End Our Cladding Scandal meeting with Taylor Wimpey – May 2024

After recently attending Taylor Wimpey's 2024 AGM, we arranged a follow-up meeting on 29th May to discuss the company's building safety remediation programme in more depth.

We met with Ben Emmonds, Director of Cladding Remediation; and JohnJoe McGuigan, Senior Technical Project Manager. Four EOCS campaigners joined the meeting, including two leaseholders from Taylor Wimpey buildings in Runcorn and Bromley, which helped to illustrate some of the broader issues with specific practical examples.

Highest number of buildings completed works – but slow assessments and project starts

At the time of our meeting, the most recent developer remediation data published by DLUHC was four months out-of-date, but it showed Taylor Wimpey's progress at 31st January 2024:

• **42 buildings had completed self-remediation works**. In terms of volume (but not as a percentage of the total works that need to be done), this was more than any other developer at this stage. However, the high number of buildings still waiting for remediation – due to a higher than average "failure rate," as well as the below-average pace of assessments and starts on site – were still a concern.

• **266 Taylor Wimpey buildings had been assessed (69% of relevant buildings)**, which was below the industry average of 78%. Another 34 buildings would need to have completed an assessment to be in line with the average.

• **Only 9 buildings had been assessed in the quarter** (November 2023 to January 2024), leaving 117 buildings still waiting for an assessment. The assessment pace was our key concern. At that pace, it would take another 13 quarters to complete the assessment programme (by April 2027).

• **171 buildings had been identified as needing remediation (64% of assessed buildings)**. The rate at which remediation was found to be required was substantially above the industry average (37%), but not as high as the rate reported by some other large developers, such as Bellway, Persimmon and Crest Nicholson.

Ultimately Taylor Wimpey expects a total of 214 buildings will require remediation works, according to the company's annual report for the year ended December 2023, but the data published by DLUHC only counts buildings where the remediation requirement has been *confirmed by an assessment*. DLUHC's data also excludes buildings in Scotland and Wales, although these numbers are relatively small.

• **65% of buildings identified for self-remediation had not yet started works** (107 out of 164), compared to an average of 63% for all developers. However, if Taylor Wimpey's assessment programme had kept pace with the rest of the industry, their progress with starting works would be more visibly behind the average.

• **Only 5 buildings had started works in the quarter** (November 2023 to January 2024), out of 25 buildings that had planned to start. At that pace, it would take more than five years to start work on all the buildings already identified for self-remediation. This "start pace" will need to accelerate dramatically.

• **Of the 107 buildings identified for self-remediation but not yet started on site, 59% (63 buildings) were scheduled to start in the 12 months to January 2025**. This means that the "start pace" is expected to triple in the year ahead, compared to the most recent quarter for which data was available.

Delays to the building assessment programme

By far the most common concerns raised with us are long timelines and repeated delays – firstly, for building assessments to be undertaken, and secondly, for remediation works to start on site.

The certainty of a completed assessment is important. For buildings where ultimately no remediation is required and lives are in limbo unnecessarily, this could be the point at which some leaseholders and

residents are finally released to move on with their lives. And for buildings where remediation *is* required, a completed assessment unlocks essential information which is often needed to satisfy stakeholders such as insurers, mortgage lenders and future buyers, about the defects that the developer will commit to fixing.

We had some concerns that in cases where a building owner did not already have an up-to-date Fire Risk Assessment of the External Wall (FRAEW) under the PAS 9980 standard or an internal fire safety assessment, Taylor Wimpey might not be commissioning assessments at its own cost. The developer remediation contract states that developers are not required to undertake a physical inspection "in all cases", but clause 5.3(D) outlines that a developer must use "reasonable endeavours" to secure an assessment and "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."

