



The cladding scandal:

A crisis for younger people

By Colin Wiles
for the Intergenerational Foundation

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The Intergenerational Foundation (www.if.org.uk) is an independent, non-party-political charity that exists to protect the rights of younger and future generations in British policy-making. While increasing longevity is to be welcomed, our changing national demographic and expectations of entitlement are placing increasingly heavy burdens on younger and future generations. From housing, health and education, to employment, taxation, pensions, voting, spending and environmental degradation, younger generations are under increasing pressure to maintain the intergenerational compact while losing out disproportionately to older, wealthier cohorts. IF questions this status quo, calling instead for sustainable long-term policies that are fair to all – the old, the young, and those to come.

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Foreword

One of the core aims of the Intergenerational Foundation is to address the housing crisis facing younger and future generations. Over the past decade we have investigated how different generations “consume” or “occupy” housing and why change is needed.

We have:

- Quantified the unfair subsidies given to landlords and our research led to policy changes, raising the stamp duty levy and reducing the tax advantages for buy-to-let investors.
- Analysed why the housing crisis has led to older and younger members of society living further apart from each other and why that fuels intergenerational misunderstandings.
- Called for a halt to the prolific growth of micro-homes by builders and developers exploiting younger people’s anxieties over being unable to own a home of their own and there has been some tightening up of the regulations.
- Explained why the COVID-19 pandemic has exacerbated the housing crisis as older generations bought up more space and drove up prices for the young.

This report provides yet more evidence that the wider housing crisis has pushed many younger people into buying substandard and dangerous homes and are therefore more likely to be victims of the cladding crisis. It explains how the government, developers, mortgage lenders, banks and builders are letting down a generation of younger people.

It seems patently unfair that younger generations, who brought properties in good faith, based on mortgage valuations and homebuyer surveys, should have to face huge bills to put right their buildings through no fault of their own. While we welcome the recent government announcement that it expects the building industry to cover £4 billion of the remediation costs of medium-sized properties, there are still 300,000 high-rise homes left out of the government plans. And in most cases it is young people who are trapped in blighted housing and have had their lives put on hold.

Legal protection exists to protect consumers from faulty cars, TVs, fridges etc. Those laws should also cover the biggest purchases younger generations are likely to make – home purchases.

Angus Hanton, IF Co-founder

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Executive summary

- The cladding crisis that emerged after the Grenfell Tower fire of June 2017 has affected at least two million people across the UK.
- The cladding crisis is an intergenerational housing crisis, because younger people, specifically those born after 1980, have borne the brunt of its financial and mental costs – they have been more likely to have bought flats affected by cladding and other fire-safety issues than older generations. Younger people are also more likely to rent flats affected by the cladding crisis.
- Government funded schemes such as Help to Buy and shared ownership have drawn younger people into the newbuild housing market, and encouraged them to buy a disproportionate number of dangerous homes.
- The Grenfell Tower fire of June 2017 killed 72 people. It was the worst residential fire since the Second World War. The first part of the public inquiry into the fire, chaired by Sir Martin Moore-Bick, concluded that the aluminium composite cladding that had been affixed to the tower in 2015/16 was the primary cause of the rapid spread of the fire.
- Investigations after the fire suggest that around 294,000 high-rise (above 18 metres tall) and 546,000 medium-rise leasehold homes in England – a total of 840,000 homes – are potentially fitted with dangerous cladding, housing a total of around 1.6 million people.
- But many thousands more homes are affected by the cladding crisis because of the requirement that all purpose-built flats – both high-rise blocks above 18 metres and low and medium-rise properties – should be tested for dangerous materials and fire-safety defects to satisfy insurers and mortgage lenders that the properties are safe. Until these tests are carried out by a qualified surveyor using the infamous ESW1 (External Wall System 1) form, residents are unable to sell or remortgage their homes. This means that hundreds of thousands of homeowners are effectively trapped in their properties.
- If we extrapolate from surveys carried out by the UK Cladding Action Group (UKAG) and the trade magazine Inside Housing, a broad estimate suggests that up to a third of all those affected in their homes by cladding and other fire-safety problems are in the 18–35 age group, and a further third in the 35–50 age group. Younger people are disproportionately affected by the cladding and fire-safety crisis.

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- Many leaseholders are being required to expend huge sums on interim fire safety measures, such as waking watches, and longer-term remediation work. This is causing severe financial hardship and mental anxiety for thousands of younger people.
 - It is fundamentally unfair that owners who bought properties in good faith, based on a mortgage valuation and a homebuyer's survey, should face huge bills to put right their property. Consumer protection laws give purchasers rights of redress and replacement when a car or TV goes wrong, and yet the same principles do not apply to home purchase.
 - It has also become clear that the Building Regulations, which governed the fixing of cladding of "limited combustibility" to blocks of flats, are not fit for purpose and that the fire testing methodologies used to test these products have been open to abuse, allowing dangerous products to be passed as "safe". There is evidence that the government was aware of the danger of these materials long before the Grenfell fire. The government is responsible for issuing and enforcing the Building Regulations and for the testing regime of cladding products. Both have been found inadequate, leaving thousands of people in potential danger and at risk of financial ruin.
 - To resolve the cladding crisis, and to lift the financial and mental health burden that affects thousands of owners and tenants, the government needs to put in place an immediate action plan to end the crisis.
 - The government's response to the crisis has been inadequate at every level. The House of Commons Communities and Local Government Select Committee calculated that £15 billion would be required to fix the cladding crisis. Other estimates suggest that £50 billion will be required. The government has put up only a fraction of the funding required – £5 billion to date – leaving a huge financial burden on individual owners.
 - The government should fund all remediation work up front and work out at a later date who is responsible for defects. That is the moral thing to do.
 - On the 10th January 2022 the government announced that it intended to seek a financial contribution from developers to pay for cladding remediation on blocks between 11 and 18 metres in height. The total cost of remediation of these blocks is in the order of £4 billion and although this initiative from Michale Gove is welcomed it is not clear whether developers will put up the money required and whether the government will have the ability to force developers to pay up.

Our ten-point plan (see Section 14 below) sets out how the government can fix this problem.

1. Introduction

The cladding crisis that unfolded after the catastrophic Grenfell Tower fire of June 2017 has affected at least two million homeowners and tenants, causing anxiety, financial insecurity, bankruptcy, and, in some cases, suicide.

It is clear that the cladding crisis has disproportionately affected younger people who, as a result of the country's failed housing policies, have been persuaded or pushed into buying or renting the newbuild properties that are most affected by cladding defects.

In the case of owners, they bought homes in good faith, many with mortgages advanced by lenders who saw the properties as good security for their loans. Yet in many cases leaseholders are now being asked to pay thousands of pounds for remediation work to replace dangerous cladding and install or fix other fire-safety measures. Many face other bills, such as the huge costs of providing fire "waking watches". This is causing huge degrees of anxiety and mental distress. Those renting these properties are faced with insecurity and anxiety.

But, as we describe below, the crisis is affecting many more owners and tenants than the widely-accepted figure of 1.6 million people, because many people living in perfectly safe flats are being left in limbo due to the reluctance of lenders to offer mortgages on any flat until it has been certified as safe by a qualified surveyor.

For many people who have bought flats, this whole process seems inherently unfair. When you buy a new car or fridge and they are defective, the manufacturer will repair or replace it. Why does this not apply to new homes?

This report examines the background to the cladding crisis and how it came to pass that hundreds of thousands of new and refurbished blocks were fitted with combustible materials and other dangerous fire-safety features. It goes on to explore the intergenerational aspects of the crisis and finishes with some policy proposals that would help to ease the burden on those impacted by cladding and other fire-safety problems.

2. A brief history of UK building regulation

After the Great Fire of London in 1666, Acts of Parliament were rushed through to ensure that future buildings would be constructed in brick and stone and that buildings would be spaced apart to prevent the spread of fire. Subsequent legislation governed the design of windows and the use of brick parapets to prevent the upward spread of fire. For the next three hundred years, as Parliament legislated to improve the safety of buildings two fundamental principles endured: firstly, that the exterior of buildings should be made of non-combustible materials (brick and stone), and secondly, that individual dwellings should be compartmentalised in order to slow the spread of fire through walls, doors, roofs, ceilings and floors. This second principle informed the “stay put” policy, particularly in high-rise blocks that were built from the 1950s onwards. This policy was based on the premise that it would be safer for people to stay in their flat and await rescue by the fire brigade, rather than attempt a mass evacuation.

In the mid-1980s, there was a fundamental reform of the Building Regulations, and permission was given for materials of “limited combustibility” to be affixed to the outside of buildings. At Grenfell Tower, this had fatal consequences.

Appendix A covers the history of this topic in much greater detail.

3. The aftermath of the Grenfell fire: how many buildings and people are affected?

Immediately after the Grenfell Tower fire, there was a widespread belief that this was not a “one off”, but that dangerous cladding had been fixed on many new and refurbished buildings. In a blog¹ shortly after the fire I wrote:

“I am certain that cladding and fire safety concerns will be uncovered in all sectors and all property types. Above all this will become an urgent issue for legislators and the government. They will both need to take a hard look at their primary role – to keep us safe. This they have not done.”

This has proved to be the case, with dangerous cladding being identified on thousands of blocks across all sectors and in all the countries of the UK. The latest example of this is the finding that 22 high-rise blocks housing 2,440 military personnel at the Faslane nuclear submarine base on the Clyde are clad in dangerous materials.

