

End Our Cladding Scandal meeting with Persimmon – July 2024

After [recently attending Persimmon’s 2024 shareholder AGM](#), we arranged a follow-up meeting on 2nd July to discuss the company’s building safety remediation programme in more depth.

We met with Andy Fuller, group construction director; Anthony Vigor, group director of strategic partnerships and external affairs; and Martin Edgeley, group special projects director with a day-to-day focus on the building safety remediation programme.

Lack of clarity about the pace of remediation works

We started our meeting by trying to get some clarification about the pace of Persimmon’s remediation works to date – because government data gives a very different impression of progress compared to information published directly by the company. We had initially raised this issue at the AGM.

In Persimmon’s [most recent annual report for the year ending December 2023](#) (see page 27), 82 developments were identified within scope of their remediation programme for cladding or other life-critical fire safety defects. Works were reported to be “completed” at 39 developments (48%) and “currently on site” at a further 17 (21%). If accurate, that would mean remediation works were significantly ahead of most peers in the industry.

For comparison, [government data at the end of January 2024](#), one month later, reported that on average for all developers who had signed the [developer remediation contract](#), works had been completed at 18% of the buildings identified for self-remediation and started at a further 19% (see the “Developer_5” page of the management information tables). These figures do not take account of the small number of buildings due to be indirectly remediated via government schemes (9%), or any buildings still awaiting an assessment to confirm if works were required or not.

However, we were concerned that according to this government data, [works were only complete at 2 Persimmon buildings \(4%\) and had only started at a further 7 buildings \(16%\)](#) – far lower than the figures claimed in the developer’s annual report.

Two weeks prior to our meeting, the Department of Levelling Up, Housing and Communities – which has subsequently reverted to its former name, the Ministry of Housing, Communities and Local Government (MHCLG) – published a quarterly update on [developer remediation progress at the end of April 2024](#). This would have been an opportunity for any previous misreporting to be corrected, but there was little change. Out of Persimmon’s 64 [relevant buildings](#) in England, 48 were deemed to require remediation works, of which 47 were due to be directly self-remediated. Works were reported to be completed in only 4 buildings (9%) and had started on site at a further 14 buildings (30%).

Building safety

Across our programme as a whole we continue our proactive approach of working with management companies, factors (in Scotland) and their agents to carry out necessary remediation as soon as possible. The table below sets out our detailed position at 31 December 2023, compared to 1 March 2023. The total number of eligible developments has increased to 82 from 73, as new buildings we were not aware of on 1 March 2023 came into our programme.

Of the total of 82 developments in our programme, 39 (48%) have already had any necessary works completed. Of the remaining 43 developments, 17 currently have work on site and 26 are at varying stages of pre-tender, live tender, contractualisation or agreed contract and works starting very soon. As the pre-tender and on site lines in the table below demonstrate in particular, developments are actively progressing through the programme.

Identified developments	As of	As of
	1 March 2023	31 Dec 2023
Recently made aware and under investigation	—	2
Pre-tender preparation on-going	21	8
Live tender process	2	6
Sub-total: progressing through tender	23	16
Progressing to contract	8	7
Contracted but works yet to start	—	3
Sub-total: pre-works starting	31	26
Currently on site	9	17
Sub-total: to complete	40	43
Completed developments	33	39
Total identified developments	73	82

We incurred £48m of costs on the programme in the year, with total costs so far now just under £65m. The next 24 months are projected to be the peak period of cash expenditure on this programme. Given our own proactive approach and the sustained significant publicity around cladding and building safety, we do not anticipate substantial new building additions into the programme. We believe our existing provision remains sufficient.

MHCLG's data is only for buildings in England, so we do not expect an exact match with Persimmon's UK-wide figures – but the scale of progress being reported is vastly different, which is a concern. Government action to formally establish a developer remediation scheme has been slower in both Wales and Scotland, with a final version still awaited in Scotland. Persimmon's team told us, "Frankly, we couldn't wait any longer" and they had gone ahead and started remediation works in Scotland. However, *even if* 100% of the relatively small number of buildings in Wales and Scotland had already completed remediation works (which was not the impression Persimmon gave us), the numbers still would not add up.