Leaseholders in a building in Barking had brought this issue to our attention. Although it had an EWS1 assessment undertaken as long ago as August 2021 – with a "B2" rating recommending remediation – the former managing agent had failed to acquire or provide the correct, complete report to the developer. Correspondence to leaseholders in early 2023, seen by EOCS, appeared to show the developer was unwilling to commission an assessment at its own cost. Instead, responsibility was placed on the managing agent to "[ensure] that its application for Taylor Wimpey funding meets the requirement… [by providing] a valid EWS1 report and form in accordance with PAS9980... to determine if there are defects," before the developer would take any action. This would put the cost burden of another expert report onto leaseholders.

After leaseholders referred the issue to DLUHC, ultimately Taylor Wimpey did commission an engineer to conduct a FRAEW assessment for the building at the end of 2023. However, we noted that the assessment outcome and report had still not been shared with the Resident Management Company (RMC) directors at the time of our meeting, and no clear reason had been communicated for the continuing delay.

Taylor Wimpey's team advised us that in relation to this particular building, they would be communicating with the leaseholders and residents shortly, at the next upcoming milestone in late June, when they begin tendering for contractors. More broadly, they acknowledged that there are still a large number of buildings awaiting assessments and assured us that they are chasing up any cases where they are waiting for copies of existing assessments, or where arrangements still need to be agreed with building owners for any further assessments that may be necessary.

Assessments of internal fire safety defects

The vast majority of leaseholders that had been in contact with us were unaware if Taylor Wimpey had an assessment of the *internal* fire safety defects in their building and whether it had any plans to undertake internal remediation works or intended to come back to assess internal defects at a later date.

Taylor Wimpey advised us that they initially request an up-to-date Fire Safety Assessment from the Responsible Entity to identify if internal works are required but they will also commission or, in the "vast majority" of cases, fund further assessments as needed. Although a FRAEW is primarily a tool to assess the external wall, Taylor Wimpey said that, in some cases, the FRAEW may also sufficiently identify any internal fire safety works required – without needing a separate assessment for internal works – but they would consider that on a case-by-case basis.

Delays to starting remediation works on site

We shared many examples of developments that had experienced long delays with starting works on site, including a development with six blocks in Wandsworth. Despite approaching the *four-year anniversary* of the original application for funding under the government's Building Safety Fund (BSF), works had still not started by May 2024. In this case, Taylor Wimpey had initially agreed in August 2022 to fund the works, but due to "issues agreeing funding arrangements with DLUHC", this changed into a commitment to directly self-

remediate the buildings. A full year was lost by the time this decision was reached between the parties. Works subsequently scheduled to start at the end of 2023 were pushed back to April, and then May 2024.

Although the reasons for delays can vary across developments, the words of a leaseholder here – "I will believe it when I see it" – are sadly common.

We also highlighted a large development in Barking, where at least four buildings are managed by leaseholder Right to Manage (RTM) companies and works are currently expected to start on site at the end of Q1 2025 – *two-and-a-half years after the original scheduled start date* in Q3 2022. Government funding had been approved back in 2021, the design phase was completed, and the contractor was ready to start work by late 2022 – so it is difficult to fathom why people's lives will still be on hold here for such a long time to come.

Likewise in this case, for well over a year after the developer pledge was signed in April 2022, it was unclear whether these buildings would be remediated under the BSF or would transfer to Taylor Wimpey for self-remediation. We understand that the developer communicated that they wanted to re-tender for the works as they believed they could significantly reduce the remediation costs, but the consequence has been a considerable delay from the original timetable, adding considerably to the anxiety and uncertainty of the volunteer RTM directors and all leaseholders and residents at these buildings. This was a case that we had raised directly with the Secretary of State and DLUHC in September 2023.

The terms of the developer remediation contract, signed in March 2023, state that unless a building was at the final "Stage D" in the BSF process and had a signed Grant Funding Agreement in place, a developer can request that a building be transferred to them for remediation. However, the terms of the contract also state that for buildings that had progressed to "Stage B" or "Stage C", the developer must commit to the same dates for completion of works that had been identified in the BSF application, subject only to "reasonable adjustments". It is difficult to see how such a long delay to the original timeline can be considered a "reasonable adjustment" – but one of several flaws in the DLUHC approach is that they have not defined what is "reasonable", and there appears to be no clear route for leaseholders and residents to challenge such delays, despite the significant impact it can have on their lives and on the costs that they continue to incur in the meantime.