In the months after Grenfell there was a rush to find out how many buildings across the UK were affected by defective cladding and other fire-safety defects, such as non-closing fire doors and a lack of cavity fire barriers.

Early analysis suggested that around 560,000 homes were affected. The Labour Party analysed figures from the New Build Database and the Office for National Statistics (ONS) and found that 4.6 million flats involving 11 million people were affected.

However, both of these figures have been questioned as being under- and over-estimates respectively. In fact, there are around 24.7 million dwellings in England and it is estimated that only about one-fifth of these are flats of any kind, amounting to about 4.9 million dwellings in total, and only a relatively small proportion of flats is affected by cladding and other fire-safety problems.

The trade magazine Inside Housing analysed the figures based on data from the Ministry of Housing, Communities and Local Government (MHCLG) and found that the true figure of people affected by the crisis in England is around 1.6 million, with 294,000 high-rise and 546,000 medium-rise leasehold flats being potentially affected, making about 840,000 homes altogether. Each flat has an average occupancy of 1.9 people amounting to around 1.6 million in total.

¹ Wiles, C. (2017) Colin Wiles: Commentary on current housing and planning issues: <https://colinwiles.com/2017/06/29/reflections-on-the-grenfell-tower-catastrophe>



This means that the population affected by the cladding crisis is larger than the population of Birmingham, England's second city.

But this does not give a true picture of the crisis, because even residents whose flats are "safe" may still be affected, as mortgage lenders will not lend on a flat until they are satisfied that the building is safe. This requires completion of an EWS1 (External Wall System 1) form by a fire expert, and this process has been beset with difficulties. This is discussed in greater depth in Appendix A.

Of course, not all of the 840,000 flats affected by the cladding crisis are owner-occupied. Government data suggest that around 40% of leasehold flats are owner-occupied, leaving 60% rented. That means roughly 336,000 are owner-occupied and 504,000 are rented – but this creates a double whammy of pain: the absentee owners are impacted financially by the crisis, while their tenants will also be suffering from anxiety and uncertainty about the safety of their home. Again, assuming 1.9 people live in each flat that means 638,000 owners and 957,000 renters are affected in England, and of these, a significant proportion are younger people, as we discuss below.

4. The intergenerational aspects of the cladding crisis

So far, we have outlined the background to the cladding crisis and described how a situation has been reached where at least 1.6 million tenants and leaseholder-owners are facing financial and mental distress.

But we believe that the cladding crisis is also an intergenerational crisis. It impacts most upon the young and it reflects the structural defects in our housing and property system, defects that have acted to limit and damage the home-buying and renting aspirations of young people.

The Intergenerational Foundation exists to highlight the systemic unfairness that has blighted opportunities for younger generations. Our reports have highlighted issues such as: changes in wealth distribution by age; the retreat of the welfare state from the young, but not from the old; and the unfairness of a higher education system that overcharges the young, but undercharges the old.

Nowhere is this intergenerational unfairness more evident than in our housing system, where older generations have benefited from relatively low house prices in past decades and have been able to accumulate vast housing wealth at the expense of the young, who now face an ongoing struggle to enter the housing market or to rent decent, affordable accommodation.

Our previous reports have highlighted many aspects of intergenerational unfairness in the housing market. The following statistics highlight the extent of the problem:

- In 1971 the average house price was £5,632 and the average wage was £2,000 – a ratio of 2.8 to 1. By 2021 the average house price was £220,000 and the average wage £31,500 – a ratio of 7 to 1.
- The average age of a first-time buyer increased from 28 to 34 between 2007 and 2020.
- The number of households in the private rented sector in the UK increased from 2.8 million in 2007 to 4.5 million in 2017, an increase of 1.7 million, dominated by younger people unable to buy.
- In 1998 35% of those aged 25–34 were renting. By 2020 this had increased to 55%.

- Private rented properties contain more hazards. In 2018 around 1.7 million (11%) owner-occupied homes had a Category 1 HHSRS² hazard, compared to 14% of private rented homes.
- In 2017/18, homeowners were, on average, 57 years of age – older than both social renters at 53 years of age and private renters at 40 years of age.
- Overcrowding increased in the private rented sector, from 6% in 2017/18 to 7% in 2019/20, also the highest it has been since 1995/96. Younger people are disproportionately affected by this.
- In 2019/20 7% of private renters lived in overcrowded accommodation. Only 1% of owner-occupied homes were overcrowded.
- Younger households are less likely to be owner-occupiers and more likely to rent privately.
- The age gap in homeownership rates has grown over the last twenty years: 16–34-year-olds have become less likely to own their home, and over-65s more likely.

The difficulties faced by younger people are the result of wider housing structural defects in the housing market that have limited the available choices open to younger people. Our 2020 report “Rabbit Hutch Homes: The growth of micro-homes”³ outlined some of the macro-structural problems that are making it harder for younger people to find affordable, decent homes. These included:

- London and several other major cities are surrounded by inviolate Green Belts that increase commuting and push up house prices and rents. In London, as an example, the urban footprint was set in 1965 when the 33 boroughs were created. By 1989 London’s population had fallen to 6.4 million and yet within the next decade it is likely to reach 10 million – an additional 3.6 million people living within the same administrative area, crammed into ever-higher densities, often in high-rise flats, and fighting for living space.

In 2021 New London Architecture⁴ found that 587 “tall” buildings were in the pipeline in London. Of these, two-thirds (65%) were between 20 and 29 storeys, 24% were between 30 and 39 storeys and 11% were higher than 40 storeys.

² The housing health and safety rating system (HHSRS) is a risk-based evaluation tool to help local authorities identify and protect against potential risks and hazards to health and safety from any deficiencies identified in dwellings.

³ Wiles, C. (2020) Rabbit Hutch Homes: The growth of micro-homes; Intergenerational Foundation <https://www.if.org.uk/research-posts/rabbit-hutch-homes-the-growth-of-micro-homes>.

⁴ Department for Levelling Up, Housing and Communities and Ministry of Housing, Communities & Local Government (2020) <https://www.gov.uk/government/consultations/planning-for-the-future>

The average height was 29 storeys. Londoners are increasingly being pushed into living at height.

- London's Green Belt of 513,860 hectares is over three times larger than the Greater London metropolitan area of 156,900 hectares. However, 19 of London's 33 boroughs also contain Green Belt land – in total 22% of the Greater London area is Green Belt. Of this, 60% is within 2 kilometres of a rail or tube station and could provide hundreds of thousands of new homes if the rigid policy against Green Belt development was relaxed. The Centre for Cities estimated that if 47,000 hectares of Green Belt and farm land within a ten-minute walk of 1,035 train stations close to major cities was developed for housing it would deliver up to 2.1 million new homes.
- Planning policies have also created an unstable land market, with huge disparities between the price of agricultural compared to residential land. The rising price of land is undoubtedly a factor in the rush towards micro-homes and smaller and shoddier properties.
- Structural defects within the housebuilding industry, where the market is increasingly dominated by a smaller number of huge firms, have caused a lack of competitiveness and the churning out of a substandard identikit product that fails to reflect local vernaculars and tastes. The House of Lords Select Committee on Economic Affairs has described the UK housebuilding industry as having “all the characteristics of an oligopoly”.⁵
- The country's sclerotic planning system is failing to build the homes the country needs. Around half of all local authorities do not have an up-to-date local plan, and therefore cannot plan strategically for the homes they need. The government's much awaited Planning White Paper⁶ set out proposals to reform the planning system but it appears that this will now be scrapped, alongside the so-called “mutant algorithm” that would have seen many more homes being built in the South East where house prices and the demand for new homes are highest. This calls into question whether the government's stated target of 300,000 homes a year is a realistic ambition.

These structural defects mean that young people increasingly have to rent privately, often in shared houses where health problems have been exacerbated by the pandemic. (The evidence also shows that younger people living in private rented homes have had less access to open space and have suffered more from anxiety and other health problems since March 2020 when lockdowns started.)

⁵ Select Committee on Economic Affairs (2016) Building more homes 1st Report of Session 2016-17; House of Lords Paper 20 <http://publications.parliament.uk/pa/ld201617/ldselect/ldeconaf/20/2002.htm>

⁶ Department for Levelling Up, Housing and Communities and Ministry of Housing, Communities & Local Government (2020) Planning for the future <https://www.gov.uk/government/consultations/planning-for-the-future>

But where younger people are able to step onto the housing ladder they are often pushed into buying new homes at the cheaper end of the market, and particularly flats, often with the encouragement and financial support of the government through such schemes as Help to Buy and shared ownership.