MHCLG's data is meant to be based on self-reporting by developers – but unfortunately Persimmon's team could not offer any explanation for the substantially different figures. We were aware of some data accuracy issues when the government first started publishing data on developer remediation progress in October 2023, but there have now been three quarterly data releases by the government, so we would have expected any accuracy issues to be ironed out by this stage. We also assume, or hope, that MHCLG's team is undertaking quality assurance on the data during their monthly meetings with developers.

We think it is really important that any communication about building safety gives an accurate impression of the scale of work undertaken so far by developers to fix homes, as well as the proportion of work still left to do – so we will continue to monitor the next data release and, as always, will raise anything we consider an anomaly with both the developer concerned and MHCLG until there is clarity on the position.

Factors affecting the pace of remediation

in Persimmon's previous annual report, published in March 2023, the company had said it [aimed to start work on all remaining sites by the end of 2023](#) (see page 16) – a date which has come and gone. In the most recent annual report, it now ["expects the work to be largely completed over the next two to three years"](#) (see page 7). We wanted to understand some of the key factors that had slowed the pace of work and if they were still on track to complete works within this time frame.

Persimmon's team confirmed that works are currently expected to be complete on all sites by the end of 2026, with the possible exception of one development which may run into 2027, "due to the scale of [work required]". They described the pace of the remediation programme as having "ramped up quickly" in the last 12 months and outlined that "most, if not all" projects are expected to start work on site by Q2 2025.

This is later than previously planned, and one reason given for delay was the additional time needed for the new ["Gateway regime" for building control approval](#) under the Building Safety Regulator (BSR). Although the BSR should approve applications for work to existing Higher Risk Buildings (HRB) [within 8 weeks, unless agreed on a case-by-case basis](#), it was Persimmon's experience that "not a single building" has gone through the process in that time frame and Gateway 2 is taking anywhere from 16-24 weeks. They currently estimate the full Gateway process from start to finish takes 9 months and advised us that they had heard similar from industry peers and consultants. Although Persimmon said they would raise the issue of BSR delays with MHCLG, they did not think it likely that anything would significantly shorten the process in the near-term.

Access licences and works agreements with Responsible Entities

The challenge of agreeing access licences with building owners or Responsible Entities was also cited as a key factor for delays to the remediation programme. Although some other developers have told us that this problem is lessening, Persimmon's team highlighted this as still being a big problem, with "numerous" ongoing negotiations, "across the board."

Persimmon pointed out that the challenges have not been limited only to the large freeholders and asset managers which other developers have previously highlighted to us; negotiations have also frequently been

time-consuming at buildings with Resident Management Companies (RMC) or Right to Manage (RTM) companies.

We were advised that at many developments, a resident-led management company is procuring the works while Persimmon is supporting both financially and technically. This also includes taking out additional building insurance or becoming a named person on the building insurance if needed, to ensure there is no gap in cover. They noted concerns had arisen in some cases that the RMC/RTM may not have the ability to authorise substantial remediation works on behalf of the freeholder. It may be too little – and far too late – but it is our understanding that MHCLG intends on issuing “plain English” guidance for RMC and RTM directors in the near future (although we should note that this was first promised as long ago as May 2023).

Model form agreements and best practice sharing

The need for a model form agreement between Participant Developers and Responsible Entities for access licences and works licences was discussed at length; a standard template could be a starting point, which can then be adapted as needed. In Persimmon’s view, in the absence of a formalised and standard template to work from, each developer in the self-remediation scheme is repeatedly going around in circles in protracted individual discussions with each Responsible Entity, “all reinventing the wheel” – with additional time and legal costs incurred in each instance. As they noted, it can help if the same firm of solicitors is engaged for multiple developments, but if a Responsible Entity’s solicitor is working on this kind of agreement for the first time, that can also add extra time and cost. It is clearly not a recipe for making homes safe at pace, which is the outcome that leaseholders and residents so desperately need and deserve.

