carriageway, and because the façade of all three high-rise towers must be fully stripped – that leaseholders and residents have been advised it could take between 3-5 years, starting in mid-2025 and potentially ending in 2029/30. Residents are expecting to be decanted at some point, but no one knows when, for how long or where to. Who would choose to start a new home here, with so many years of disruption and uncertainty lying ahead? Certainly not a family who need to be sure they will remain near a local school, for example. Buy-to-let leaseholders also fear they may face a potential loss of rental income for years, including but not limited to the period when residents will need to be decanted.

We did not have an opportunity to raise this in our meeting, but we are aware that in 2021, Barratt became the first big developer to buy back flats from leaseholders affected by the cladding scandal, at Citiscape in Croydon. In this case, the decision was to demolish and redevelop the site – which is rare. However, in any building where works are complex to carry out with residents in situ and this necessitates a prolonged and significant disruption to people's lives, we believe buybacks should be an option that Barratt, or any other responsible developer, considers sooner rather than later. Otherwise, it is their customers that continue to pay an excessive price for a problem that was not of their making.

If any leaseholder is finding that they cannot remortgage or sell to a buyer who needs a mortgage, Barratt's advice is to contact them by emailing their building safety inbox, ewsenquiries@barrattplc.co.uk, as they may be able to communicate with a lender about a specific mortgage decision.

Due to technical difficulties (on our side), we had insufficient time to discuss specific cases in more detail, but agreed to share these afterwards so that Barratt's team can address any concerns in their next communications with leaseholders and residents. We will be meeting again later in the year – and in the meantime they emphasised that they are always open to hearing directly from those affected as and when concerns arise.

Call to action!

Are you a leaseholder or resident in a Barratt building, having issues in relation to assessment or remediation – and unable to get a satisfactory response via your managing agent? Please email the developer directly at ewsenquiries@barrattplc.co.uk and copy us at endourcladdingscandal@gmail.com if you would like us to be aware of the issues being raised and to follow up if needed.

If you need to escalate your concerns to DLUHC, please email building.safety@levellingup.gov.uk, providing the name and address of your building, together with a short summary of your concerns, and detailing the attempts you have made to contact the developer. Please copy our team at endourcladdingscandal@gmail.com so that we can follow up where necessary.