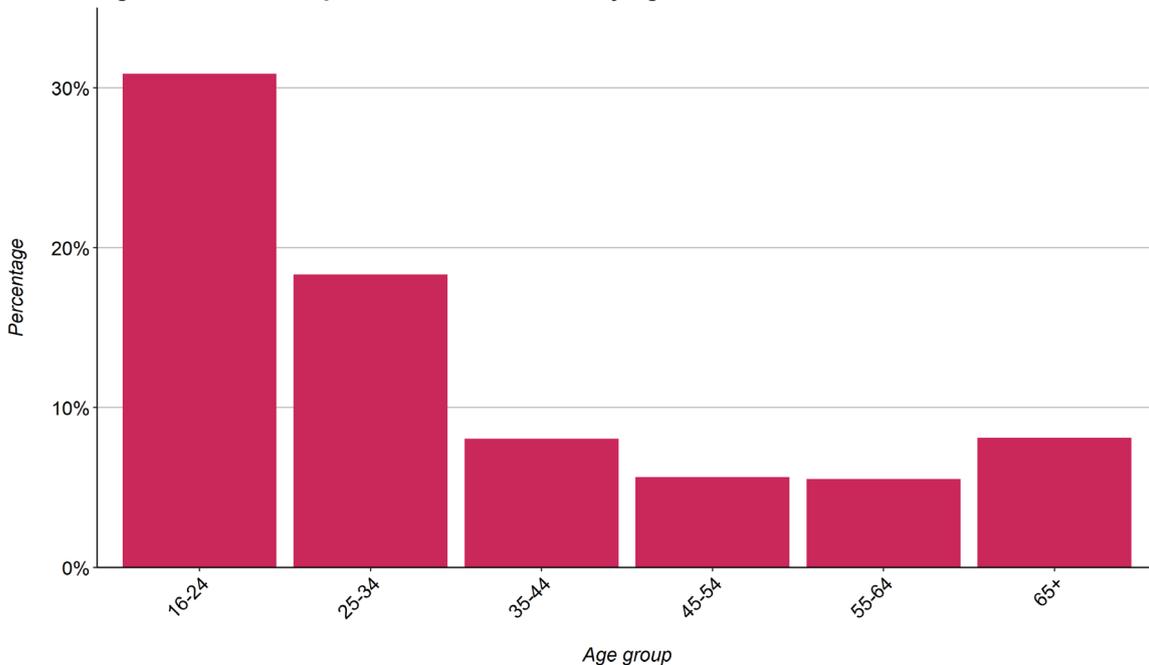
We accept that there is a lack of hard data on the intergenerational impacts of the cladding crisis, and one of our key recommendations is that the government needs to do much more both to collect data and to release the information that has been collated to date. However, based on the available evidence, it is our view that younger people have suffered disproportionately from the impacts of the cladding crisis. The available evidence is cumulative and is set out below.

4.1 Younger owners are more likely to live in flats

The English Housing Survey⁷ shows that younger homeowners are more likely to live in flats than older owners.

Figure 1

Percentage of owner occupiers that live in a flat, by age, 2017/18



Source: English Housing Survey
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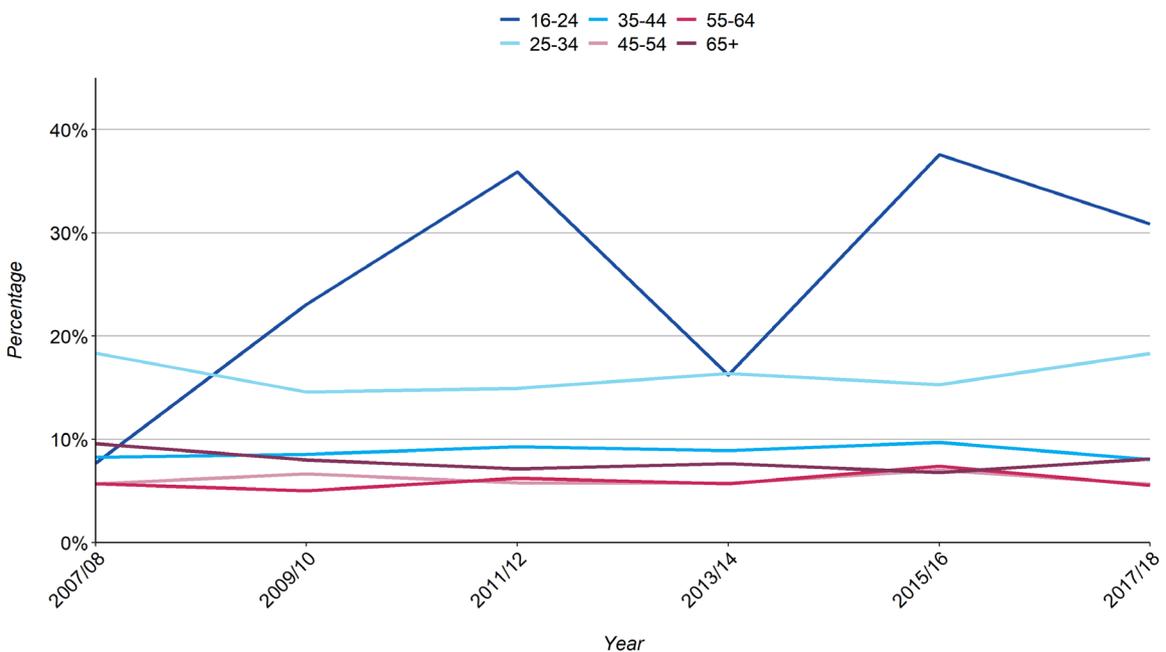


⁷ The sample size of people in the English Housing Survey who live in a high-rise building is relatively small, therefore these results should be treated as indicative, and this should be considered when making inferences about national trends. However, because of the lack of existing data on demographic trends related to high-rise buildings, we have chosen to use these data as they are one of the largest datasets on this subject that is currently available.

The English Housing Survey also shows that the 16–24 age cohort and the 25–34 cohort of owners were much more likely to live in flats than older cohorts between 2007 and 2018, as shown in Figure 2.

Figure 2

Percentage of owner occupiers who live in flats by age group



Source: English Housing Survey
© Intergenerational Foundation 2021 www.if.org.uk

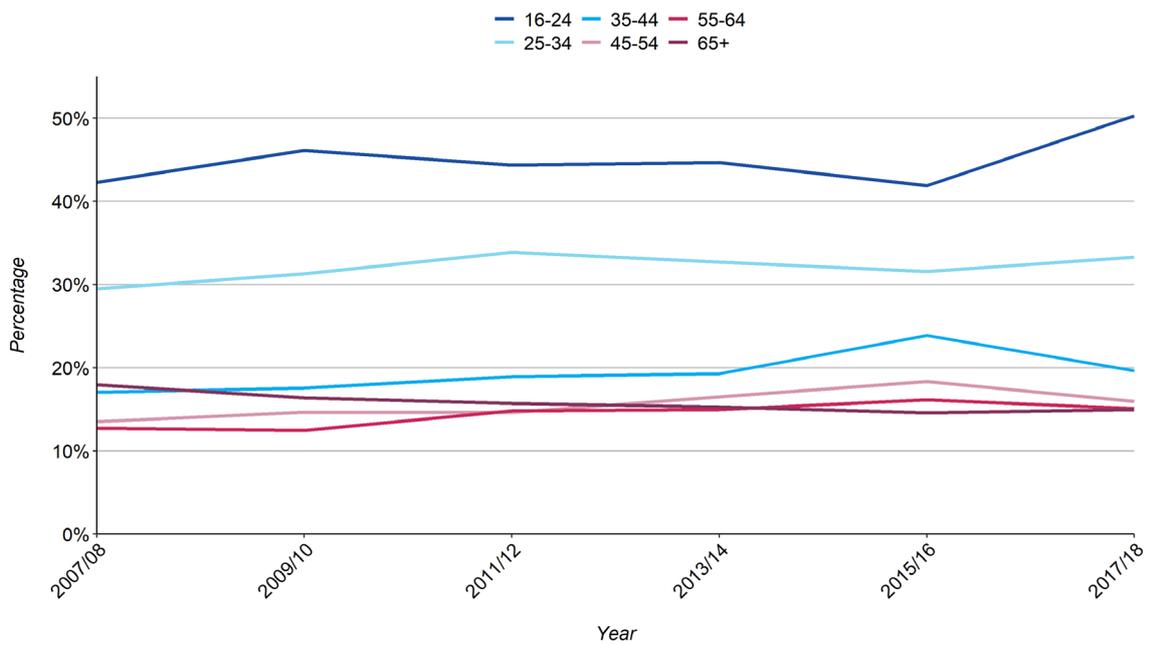


4.2 Younger people overall (owners and renters) are more likely to live in flats

But in terms of the overall population, for both owners and renters the proportion of 16–24-year-olds living in flats has increased over the past decade, rising to 50% for this age group. For 25–34-year-olds it has hovered between 30% and 35%, well above the proportions for older age groups, where between 10% and 20% currently live in flats, as Figure 3 demonstrates.

Figure 3

Percentage of the population who live in flats by age group



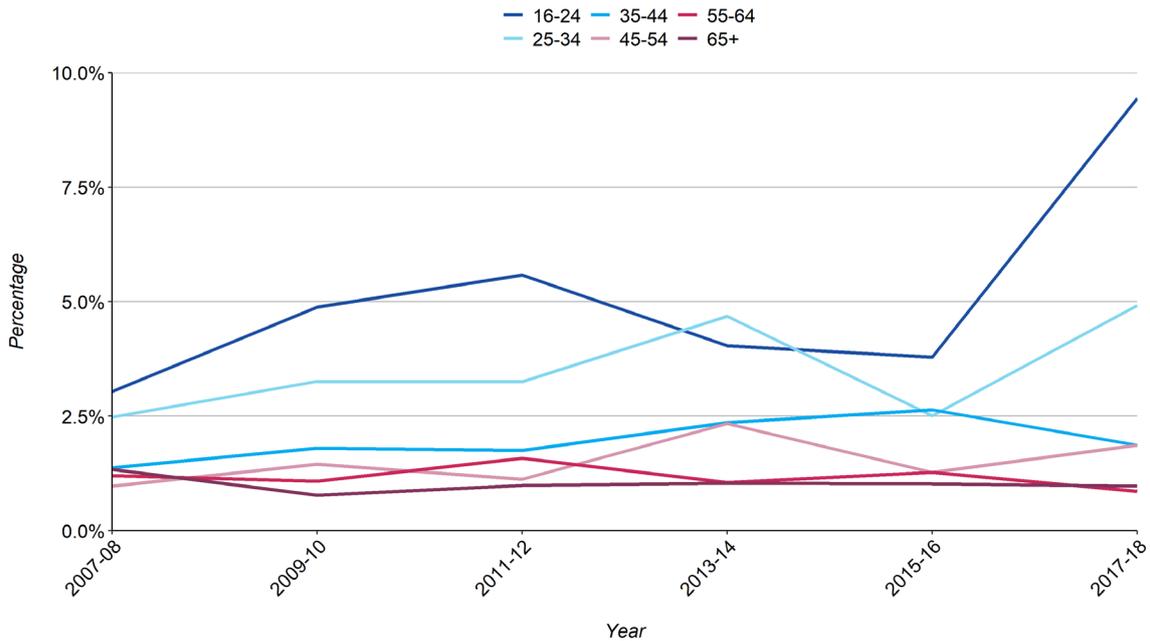
Source: English Housing Survey
© Intergenerational Foundation 2021 www.if.org.uk



Younger age groups are also much more likely to live in high-rise flats, as Figure 4 shows. For both the 16–24 cohort and the 25–34 cohort this proportion has been rising sharply since 2015, whereas it has been largely static or declining for older age groups.