As long ago as August 2022, we asked then-Secretary of State, Greg Clark, if a “standard template” for contracts between Participant Developers and Responsible Entities could or would be provided by DLUHC (now MHCLG). The official response was that the key clauses had been specified and [the Department didn’t “think it possible or appropriate to specify a single form of contract”](#), further adding that industry bodies “could perhaps be encouraged to collaborate in sharing templates that work well”. In our written evidence to the departmental select committee in February 2023, we again formally noted our opinion that the Department (now Ministry) should encourage the adoption of model form agreements.

Clause 15 of the developer remediation contract explicitly states that Participant Developers are expected to share [“\(A\) details of best practice; \(B\) learning or guidance notes or similar; \(C\) any issues encountered; and \(D\) any other information reasonably requested by DLUHC... through roundtables, forum, consultation or similar with DLUHC, or in such appropriate medium as DLUHC and the Participant Developers may from time to time agree”](#). Several developers, including Persimmon, have told us that they raise common issues during their regular monthly meetings with MHCLG’s Responsible Industry Division, and with the equivalent departments in Wales and Scotland – although there appears to have been no formal mechanism made available, such as “roundtables, forum, consultation or similar”. We can find no evidence, either formally or anecdotally, that suggests any learnings or best practice principles are being collated at a group level by either the government or an industry body such as the Home Builders Federation.

Persimmon’s team repeatedly expressed to us their interest in sharing the approach they have developed and helping to create standard templates and best practice guidance, with the support of organisations like MHCLG and EOCS – which we would be willing to support. Even at this late stage in the process, it could potentially still benefit numerous cases where agreements are yet to be reached. Since the meeting, we have raised this topic with MHCLG’s Responsible Industry Team, and we await a substantive response.

Disputes over building assessments or the scope of works

We highlighted a case in Salford, where Persimmon's contractors have been ready to start on site since November 2023 but there have been repeated delays due to the freeholder, Grey GR, not yet signing an agreement to allow works to start. While this ongoing impasse has rumbled on, leaseholders were issued with service charge demands at the start of this year for fire door remediation costs, with the managing agent stating that they intended to take money from the sinking fund to do the works. It is the leaseholders' understanding that a report commissioned by Persimmon has already confirmed fire door issues were original defects from the time of build and remediation of fire doors should therefore be within the developer's scope of works, at no cost to leaseholders.

Persimmon described the delays at this site as their "biggest frustration" and explained that the freeholder is now working closely with solicitors; they were hopeful of getting an agreement "over the line" this month. Although they had discussed challenges in this case with MHCLG's team, we were told they had not pursued a more formal dispute resolution process; it was their opinion that a more formal arbitration process would not be the most appropriate route for the intricacies of agreeing licences.

They were not aware of any dispute about whether fire door remediation was within the scope of works at this specific site – but stated that as a general principle, if leaseholders are being asked to fund fire door remediation works due to issues that were present at the time of construction, rather than due to a lack of maintenance, then they would usually refund any charges that had already been paid by leaseholders.

We were informed that Persimmon had not really experienced any "disputes" over the quality of building assessments or their outcomes and recommendations for work – although they noted that in many instances they had "inherited" assessments from freeholders and RMCs/RTMs which were too limited in their investigations and had effectively needed to be redone; they cited one such example in Newcastle.

Persimmon advised us that they are often undertaking their own Fire Risk Assessments (FRA) to identify compartmentation works and other life-critical internal building safety defects. They had found assessments by Responsible Entities were sometimes too superficial and reliant on a visual survey, whereas they said that they will frequently commission an intrusive [Type 4 FRA](#). Interestingly, they commented that in their experience, "the majority of issues on buildings are internal, not external."

MHCLG continues to fund, and monitor, only external cladding defects – despite their acknowledgment in the developer contract terms that internal fire safety defects can also be "life-critical" – and we fear their lack of focus will lessen the importance and urgency that many developers give to internal remediation. We are pleased, therefore, to see Persimmon treating internal defects as being of equal importance. After all, [buildings cannot be made half-safe](#).

"Any home regardless of height"

While it is not within the scope of the developer remediation contract or the Building Safety Act, it is worth highlighting the obvious connection to a separate workstream in the business which has focused on the remediation of cavity barrier defects in timber-frame houses.