Longer timelines due to the new Building Safety Regulator

At another Wandsworth development, the most recent delay saw the start date pushed back from Q1 2024 to Q3 2024, and Taylor Wimpey attributed this to a longer building control approval process under the new Building Safety Regulator (BSR). If a project's building control arrangements had been established before 1st October 2023 and "substantial progress" had been made before the deadline of 6th April 2024, then it could have qualified for the BSR's "transitional arrangements", which allowed projects to continue to be regulated by an existing building control provider. However, the window of opportunity seems to have been missed for many developments.

Works at this Wandsworth development had originally been expected to start under the BSF *almost three years ago*, so although regulatory changes to building control are now an unavoidable external factor causing delays, this is clearly not the only or main cause of the delays here – merely the most recent.

At another building in Barking, works had been delayed from Summer 2023 to March 2024, but it looked more promising when scaffolding was erected in February and ground preparation works appeared to start in early April. Leaseholders and residents felt assured that things were finally going to move forward – but works suddenly stopped after just a few days, with no explanation.

We were advised by Taylor Wimpey that in this case, a "meaningful start" had been agreed with the management company – which means that sufficient practical progress would be made on site to qualify for the BSR's transitional arrangements (which had a deadline of 6th April). However, the developer had not reached an agreement with the freeholder, Aviva, which meant that the works had to stop. The building will now need to go through the longer building control application process under the BSR, after all.

Aside from the frustration of last-minute delays to the start of works on site, the lack of communication was clearly another issue, which we will return to later in this report. The team assured us that a communication would be issued to the affected leaseholders and residents to explain the situation – this is welcome but should be happening promptly as a matter of course.

Quality of building assessments

Leaseholders also remain concerned about the inconsistency and number of poor-quality building assessments conducted under the PAS 9980 standard, and we mentioned that we had recently provided input into a review of the PAS 9980 standard by the British Standard Institute (BSI), alongside many other stakeholders. Taylor Wimpey agreed that two FRAEW assessments of the same building by two different engineers could result in different recommendations, because the PAS 9980 standard still leaves room for subjectivity – but in their view, this would usually only result in "slight variations".

The company uses a small number of trusted engineers to carry out building assessments and suggested that they would like to have access to more – which could speed up the assessment programme – but, in their opinion, "there are not enough in the marketplace [of the quality required]." The company has a policy of only using Chartered Fire Engineers for assessments and an in-house engineer will also "sense-check" all reports provided by external assessors. Taylor Wimpey described their approach as "wanting to make sure that work gets done and done right," so that the company "is not coming back in five- or ten-years' time."

A leaseholder from a Runcorn development pointed out that they had not been provided with any information about the identity of the engineer who had undertaken building assessments on their site, so that they could feel reassured about their independence and competence. Taylor Wimpey's team thought this information should have already been provided but agreed to follow up with the details in that particular case. **If you are a Taylor Wimpey leaseholder at another site and would like the same information, please request this via your managing agent or by using the contact details at the end of this report.**

Dispute resolution process

We asked Taylor Wimpey how they are approaching any disputes with third parties over the scope of work. For example, at a development in Holloway, North London, funding under the BSF was approved as long ago as 2021, and the development had a full scope of works and project plan prior to the developer pledge being signed. After responsibility for remediation funding passed to Taylor Wimpey, a dispute arose between the developer and freeholder over the scope of works, particularly with regards to combustible EPS insulation in an underground car park which connects several blocks. This led to what leaseholders have described as a "long stalemate," with the start date for works repeatedly delayed.

Taylor Wimpey informed us that there has only been this one case so far where a more formal dispute resolution process has been needed. Following mediation with DLUHC, the parties came to an agreement to carve out the disputed area and to start other works in the meantime – although in reality, even these works are still held up waiting for BSR approval.