Figure 4

Percentage of the population who live in high rise flats (6 storeys or higher) by age group



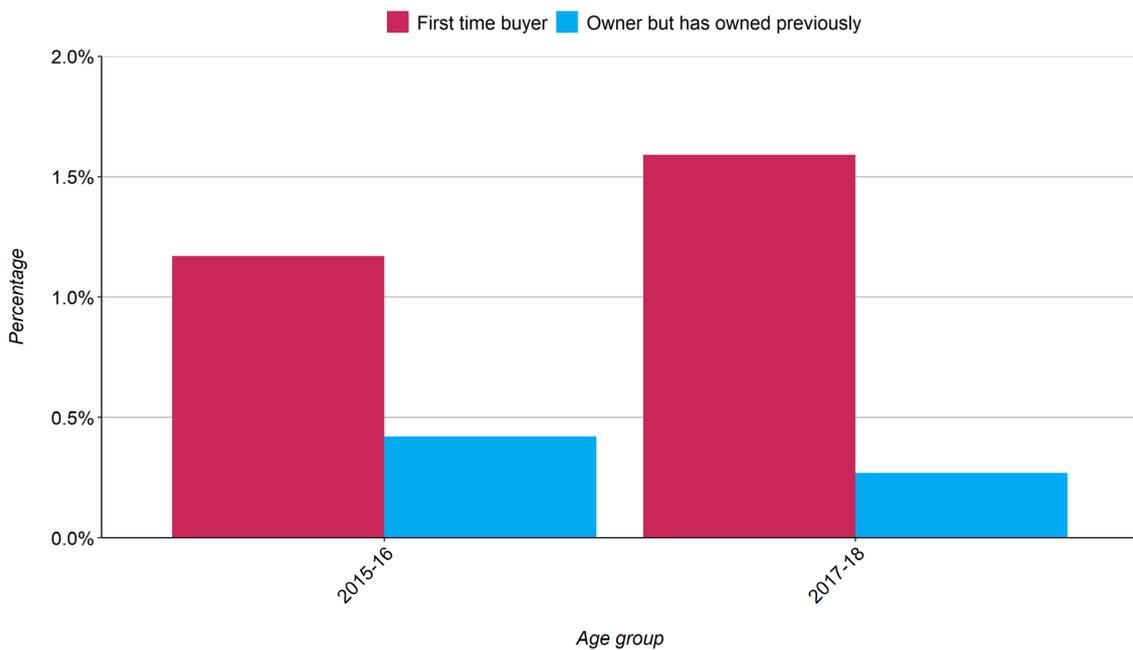
Source: English Housing Survey
© Intergenerational Foundation 2021 www.if.org.uk



So to begin with, younger people are more likely to live in flats, and particularly high-rise flats, than older people, whether as owners or renters. The following graphs, Figures 5 and 6, also show that first-time buyers are much more likely to live in high-rise flat blocks than owners who have owned elsewhere previously, and that this trend has increased over the past six years. Over three-quarters of owners in high-rise blocks are first-time buyers, and given that this group is far more likely to comprise younger people (the average age of a first-time buyer is 31) it is axiomatic that they will have been disproportionately affected by the cladding crisis.

Figure 5

Percentage of owner occupiers that live in a high rise building

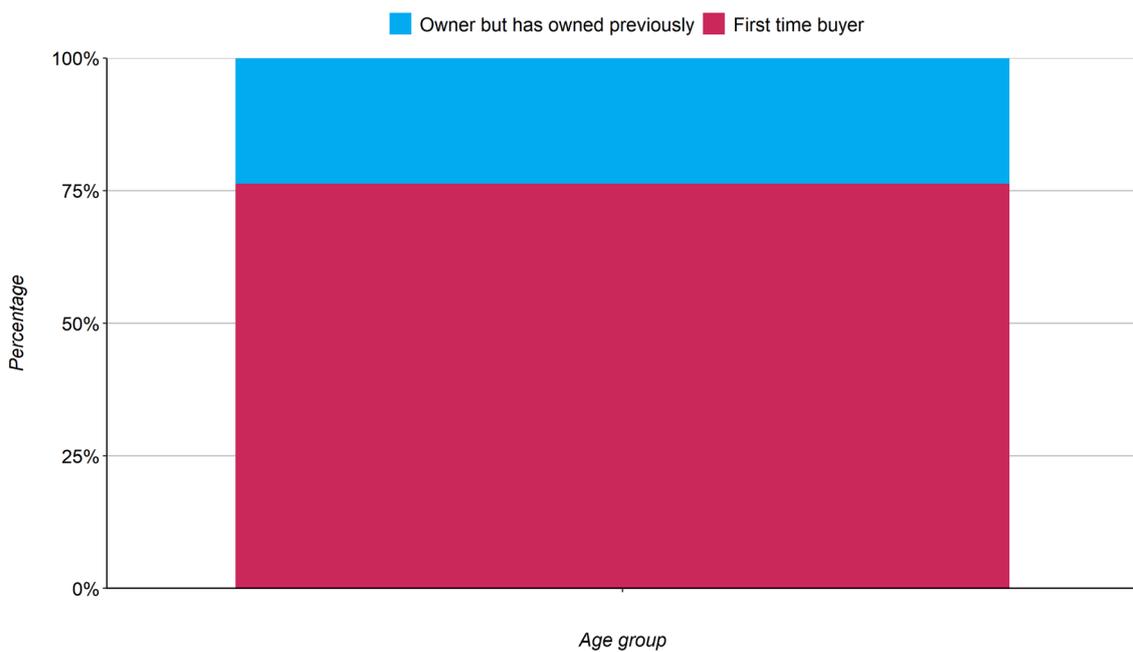


Source: English Housing Survey
© Intergenerational Foundation 2021 www.if.org.uk



Figure 6

Type of ownership of owner-occupiers living in high rise flats



Source: English Housing Survey
© Intergenerational Foundation 2021 www.if.org.uk



4.3 Independent surveys show that younger people are disproportionately affected by the cladding crisis

The UK Cladding Action Group (UKAG) carried out a survey of their members in 2020.⁸ This involved 550 respondents in 143 buildings in 45 local authorities in the UK.

- One-third were aged between 25 and 34
- 68% were first-time buyers

Early in 2021 Inside Housing carried out a major survey⁹ of those affected by the cladding crisis: 1,342 leaseholders responded in 51 local authorities from Aberdeen to Dorset. The largest share of responses came from Manchester, London and Birmingham, the cities with the greatest proportion of affected blocks. The survey found:

- The typical leaseholder was a first-time buyer (56.4%)
- Three in ten (30.6%) were aged 18-35
- A third (33.6%) were aged 35-50
- 18% were retirees

That means 64.2%, almost two-thirds, were aged 18–50. The available evidence therefore shows that that younger people are disproportionately impacted by the cladding crisis, with at least a third being in the 18–35 age cohort.

4.4 Younger people are more worried about fire in their homes

Figures from the latest English Housing Survey¹⁰ show that those living in detached houses (i.e. more likely to be older people) felt safest and those living in purpose-built high-rise blocks felt the least safe.