An independent review in 2019 led by Stephanie Barwise KC had identified that Persimmon had [a "systemic nationwide problem" with fire prevention measures, with cavity barriers found to be missing and/or incorrectly installed](#) in a significant proportion of timber frame homes across the country. The review had concluded that "Persimmon cannot afford the stigma of a corporate culture which results in poor workmanship and a potentially unsafe product." We were advised that the company had remediated in the region of 14,000 houses since 2019, but there were still "a handful" of cases left to be fixed, including homes where the developer is still trying to get access to carry out works.

Persimmon's directors agreed that this episode in the company's recent history had helped to drive a more "proactive" focus on fixing the full range of life-critical fire safety defects in multi-occupancy buildings. They pointed out that it had helped to highlight to the company that "building safety issues extend beyond the scope of the pledge. At Persimmon, we look at any home regardless of height."

Considering this comment, we raised a case in Southwest London, where remediation of Expanded Polystyrene (EPS) render and timber panels had recently started on flats in the development. In addition, vertical fire breaks are missing, leaseholders were awaiting the results of an internal compartmentation survey, and some structural steel protection issues had been discovered. A small number of three-storey townhouses on the development had been left out of the developer's scope of works and as a result, the homeowners face substantial remediation costs of between £80-100k per property, due to the same defects found in the flats. The resident management company had recently received technical evidence and counsel's opinion that the flats and townhouses are not structurally separate; rapid fire spread between the properties is therefore a risk. They expected to share their new evidence with Persimmon shortly.

Persimmon were unsure of the details of the case and whether the homes might be out of scope of the developer contract but acknowledged that the missing fire barriers might in any case put this within scope of the company's wider work on building safety in houses.

Aside from Persimmon's own recent experience of the risk of rapid fire spread in houses where cavity barriers are missing, we also highlighted a recent case in Barnet, where more than 500 terraced houses are deemed to need remediation works following [an incident in which fire spread rapidly to demolish an entire row of terraced houses last summer](#). Persimmon's team confirmed that they have not ruled out the remediation of properties under 11 metres or, in this case, properties that are not multioccupancy, and committed to taking the question away and looking at it in more detail.

Issues with "inherited" projects – and the need for good communication

We highlighted the case of a development in Birmingham which originally started cladding remediation works in Summer 2021 under the government's Building Safety Fund (BSF) but had transferred to Persimmon when the project was almost complete – at a much later stage than is normally allowed – due to the contractor becoming insolvent in early 2023.

The situation with the original contractor was, of course, outside Persimmon's control. However, when Persimmon's contractors started on site towards the end of 2023, whole sections of the "new" cladding started to be removed and thrown into skips – which was obviously a significant cause of concern for leaseholders and residents. When they approached contractors on site, they were informally told that "all of this cladding needs to come off" and "we are going to do it properly this time." However, formal responses from the managing agent (MA) and RMC claimed only that "spot checks" were being carried out, which was manifestly not the case.

Leaseholders had to approach the government's building safety team in order to discover that the remediation works had failed to meet the PAS 9980 standard; they also learned from MHCLG that Persimmon had subsequently undertaken its own [Fire Risk Appraisal of External Walls \(FRAEW\)](#) and developed a new project plan, which differed from the initial works under the BSF. As the Ministry's correspondence team wrote, "It is expected that leaseholders should be kept informed via the freeholder or managing agent... but if this is not occurring the developer must provide a direct means of contact."

Persimmon explained to us that they had uncovered a significant amount of "shoddy work" at this site – for example, "pull tests" were failing, which meant the cladding was not sufficiently secured. We were told that no organisation would give a warranty based on the poor quality of work and their only option was to undertake a significant amount of rework. Ultimately, it is imperative that the quality of remediation work

ensures a safe building for residents to live in – and those residents that have spoken to us appreciate and have more confidence in the quality of work being undertaken by Persimmon’s contractors.

However, there are two separate and equally important issues raised by this case. The first is how it was possible for such poor-quality remediation works to be authorised and approved – unnoticed until Persimmon came on site – and whether there is a risk of similar cases existing elsewhere in the country. A related question is who will pay for the failure? When we directly asked Persimmon’s team if they would be reimbursing the BSF in the usual way, their position was that “we can’t be expected to reimburse [MHCLG] and pay for remediation again.” We understand that discussions are ongoing. From our perspective, we fully expect leaseholders to be protected from any costs caused by this system failure, and we hope to hear assurances from MHCLG to this effect.