DLUHC took responsibility for appointing an engineer to undertake an assessment of the disputed area, but we understand the freeholder has challenged whether the assessor meets the criteria of being "independent," due to past involvement with Taylor Wimpey projects, which was yet to be resolved.

Taylor Wimpey's team insisted to us that the works they had proposed to fund at this development would ensure a "B1" rating and would meet their legal obligation under the developer contract – however we are aware that the freeholder and leaseholders disagree, and this process has not yet reached a conclusion.

Insurance costs may not fall if buildings are not fully remediated

Aside from any safety concerns about the level of remediation being proposed at the development in Holloway, a significant concern for leaseholders is that the insurance costs, which they describe as "astronomical", will not return to normal levels after remediation works are complete, if combustible materials remain in the connecting car park.

Insurance has increased by around +600% and it is now higher than every other element of the service charge combined. Although the insurance issue had been raised with Taylor Wimpey many times, leaseholders felt that the developer's response was essentially "So what?" or "Nothing to do with us."

Likewise, at the large development in Barking, insurance costs have soared by +500-800% (it varies by block) and insurance cover is precarious; because the developer's scope of works does not currently address all fire safety issues, such as internal defects, some blocks can currently only get six months of cover. Insurers have also warned the RMC directors that premiums may remain high if the developer does not remediate to a high enough standard. With no other route to reduce insurance costs, leaseholders may be forced to consider further remediation works at their own expense. Surely this cannot have been the intention of the developer pledge, which was heralded by Michael Gove as "a victory for leaseholders… ensuring those responsible pay to solve the crisis they helped to cause."

At another Taylor Wimpey building in Bromley, insurance costs increased by around +300% post-Grenfell. Despite the recent completion of ACM cladding remediation works (carried out under government funding and due to be reimbursed by Taylor Wimpey), insurance premiums could remain elevated until the developer undertakes works to address the internal fire safety defects, such as compartmentation and emergency lighting, which remains uncertain.

We pointed out that sky-high insurance bills have also been exacerbated by delays to starting remediation works, as the cost burden applies year after year. At the development in Runcorn, life-critical defects including high pressure laminate (HPL) cladding and combustible decking have been known about since 2019, but works are only just starting now. The cost of insurance for the six buildings on this site rocketed by more than +1200% and leaseholders have spent an eye-watering £1.6m on incremental costs to date, on relatively low-value properties. This has been a cause of real hardship and some individuals have been forced to take out personal loans as a result. Insurance costs were set to *reduce* to £280k, on the basis of works finally starting on site – but as a direct result of delays to the start date, the costs rose again, to around £400k.

When we asked Taylor Wimpey what they are doing to address the issue of incremental insurance costs, they responded that in their view, the price increases are driven by the insurance industry's behaviour. They referred to the Financial Conduct Authority's review of insurance for multi-occupancy buildings and noted that they are "lobbying the Government" to intervene in this issue, including during their monthly meetings with DLUHC.

Taylor Wimpey said they would interact with insurers in cases where that is requested by the Responsible Entity or Insurer, to explain remediation issues. But it was clearly stated that the developer will not consider contributing to incremental insurance costs, under any circumstances – regardless of whether the increased costs are explicitly incurred by delays to starting works or other factors within the developer's control.

The insurance industry finally launched a Reinsurance Facility in April 2024, to help improve the availability of insurance for higher-risk residential buildings awaiting work to fix fire safety issues. This is far from a panacea and is likely to only help a limited number of buildings in its current form (although we continue to lobby for the Government to provide financial backing to increase its impact). However, the Facility can only be accessed by buildings that have a confirmed remediation plan – which many Taylor Wimpey buildings still do not have, so they remain locked out of this possible lifeline. Only the developer can influence this timing.

The FCA's analysis, initially reported in September 2022, was based on limited data and, in our opinion, failed to probe deeply enough to grasp the full extent of the problem. However, we should point out that it did demonstrate a clear relationship between increased insurance premiums and the presence of building safety

defects (the analysis focused on combustible cladding specifically). In section 3.50 of the FCA's report, insurance prices were shown to have increased much more sharply (more than double) in buildings where combustible cladding is present.