Percentage in each property type who felt unsafe

Detached houses	2.3%
Converted flat	5.6%
Purpose-built, low-rise	11.1%
Purpose-built, high-rise	21.1%

⁸ UK Cladding Action Group (2020) Cladding and Internal Fire Safety Mental Health Report 2020: <https://www.leaseholdknowledge.com/wp-content/uploads/2020/06/UKCAG-MENTAL-HEALTH-REPORT-2020.pdf>

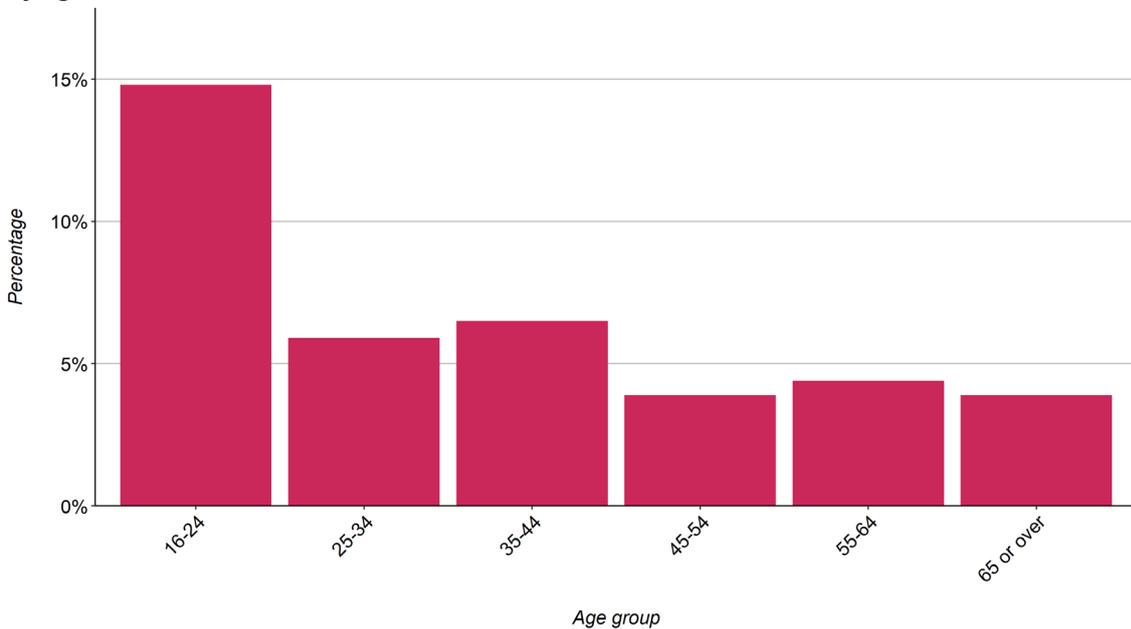
⁹ Apps, P. (2021) What does Inside Housing's survey of leaseholders impacted by the cladding crisis show?: Inside Housing: <https://www.insidehousing.co.uk/insight/insight/what-does-inside-housings-survey-of-leaseholders-impacted-by-the-cladding-crisis-show-69476>

¹⁰ Ministry of Housing, Communities & Local Government (2021) English Housing Survey, 2019 to 2020: feeling safe from fire: <https://www.gov.uk/government/statistics/english-housing-survey-2019-to-2020-feeling-safe-from-fire>

There were also stark differences between old and young. In response to the statement “I do not feel safe at home because I fear that a fire may break out”, the percentage of each age cohort who felt unsafe was as follows:

Figure 7

Agreement with statement ‘I do not feel safe at home because I fear that a fire may break out’, by age, 2019-20



Source: English Housing Survey
© Intergenerational Foundation 2021 www.if.org.uk

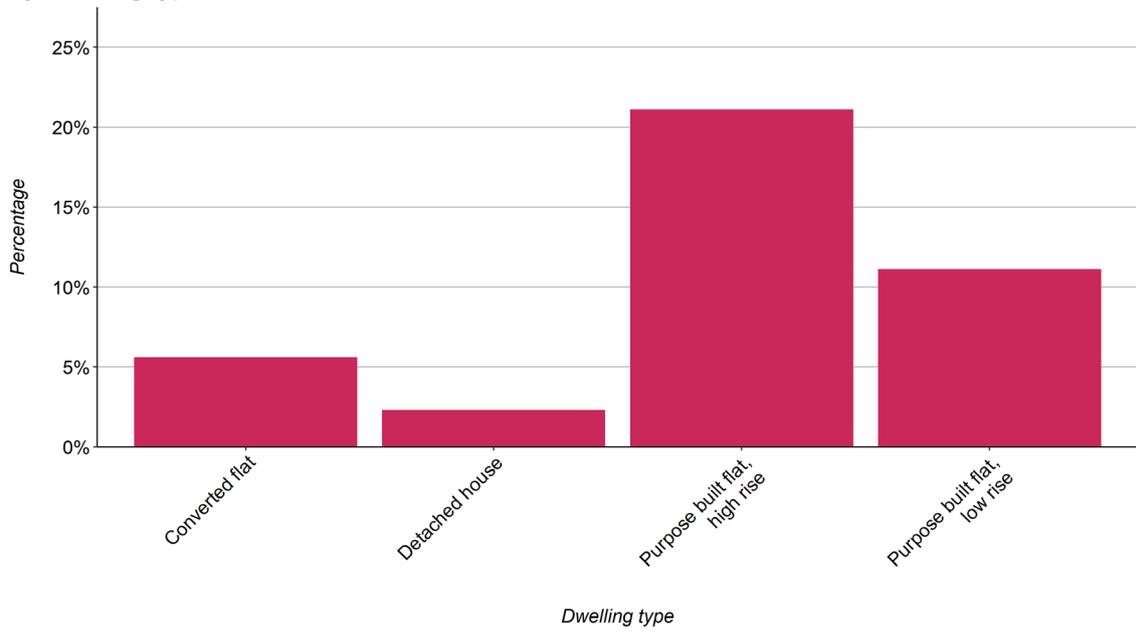


Broadly, feelings of safety in the home increase with age, and those living in flats feel the least safe.

Over the last decade, the proportion of homes with HHSRS Category 1 hazards has declined across all tenures, but these hazards are more prevalent in the private rented sector. In 2019 10% of the housing stock had a HHSRS Category 1 hazard, down from 21% in 2009. But the private rented sector (13%) has more of these hazards than the owner-occupied (10%) or social rented sectors (5%). This means that younger people, who predominate in the private rented sector, are disproportionately impacted by hazards in the home, as shown in Figure 8.

Figure 8

Agreement with statement 'I do not feel safe at home because I fear that a fire may break out', by dwelling type, 2019-20



Source: English Housing Survey
© Intergenerational Foundation 2021 www.if.org.uk



5. Young people have been pressured into buying unsafe and poorly-built homes

Over the past thirty years governments of all persuasions have placed a high premium upon encouraging homeownership. The Conservative Party, effectively in power since 2011, sees homeownership as the natural tenure of choice and has consistently funded schemes that encourage people to become homeowners as opposed to funding social housing. The 2019 Conservative manifesto said:¹¹

“Home ownership is one of the most fundamental Conservative values. People are happier, more secure and more rooted in their communities when they own their own home – and know that they can pass it on to future generations.

For the UK to unleash its potential, young people need the security of knowing that home ownership is within their reach – that they too can have a tangible stake in society, can be rooted in their communities and have a place to raise a family.”

Help to Buy is the principal programme that has sought to encourage homeownership. It began in 2013 as a temporary measure to boost the faltering newbuild housing market, but it has continued and many housebuilders now appear to be dependent upon this form of government funding.

5.1 The particular problems of Help to Buy

Thousands of young people have been persuaded into homeownership through Help to Buy. The scheme has allowed the proportion of 25–34-year-olds who own their own home in England to increase for the first time in over a decade.

But the question arises: has the scheme encouraged younger people to buy unsafe and defective homes?

The most popular tranche of Help to Buy is the equity loan scheme by which the government lends up to 20% of the cost of a new-built home (up to 40% in London). The scheme involves price caps for each region – £600,000 in London and £437,600 in the South East – so it is aimed at the lower end of the housing market, and by definition this will embrace a high number of flats.

¹¹ The Conservative and Unionist Party Manifesto 2019: https://assets-global.website-files.com/5da42e2cae7ebd3f8bde353c/5dda924905da587992a064ba_Conservative%202019%20Manifesto.pdf

Government statistics¹² show that a total of 328,506 properties were bought in England between 2014 and 2021 using this scheme. They had a total loan value of £20.111 billion and a total property value of £91.083 billion, amounting to an average property value of £277,800. Again, using an average household size of 1.9 people, that means 624,161 people have purchased using Help to Buy. That is a significant number.

Of the total of 328,506 properties, 59,641 (18.2%) were flats – so almost one in five purchases.

Two-thirds (67%) of purchasers had an annual household income of less than £60,000 and data from HMRC (Her Majesty's Revenue and Customs) show that 82% of purchasers were first-time buyers. Up to November 2020 almost two-thirds (63%) of all buyers were aged 34 and under.¹³ That means around 393,221 people aged 34 and under have moved into newbuild Help to Buy properties.

So, official statistics show that significant numbers of younger people have been encouraged to buy new homes, rather than existing homes. This is a particular problem because not only are new homes proportionately more expensive (the “newbuild premium” indicates that, like-for-like, the average price of a newbuild home is up to 30% higher than the average price of an existing home) but newbuild homes have also been afflicted by very high levels of defects and design problems. Since 2005, the National House Building Council (NHBC) has been carrying out an annual survey of satisfaction with newbuild homes. By 2018, although 86% of buyers were satisfied with the overall quality of their home, one-third (34%) of buyers said their home had more problems than they had expected and 42% said they had reported more than 10 problems to their builder. More than a quarter (26%) said they had reported more than 16 problems. In other sectors such a high level of complaints would be a serious problem for any manufacturer, but housebuilders, as stated above, operate in a market that has all the appearance of an oligopoly. They can provide a poor service because they face little or no competition.

By pumping such huge sums of money into the newbuild housing market the government has achieved two perverse policy outcomes. First, it has raised the price of newbuild homes over existing homes (a simple supply and demand equation since the supply of new homes is inelastic – i.e. it does not respond quickly to changes in demand), but it has also encouraged younger people in particular to buy a housing product that is beset with defects.