The second issue is inadequate communication, which exacerbated leaseholder concerns. Although communications should usually be delivered via the Responsible Entity’s managing agent in the first instance, developers are ultimately responsible under the terms of the remediation contract for ensuring that effective processes have been established to keep residents informed about remediation progress.

Persimmon’s team advised us that while they try not to involve themselves in any friction that may exist between the various parties at any site, they “always ask to see the communications and newsletters,” to be sure they are being issued to leaseholders and residents on a regular basis. Leaseholders point out, however, that the key issue here is that communications should be accurate and transparent about issues such as unsafe cladding installation and the necessity of extensive replacement works. Persimmon’s team also suggested that they would have been willing to meet to discuss the concerns raised by the leaseholders that had contacted them directly but were unable to do so only because they wanted to remain anonymous.

While leaseholders at this site are appreciative of Persimmon taking over and funding replacement cladding works, clear communications remain vital, even in these unusual circumstances. What was originally expected to be a 12-month project now looks like it will be 3.5 years and prolonged works and a lack of confidence around the circumstances comes with a cost for anyone trying to sell their property. Although all the major mortgage lenders have pledged to “consider” applications on affected properties before remediation is complete, as long as they are covered by a funding commitment such as the developer remediation contract, unfortunately we know [this is still extremely inconsistent](#). We are aware of one leaseholder at this development who has lost at least three buyers so far, incurring thousands of pounds of costs on surveys, managements packs and legal fees to date – which they might not have done if communication of the issues had been clearer.

Reimbursing additional costs incurred by leaseholders

From our analysis of the annual reports of the 55 Participant Developers that have signed the developer remediation contract so far, we believe Persimmon has set aside more funding per building than any other developer. Their team suggested a key reason is that they have been more realistic about the extent to which internal works are likely to be required in “a majority” of buildings.

An additional reason is that Persimmon has committed to reimbursing any historic costs that leaseholders have paid for relevant works, waking watch, fire alarms, surveys, and legal costs, as well as increased buildings insurance costs. They described their intention as ensuring “a net zero cost to leaseholders.” This goes beyond the scope of the government’s developer contract but is, of course, exactly what leaseholders deserve.

We would like to see all of Persimmon’s peers in the industry explain why they are unable to follow this best practice.

Leaseholders at several developments have commented positively about Persimmon's approach in this regard. At a development in Ipswich, for example, where waking watch and alarm costs were covered by Persimmon, leaseholders confirmed that "apart from the stress and not being able to sell or change mortgages, leaseholders have not incurred any increased costs."

However, we noted the case of an East London development, where a range of significant building safety defects have directly led to an uplift in costs for leaseholders and residents. Persimmon claimed it has contributed around half a million pounds and "supported everything that we have been asked to support," including historical surveys and alarm costs. While leaseholders agree there has been a contribution to insurance costs and alarm and Automatic Opening Vent (AOV) maintenance costs, this has not been sufficient to ensure that no leaseholder is left "out of pocket." Additionally, due to the plan to undertake significant works without decanting residents, increased costs are anticipated for cleaning, storage of personal items, heating, and a loss of rental income for non-resident leaseholders.

As a general principle, Persimmon agreed that it is "absolutely right" that leaseholders should not be out of pocket; we agreed to forward the detailed information from the leaseholders at this site for further consideration.

Thank you to Persimmon for meeting with us and discussing some of the concerns and issues raised by leaseholders and residents across the country. We agreed to meet again later in the year when we will continue to seek support for affected leaseholders and residents.

Call to action!

Are you a leaseholder or resident in a Persimmon building, having issues in relation to assessment or remediation – and unable to get a satisfactory response via your managing agent? Please contact the developer directly via the form on their website at www.persimmonhomes.com/cladding-enquiries.

If you need to escalate your concerns to MHCLG, 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 if you would like us to be aware of the issues being raised and to follow up if needed.