The FCA stated that it was "not able to assess whether the increase in premium rates is fair and appropriate for the risks being underwritten," so it did not reach a conclusion about the extent to which cost increases were justified by the presence of building safety defects. However, it seems to us that Taylor Wimpey is arguing that *none* of the increase in insurance costs is attributable to the existence of life-critical fire safety defects for which they are taking responsibility under the developer contract – which we think is highly questionable. Instead, their approach implies that they consider *100%* of the incremental insurance cost is caused by the difference in risk approach that is being taken by insurers compared to developers.

The Developer Remediation Contract, agreed between the government and developers, is focused on reducing a building's life safety risk to a "tolerable" level, and the minimum requirement is to achieve a "B1" rating under the PAS 9980 standard, which may mean that not all combustible materials are removed. However, as noted by the FCA, "the insurers' approach to pricing is based on [the potential for] total loss [of the building], as opposed to loss of life." The FCA commented that insurance costs are therefore only likely to reduce after remediation "to the extent that the full range of identified fire risk factors have been addressed." We urgently need to see the next Government get a grip of this issue by bringing all stakeholders together to universally agree on a standard of remediation which does not leave leaseholders falling through the gap between these two interpretations by developers and insurers.

We also pointed out that several of Taylor Wimpey's peers in the industry *are* taking responsibility for reviewing and reimbursing incremental insurance costs on a case-by-case basis – for example, in one development in Southwest London known to EOCS campaigners, Berkeley contributed almost all of the incremental building insurance cost that were incurred while remediation was ongoing, while Persimmon has also paid for incremental insurance in some cases. We do not think outcomes should be based on luck based on who your developer is, as the costs involved are so significant, and we will be pressing the next Government to ensure a more consistent approach to protect everyone.

Costs incurred by leaseholders for waking watch and alarms will not be reimbursed

Another serious concern frequently raised by leaseholders is that they have paid – and continue to pay – significant additional costs due to their building's fire safety defects.

Before the ACM cladding was remediated at the building in Bromley, leaseholders had to pay substantial costs of around £750k for waking watch patrols and an alarm system. Similarly, at the large development in Barking, leaseholders paid for expert reports, waking watch and alarms. Meanwhile in Holloway, leaseholders paid for a waking watch; and in Runcorn, they paid to install an alarm system.

Taylor Wimpey's Director stated that their company's position is that reimbursement for costs incurred by leaseholders will not be considered because this is not an obligation that was included in the Developer Remediation Contract terms. This approach had been decided at Board level and is consistent across the portfolio of buildings, with no consideration of individual circumstances.

Several leaseholders have pointed out that despite the "no fault" regime that underpins the developer contract, the type of defects found in many buildings are not simply a matter of "regulations changing after Grenfell" and in some cases, Taylor Wimpey's own engineers have explicitly noted in writing their "concerns regarding the level of poor workmanship" in the company's buildings. In this context, we suggested that the Board should be asked to re-think their position and step in to voluntarily take responsibility for legitimate costs directly incurred by leaseholders due to building defects.

We also pointed out that amendments had recently been made to the Building Safety Act, during the passage of the Leasehold and Freehold Reform Bill, clarifying that expert reports and "relevant steps" to prevent or mitigate the impact of a fire or potential fire incident – such as waking watch, alarms and decanting of residents during works – are relevant costs which leaseholders and other interested parties are able to seek to recover via a Remediation Contribution Order. Given this recent clarification in the legislation, we asked if Taylor Wimpey would expect leaseholders from each building to apply to the First-tier Tribunal in order to recover their costs, to which the response was – "If they have a case; yes."

We noted that Clause 20.2 of the developer contract makes clear that entering into the contract does not affect or prejudice any claim or demand that any Third Party or Responsible Entity may have against the Developer and "all civil claims… remain capable of assertion to their fullest possible extent." If you are a leaseholder who believes that your developer should be considered liable for costs which are not covered by the contract, you may wish to consider taking legal advice on options for seeking redress by other means.