¹² Ministry of Housing, Communities & Local Government (2021) Help to Buy (equity loan scheme): data to 31 March 2021: <https://www.gov.uk/government/statistics/help-to-buy-equity-loan-scheme-data-to-31-march-2021/help-to-buy-equity-loan-scheme-data-to-31-march-2021>

¹³ Homes and Communities Agency, Homes England, Ministry of Housing, Communities & Local Government, and The Rt Hon Robert Jenrick MP (2020) Press Release: <https://www.gov.uk/government/news/new-help-to-buy-scheme-open-for-business>



Help to Buy is limited to an approved list of housebuilders and the “big beasts” dominate this list – the very outfits that have been subject to the highest number of complaints of shoddy building and multiple defects. In 2019 an independent report into one of the largest housebuilders, Persimmon, found that it did not have an agreed minimum standard for its new homes. The report listed a wide range of defects found in newbuild properties, many involving fire safety. One couple recorded 700 defects in the home they had bought in 2017. Yet in 2020, Persimmon recorded profits of over £1 billion, and paid out generous dividends to shareholders, largely as a result of government largesse from the Help to Buy programme.¹⁴

As our previous reports have highlighted, homes are becoming smaller over time, but defects are also increasing and newbuild flats have been subject to high levels of complaints and defects.

When the Commons Public Accounts Committee¹⁵ looked at Help to Buy in 2019 it concluded that, although the scheme had boosted supply to a slight extent, many of those who had bought under the scheme could have bought anyway. Over 60% of buyers said they could have bought without the aid of Help to Buy. In effect, the scheme has pushed people into buying more expensive properties than they need, and therefore to consume more space than they need.

In addition, Help to Buy homeowners are unable to sublet their homes except in exceptional circumstances, so they will be stuck in their homes if cladding problems make it unsellable. Also, they cannot switch to a Buy to Let mortgage until the equity loan is paid off.

5.2 The particular problem of shared ownership

Many young people have also been persuaded to buy their homes under shared ownership schemes, which were offered as an affordable way to step onto the housing ladder. Yet shared ownership is a confusing concept. For some people it means sharing your home with someone else. In reality the concept means that you share ownership of the property with the freeholder. Typically, a leaseholder would buy a 25% or 50% share with the ability to “staircase” – i.e. to buy larger chunks of the property, often up to 100% at which point they become the outright leasehold owner of the property. Shared owners typically pay a rent on the unsold equity of their home, so for example if they own a 50% share of the equity they would pay a rent amounting to 50% of a standard rent on the other half (the rent is usually calculated as a percentage of the unsold equity of the property).

¹⁴ BBC News (2019) “Builder Persimmon lacks minimum house standards, report finds”: <https://www.bbc.co.uk/news/business-50827576>

¹⁵ Public Accounts Committee, Houses of Parliament (2019) Help to Buy: Equity loan scheme: https://publications.parliament.uk/pa/cm201719/cmselect/cmpubacc/2046/204605.htm#_idTextAnchor002



But in strictly legal terms, shared owners do not own anything at all – they are assured tenants, yet they are liable for 100% of all maintenance and repair costs in their home, on top of any service charge and rental payments. To many people it seems inherently unfair that shared owners should also be required to pay for the costs of remediating cladding and other fire-safety defects.

Many younger people have been tempted into shared ownership through the Help to Buy scheme – see above. But shared ownership newbuild schemes have been affected badly by defects in design and workmanship and many hundreds of properties are affected by the cladding crisis. In November 2020 BBC's Panorama aired a programme that highlighted a range of problems being experienced by younger people who had bought under the government's shared ownership scheme, in most cases through the agencies of registered housing providers (housing associations).¹⁶ The programme included interviews with owners complaining of uncapped service charges, building defects and costly lease extensions, often leaving them in homes with rising costs and huge debts. Katie Kendrick, of the National Leasehold Campaign, was quoted as saying, *"This is a very current topic because young first-time buyers are being led to believe this is an 'affordable' way to purchase their dream home. However, for many it's turning into a living nightmare."*

As with Help to Buy, the standard lease for shared ownership prohibits subletting, so owners who are affected by cladding problems will remain trapped in their flat for the foreseeable future.

¹⁶ BBC TV Panorama (2020) The Home I Can't Afford: <https://www.bbc.co.uk/programmes/m000pk2b>

6. The potential costs for leaseholders

One of the most unfair aspects of the cladding crisis is that leaseholders are being asked to cough up huge amounts of money to remediate their blocks, even though they bought in good faith and usually with the benefit of a home-buyer's survey and the support of their mortgage lender.

In July 2020 the government came up with an estimate that the average cost to remediate unsafe buildings over 18 metres tall would be £9,000 for each owner. But it is likely that the average cost is much higher than this. Even where remediation is not required, there can still be huge additional costs while they wait for ESW surveys to be carried out, such as paying for interim fire-safety work or "waking watches" – literally a person employed to patrol the building 24 hours a day to check for fires.

In February 2021 Inside Housing carried out a survey of 1,342 leaseholders. It found that (with the percentages rounded up or down):

- **Only 12% were in the £0 to £10,000 bracket for remediation.**
- **29% fell into the £30,000 to £50,000 range.**
- **63% of respondents face a total bill of above £30,000 to pay for remediation.**
- **15% say they face a bill of more than £100,000.**
- **The vast majority of respondents (87%) required the removal of combustible cladding but this is far from the only issue that needs addressing.**
- **68% said their blocks required repairs to defective fire breaks.**
- **59% require the removal of combustible balconies.**
- **54% require repairs to internal compartmentation.**
- **42% require alarms or sprinklers.**
- **31% require replacement fire doors.**

The most common figure quoted for additional ongoing costs was between £100 and £250 per month, but 13% of those paying for a waking watch said the cost was more than £500.

So the estimated cost of remediation is far higher than the estimates published by the government. In fact, almost two-thirds face costs of more than £30,000.

Furthermore, this is not just about cladding, but about a wide range of fire-safety defects in newbuild homes, many of which have been built by the country's largest housebuilders.

Asked how they were coping with these repayments, the Inside Housing respondents revealed:

- **72.1% said they had cut down on other spending.**
- **65.4% have spent personal savings to cover these costs.**
- **20.9% have borrowed from friends or family.**
- **12.4% have taken on extra hours at work.**
- **7.1% have taken a second job, and 5.6% have taken out a private loan.**

According to this survey, the profile of those affected was as follows:

34% had a household income of less than £35,000, while 60% earn less than £50,000. They own average properties, not luxury flats, and 57% of affected homes have a pre-crisis value of below £250,000.

17% had begun to explore bankruptcy proceedings.

As discussed above, the UK Cladding Action Group (UKAG) carried out a survey of 550 members in 2020 and their findings mirror the Inside Housing survey:

- **10% said they had taken out a loan from the bank or family/friend.**
- **50% said their service charge had increased.**
- **33% said their building insurance had increased.**
- **63% said their building had a walking watch in place.**
- **33% said they had been unable to move or take a promotion.**

Almost three-quarters felt unsupported by the government and two-thirds felt the government's response post-Grenfell had been untimely and inadequate.

Thousands reported that they faced huge bills of up to £900 a month to pay for wakening watches and other interim measures before a single piece of cladding has been removed. Once the full costs of remediation had been calculated, many faced bills of up to £65,000 per flat. Most will be unable to sell or remortgage their flat and will be trapped for many years.



These additional costs place a greater burden on younger people, who generally receive lower incomes than older age-groups. ONS figures show that the median weekly wage by age group in 2021 was as follows:¹⁷

- 18-21 £374
- 22-29 £521
- 30-39 £647
- 40-49 £704
- 50-59 £648
- 60+ £575

This disparity in incomes also means that younger people will be less able to move on to a better or larger property. Those affected by the cladding crisis will be unable to move at all, as their properties are effectively unsellable.

¹⁷ UK Parliament House of Commons Library (2021) Average earnings by age and region research briefing: <https://commonslibrary.parliament.uk/research-briefings/cbp-8456>

7. The mental and physical health impacts of the cladding crisis

The cladding crisis has had a profound impact upon the mental and physical wellbeing of those affected. The UKCAG survey referred to above highlighted the following findings:

- **90% said their mental health had deteriorated.**
- **35% said existing health conditions had been aggravated.**
- **67% said their mental health had deteriorated further over the past year.**
- **56% reported mood changes.**
- **23% reported having suicidal feelings or a desire to self-harm.**

Some of the comments from the survey are heart-breaking:

“I feel hopeless.”

“I feel as a mother I cannot provide a safe home for my child or be a good parent.”

“I struggle each day to keep myself alive due to the financial worries of ending up homeless and bankrupt.”

One respondent said he had considered filming his suicide to send a message to the government about the turmoil this situation is causing.

“My thoughts are, if I ended it then maybe others would be saved and free from the mess the government has caused.”

The comments made by respondents to the Inside Housing survey referred to above are equally heart-breaking.

“It would wipe out my life savings and delay retirement indefinitely.”
“It would also make me fearful of reaching old age with insufficient funds for even a basic standard of living. This after working, saving and living within my means all my life.”

“It’s infuriating because it feels like such an injustice,” said another. “This is no fault of leaseholders and in fact by paying we are only paying to upgrade a freeholder’s asset. A loan would leave me completely depressed.”

The pandemic has heightened all these feelings of anxiety and helplessness. It is quite clear that the costs of fire safety and remediation works are causing untold financial stress and anxiety to hundreds of thousands of young people.

8. The pandemic has worsened the housing situation of young people

So far, we have considered the disproportionate impact of the cladding crisis upon young people. But these impacts have been compounded by the pandemic.

Recent reports by The Health Foundation¹⁸ and The King's Fund¹⁹ showed that Covid-19 had increased risks of transmission in overcrowded housing. Our "Stockpiling Space" report published early in 2021 showed that private renters have less space than owner-occupiers, with an average floor space of 76 square metres for private rented homes and 108 square metres for owner-occupied homes. A greater proportion of homes in the private rented sector did not have an outside area (67%) compared to owner-occupied homes (93%). Studies show that access to an outside area has beneficial impacts on mental health and wellbeing.

The Health Foundation looked at the intergenerational aspects of poor housing and found that 21% of those aged 25–34 lacked any access to outdoor space at home, compared to only 7% for those aged 55–65.

Younger people also found the lockdowns harder. A YouGov survey found that almost one in ten of the population were unhappy about current living arrangements but positivity increases with age. Four in five over 65s felt positive (83%), whereas only 56% of younger people felt positive.

¹⁸ Tinsen, A. (2020) Health Foundation; Overcrowding is highest for those with low incomes COVID-19 chart series: <https://www.health.org.uk/news-and-comment/charts-and-infographics/overcrowding-is-highest-for-those-with-low-incomes>

¹⁹ Thorstensen-Woll, C. (2020) Health Foundation; Poor housing can no longer be swept under the carpet: <https://www.kingsfund.org.uk/blog/2020/09/poor-housing-covid-19>

9. What has the government done to support leaseholders?

Shortly after the Grenfell fire, the Ministry of Housing, Communities and Local Government (MHCLG) responded by setting up the Building Safety Programme. A Building Safety Bill was published and received royal assent in April 2021. A new Building Safety Regulator will be established.

From the outset, the government promised to act to make building owners carry out remediation works and pledged that leaseholders would not have to pay. In December 2017 Sajid Javid told private building owners not to pass on costs to leaseholders, but that is exactly what is happening with some leaseholders as the results of the UKCAG and Inside Housing surveys show.

In June 2020, the Housing, Communities and Local Government Select Committee estimated that a complete remediation of fire-safety defects in UK buildings over 18 metres tall would cost around £15 billion. Other commentators have suggested that the figure could be higher. A report in The Construction Index in April 2020, based on detailed work by Colmore Tang Construction in the Midlands, suggests that the true figure could be closer to £50 billion.²⁰ Colmore Tang found that the average cost of bringing buildings into compliance was around £4.65m for buildings above 18 metres and around £2 million for buildings between 11 and 18 metres.

Yet the government has announced programmes of support that would cover only a fraction of these costs.

- May 2018 – funding of £400m for the replacement of aluminium composite material (ACM) cladding on social housing over 18m tall.
- May 2019 – £200 million for remediation of ACM cladding on high-rise buildings in the private sector.
- May 2020 – £1bn to replace unsafe non-ACM cladding on residential buildings that are 18 metres and over and do not comply with building regulations.
- January 2021 – the government Waking Watch Relief Fund of £30 million opened. This paid for buildings to install alarm systems consistent with evacuating residents in the event of a fire, rather than them “staying put” (though not for the cost of waking watches themselves).

²⁰ Construction News (2020) Estimators price cladding replacement at 10 times government budget: <https://www.theconstructionindex.co.uk/news/view/estimators-price-cladding-replacement-at-10-times-government-budget>

- February 2021 – the government announced a “five-point plan” and £3.5 billion cladding replacement fund. This would pay to remove “unsafe cladding” from buildings over 18 metres; provide “a long-term, low-interest, government-backed” loan-scheme for leaseholders in 11–18 metre buildings to pay to replace their cladding (paying back no more than £50 a month, and provided nothing for lower buildings or for the remediation of other expensive fire-safety problems such as a lack of fire-breaks in the cavity between the walls and the cladding, balconies, waking watches, or non-compliant fire-escape routes. However, the available funds are restricted to buildings over 18 metres in height, meaning around 88,000 buildings under 18 metres in height require remediation work but have no recourse to funding.
- 10th January 2022 - the Housing Minister Michael Gove wrote to developers asking them to make a financial contribution to the remediation of unsafe cladding on blocks of 11 to 18 metres in height. He estimates that the cost of this work will be in the region of £4 billion. In his letter, he comments that too many developers “have failed to live up to their responsibilities”. In his letter, Michael Gove threatens developers with the loss of government funding, the use of planning powers, court action and “the imposition of a solution in law if needs be.” This tough new approach by the government is to be welcomed. However, at this stage it is unclear whether developers will be prepared to make a significant contribution and whether the government will be able to legislate to force them to do so. Shares in the major housebuilders fell as a result of this new approach.

The Building Safety Fund is not available for works beyond cladding (fire doors, cavity breaks etc) to blocks occupied by social housing tenants, and registered housing providers are being required to fund this work themselves. This means housing providers are cutting more than one in ten of the affordable homes planned over the next five years.²¹

Around £2 billion of the Building Safety Fund is being raised through a Residential Property Developer Tax on the largest developers, with a 4% levy on all profits larger than £25 million. It is estimated that Persimmon, with profits in their last accounts of £1 billion, will pay £40 million.

However, our own research²² on the proposed tax shows that it will utterly fail to meet the costs of remediation, and will barely touch the excessive profits of the largest housebuilders, who have been feather-bedded by the Help to Buy scheme discussed above. We recommend that the tax should be increased significantly in order that the largest housebuilders should make a more significant contribution towards the problem that they have helped to create.

²¹ Cuffe, G. (2021) Inside Housing; Building safety costs mean one in 10 affordable homes will not be built, survey finds: <https://www.insidehousing.co.uk/news/news/building-safety-costs-mean-one-in-10-affordable-homes-will-not-be-built-survey-finds-72974>

²² Intergenerational Foundation (2021) Consultation response to HM Treasury enquiry on a residential property developer tax: <https://www.if.org.uk/wp-content/uploads/2021/07/IF-RPDT-Consultation-Response.pdf>

10. The government's approach is unpopular

According to a poll by the New Statesman²³ just 2% of the general public believe the leaseholders should pay for the costs of remediation. This view was spread across the political spectrum, something that should worry Conservative politicians. In terms of who should pay for the costs of putting things right, views were split.

- 32% say the government should pay.
- 32% say the developer of the building should pay.
- 27% say the current building owner should pay.*

(* The rest answered "Don't Know")

There were signs in November 2021 that the new Housing Secretary, Michael Gove, was aware of the unpopular path taken by the government in failing to tackle these problems. Appearing before the Housing, Communities and Local Government Select Committee on 8 November he opined that the requirement for leaseholders to take out loans to pay for removing dangerous cladding could be scrapped.

He said, "I'm still unhappy with the principle of leaseholders having to pay at all, no matter how effective a scheme might be in capping their costs or not hitting them too hard at any one time. My question is, why do they have to pay at all?"

If translated into policy, this is good news, but it is potentially a case of too little too late, with thousands of owners having had to endure years of financial hardship and anxiety.

²³ Chakelian, A. (2021) New Statesman; Cladding crisis exclusive: Only 2 per cent of voters think leaseholders should pay fire safety costs: <https://www.newstatesman.com/politics/2021/08/cladding-crisis-grenfell-leaseholder-fire-building-safety-exclusive-polling>

11. Younger people are missing from politics

As an addendum to the findings in this report, and as a partial explanation for the lack of concern about intergenerational unfairness in housing, it is worth noting previous research from the Intergenerational Foundation that younger people have been excluded from the political process and their voice is not being heard when it comes to housing and other policy issues.

In 2020 we published a report²⁴ showing that younger people are less likely to be involved in political activism, to vote or to become politicians themselves.

- The median age of MPs elected at the 2019 general election was 51, compared to a median age of 40 among the UK's population.
- The median age of members of the House of Lords was 72 in 2019, and it had risen from 60 in 1979.
- Adults aged 18–29 have persistently been very underrepresented in both Houses of Parliament: this age group currently accounts for about 15% of the entire UK population, but only 17 MPs and no members of the House of Lords belong to it.
- Historically, the membership of the House of Commons has tended to over-represent adults aged between 40 and 59 – almost 70% of current MPs belong to this age group – and severely under-represent adults who are younger than this in relation to their share of the population.
- The number of Millennial MPs is slowly increasing – there are now 80 Millennial MPs compared to only 1 after the 2005 general election – but Millennials are still underrepresented compared to their share of the UK's population.
- It has historically been quite rare for any politicians who are under the age of 40 to serve as cabinet ministers, and very rare for any who are under the age of 30 to do so.
- Almost one in five current MPs declared that they receive £10,000 per year or more in rental income, of whom 91% are over 40 and two-thirds are over 50.
- In 2018 79% of local councillors were over the age of 50, and 57% were above the age of 60, compared to 37% and 24% of the UK population respectively. Meanwhile, only about 3% of local councillors were under the age of 30 and less than 10% were under the age of 40.

This is another aspect of the cladding crisis. It allows ministers and other policy makers the leeway to ignore the views of younger people.

²⁴ Kingman, D. & Leitch, C. (2020) Intergenerational Foundation; Grey Power: Young people missing from politics: <https://www.if.org.uk/research-posts/grey-power-young-people-missing-from-politics>

12. Legal issues

The legal liability for remediation is extremely complex. In most cases, leaseholders living in high-rise flats are legally liable for the costs of remediation works carried out on their building. However, this also depends on the drafting of individual leases, which is often inconsistent. Where leaseholders have been made to pay, they have often struggled to fulfil these obligations. Many building owners are reluctant to cover the costs of remediation as they claim that they built the property in good faith in compliance with existing building regulations and testing regimes.