Continued difficulties with selling affected properties

In several other cases, individual leaseholders have borne substantial costs during the years they have been waiting for their homes to be made safe and sellable. This includes higher mortgage costs, due to an inability to remortgage; a loss of rental income for buy-to-let landlords, both during and prior to remediation; and a loss of property value for leaseholders who couldn't wait for remediation to be complete before selling, usually to a cash buyer. Many leaseholders are also concerned about future loss of property value, if not all defects are remediated by the developer (when a buyer could find another home that is fully remediated).

Taylor Wimpey did not think that they had been made aware of many cases where leaseholders were still having difficulties with selling or remortgaging, as they believed "comfort letters" which confirm that a specific building is covered by the developer pledge are usually sufficient and, in their view, lenders did not usually require extra information beyond this letter. We noted that a leaseholder in Barking had written to Taylor Wimpey earlier this year to explain that they were trapped with a 9.12% mortgage rate, because brokers wanted a letter with a start/end date for works and technical details of the scope of works – neither of which are available yet for that building – and lenders are also stricter with buy-to-let mortgages.

Taylor Wimpey's team asked that leaseholders contact them (see the contact details at the end of this report) as they are often able to liaise with a specific mortgage lender once a specific case has been raised with them, and doing so can sometimes help the mortgage lender to "tick a box" that indicates lending would be acceptable for the whole building (subject to their normal commercial criteria). They noted that Lloyds had been particularly helpful in that regard, although their experience had shown it was more difficult with building societies and niche lenders.

Buildings under 11 metres

We asked Taylor Wimpey about their approach to any buildings they developed under 11 metres which have life-critical fire safety defects which require remediation. On mixed-height developments, they noted that there may be cases of low-rise blocks which are connected to a taller block above 11 metres, and which might therefore be part of a "relevant building" under Building Safety legislation. But otherwise, their position is that buildings under 11 metres are simply "out of scope of the Self-Remediation Terms".

The Government has committed to reviewing any building under 11 metres where remediation works are proposed "on a case-by-case basis" and can commission an independent audit to confirm if they agree with the outcome of a FRAEW. At that stage, they would usually approach the developer to request that they fund

remediation. If DLUHC were to approach Taylor Wimpey in such circumstances, they confirmed that they "would always engage in discussion with DLUHC," but they indicated that this had not arisen so far.

Communication

Leaseholders from the Runcorn development highlighted that communication from Taylor Wimpey had been "very poor" so far, and although works were due to start in April, there had been no communication since an on-site meeting in late March. Leaseholders want to be informed and consulted more regularly, with a clear expectation of when they can expect updates, and for those commitments to be met.

Leaseholders in Barking had also noted that while there had been communication from technical project managers, there was a need for dedicated resident liaison officers to communicate more widely with leaseholders and residents. Taylor Wimpey advised that after commencement of works on site, there are dedicated team members responsible for ongoing leaseholder and resident communications but prior to this, their technical project managers are responsible for resident liaison.

We highlighted how some other developers, such as Telford Homes, are taking greater control of direct communication to leaseholders and residents by setting up an online platform on the Dwellant platform, and Taylor Wimpey's team commented that they had considered a similar approach and had reviewed possible options. They assured us that they want to improve the quality and regularity of communications, and asked that anyone who is having difficulty receiving communication via their managing agent about their building assessment or remediation should contact them directly at cladding@taylorwimpey.com.

Thank you to Taylor Wimpey's team for meeting with us. Due to the volume of issues we wanted to discuss and the limited time available during the meeting to discuss each building in detail, we also collated a written summary of cases of concern that had been raised with us in recent weeks and asked that the team address these during their next communications with leaseholders and residents of these buildings.

We agreed that we would meet again later in the year, when we will continue to seek more support for affected leaseholders and residents who remain trapped in the building safety crisis.

Call to action!

Are you a leaseholder or resident in a Taylor Wimpey 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 cladding@taylorwimpey.com 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.