Meanwhile, new homes warranties are a complex area of legislation. They provide homebuyers with a limited amount of cover in particular circumstances, although homebuyers tend to believe that they cover more eventualities than is the case. Most commentators believe that where disputes arise between buyers and housebuilders the balance has been tipped too far in favour of housebuilders. Our previous reports²⁵ have highlighted the dysfunctional state of the housebuilding industry and the fact that the largest housebuilders are running a semi-cartel. In 2016 the House of Lords Economic Affairs Select Committee inquiry into the UK housing market described the private sector housebuilding market as “oligopolistic”, with the eight largest builders building 50% of new homes.²⁶

Again, the question has to be asked: why should buying a house be any different from buying a car or any other product? If the product is defective then you would expect to be compensated and not to suffer financially. When you buy a new car, or a new home, most of us have little idea what is under the bonnet, or behind the walls. You buy bricks and mortar and you assume that the place is built on solid foundations, that the structure is sound, that the builder has used safe materials both internally and externally, that there is insulation in the walls, that the windows fit properly and that it will be fit to live in for several decades without any major remediation. Yet, as discussed previously, many newbuild properties have been found to be defective.

Above all, when you buy a new home, you assume that you can insure the property and take out a mortgage. You buy largely on trust – “Safe as houses” as the saying goes. Of course, most people will employ a surveyor to check the property, but anyone who has bought a home will know that surveyors’ reports are riddled with caveats, listing all the things that he or she was not able to see.

²⁵ Wiles, C. (2020) Intergenerational Foundation; Rabbit Hutch Homes: The Growth of Micro-homes: <https://www.if.org.uk/re-search-posts/rabbit-hutch-homes-the-growth-of-micro-homes>

²⁶ Kingman, D. (2016) Intergenerational Foundation; House of Lords: England needs to build 300,000 homes a year: <https://www.if.org.uk/2016/07/22/house-of-lords-england-needs-to-build-300000-homes-a-year>



Likewise, the builder will take on a warranty from organisations like the NHBC (National House Building Council), LABC (Local Authority Building Control), or Zurich.

Buyers assume that their representatives have inspected the property before issuing a warranty, that the builder has employed a clerk of works to inspect the work in progress, that the local authority building control team have visited the site at least once to ensure it is being built in accordance with the approved plans. In fact this is rarely the case. As stated above, too much trust is placed in the developer to comply with the rules. It is like pupils marking their own homework.

Ever since the building control teams were privatised in 1985 and design-and-build contracts were introduced, developers have been able to choose their own independent inspector. Everything is done on trust. Add this to the mix of a booming housing market where you can sell poor-quality products and you have a recipe for disaster.

Dame Judith Hackitt summed it up in her “Building a Safer Future”²⁷ report of 2018, published within a year of the Grenfell fire. “The mindset of doing things as cheaply as possible and passing on responsibility for problems and shortcomings to others must stop.”

²⁷ Hackitt, D. (2018) for The Ministry of Housing, Communities and Local Government; Building a Safer Future Independent Review of Building Regulations and Fire Safety: Final Report: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/707785/Building_a_Safer_Future_-_web.pdf

13. Conclusions

The Grenfell Tower fire has exposed a major scandal at the heart of UK construction practice. Thousands of homes, both new and existing, had been wrapped in lethal flammable cladding. Thousands of homes were revealed to have major construction flaws, ranging from inadequate cavity stops to defective fire doors and warning systems. At least 1.6 million people are affected by this crisis.

The cladding crisis has compounded the intergenerational crisis in our housing system. The wider housing crisis has pushed thousands of younger people, through government-funded schemes such as shared ownership and Help to Buy, into buying purpose-built flats which are both more expensive and more likely to suffer safety and other defects than existing properties.

If we extrapolate from surveys carried out by the UK Cladding Action Group (UKAG) and the trade magazine Inside Housing, as well as the Intergenerational Foundation's statistics from the English Housing Survey, a rough estimate suggests that up to a third of all those affected by cladding and other fire-safety problems are in the 18–35 age group, and a further third in the 35–50 age group, meaning that younger people are disproportionately affected by the cladding crisis.

That means of the 1.6 million people affected by the crisis, upwards of 500,000 are in the 18–35 age group and a further 500,000 in the 35–50 age group.

The irrefutable conclusion is that younger people have suffered the most as a result of the cladding crisis.

This state of affairs has come about as a result of complex and weak building regulations and less-than-strict fire testing methods, which have allowed developers to put up and refurbish thousands of buildings that are dangerous and that require billions of pounds of remediation works. But it is also the outcome of wider long-term structural defects in planning, in government funding, and in taxation and fiscal policy. All of these topics have been covered in our previous reports.

Ultimately it is the government that is responsible for this crisis and it is the government that should be required to fix the problem. Clearly, where individual contractors, architects and other agents have bent the rules or failed to follow good practice they should be held responsible, but this will take time to sort out. In the short term the government must underwrite all the costs of remediation and work out the details at a later date. If they fail to do this thousands of people will continue to suffer immediate financial hardship and acute mental stress.



It is fundamentally unfair that owners who bought properties in good faith, based on a mortgage valuation and a homebuyer's survey should face bills to put right their property. It is also fundamentally unfair that the level of consumer protection involved in buying a fridge or a car does not extend to buying a home.

The government set the building regulations and the testing procedures for cladding materials that have proved to be inadequate and it is the government that should bear the costs of putting things right.

The House of Commons Select Committee estimated that £15 billion was required to fix the crisis. Other estimates put the figure at £50 billion. Whatever the true figure, there is little doubt that the government needs to increase significantly the funds available, and to extend this to homeowners living in low- and medium-rise properties under 18 metres in height.

14. Policy recommendations

It is clear the cladding and fire-safety scandal has created a financial and mental health crisis for hundreds of thousands of young people.

In order to resolve this crisis and to redress the innate unfairness that it has imposed on thousands of innocent homebuyers, and particularly younger buyers, the government needs to take decisive action.

Safe housing is a basic human right. There are several key recommendations we are calling for which we believe would help benefit the financial, mental, physical and social wellbeing of buyers and tenants and that would help to ease the intergenerational unfairness that is implicit in the cladding crisis. Our ten-point action plan calls is as follows:

- 1.** The Building Safety Fund must be increased to include every affected building, regardless of height, and to include all internal and external fire-safety defects, not just cladding. The House of Commons Select Committee suggested a figure of £15 billion. Other estimates put the cost at £50 billion. The government should provide this money up front and decide at a later date whether developers or their agents should make a larger contribution to reflect any errors on their part. Leaseholders should not have to pay for defects when they bought their homes in good faith.
- 2.** The Residential Property Developers Tax should be increased in order to raise more funds for safety remediation. A tax of 4% on profits above £25 million is inadequate and does not fully reflect the moral obligation on developers to resolve this crisis.
- 3.** Owners and residents should be fully compensated for any short-term increases in service and other charges (such as for waking watches) that have been imposed as a direct result of the cladding crisis.
- 4.** The government should underwrite all insurance claims where premiums for property insurance have soared as a result of the crisis.
- 5.** A fundamental rewrite of the Building Regulations is required. We need to rediscover and reaffirm the 300-year-old common-sense maxim that walls should not burn and that fire should not be allowed to spread across walls.
- 6.** The government should put in place a national plan to ensure that dangerous cladding is removed from all affected blocks by the summer of 2022 at the latest.



7. The ESW1 process needs to be speeded up. Every block that requires a form should be inspected by the summer of 2022.

8. All owners and other residents affected by the crisis must be offered long-term mental health support.

9. The government must improve the way it collects data on the impact of the cladding crisis, and release the data that it has collected to date. We need to know precisely how many buildings are involved and the age and circumstances of the individual households affected.

10. Finally, the government should issue an unequivocal and heartfelt apology to all of those affected by the cladding crisis and make a firm pledge to put things right.

Appendix A

Grenfell Tower and the History of Building Regulations

1. The Grenfell Tower fire and its aftermath

Grenfell Tower was a 24-storey block on the Lancaster West estate in Kensington. Built in 1967 in brutalist concrete style it contained 120 flats. It was owned and managed by the Kensington and Chelsea Tenant Management Organisation (in technical terms an Arms' Length Management Organisation or ALMO) set up in 1996 to manage 10,000 social housing homes in the Conservative-run borough. Of the flats in Grenfell Tower, 14 had been sold under Right to Buy but the remaining 106 were tenanted.

In 2015/16 the tower was renovated with new windows, a water-based heating system for each flat (to replace a communal boiler) and new aluminium composite material (ACM) rainscreen cladding was fixed to the concrete façade. The purpose of the cladding was to improve the thermal efficiency of the block and improve its external appearance. The panels were cartridges of aluminium with a polyethylene core, a highly flammable and dangerous material. The core was made from a combustible plastic called polyisocyanurate, which lets off toxic gases, including cyanide, when it burns.

Not long after midnight on 14 June 2017 a fridge freezer caught fire in flat 16 on the fourth floor. The smoke alarm went off and the flat's resident alerted neighbours and his lodgers and called the London Fire Brigade at 12.54am. Two fire engines arrived at 1am and firefighters noticed a glow in the window of flat 16. They entered the flat at 1.07am and began to tackle the fire but by this stage it had melted the uPVC (unplasticised polyvinyl chloride) window frames and set fire to the external cladding and insulation that covered the tower.

By 1.30am the fire had spread up the east side of the building and reached the roof. It then started spreading down the other sides.

Part 1 of the subsequent public inquiry into the fire, chaired by Sir Martin Moore-Bick, found that that the principal reason for the rapid spread of the fire was the presence of the ACM rainscreen panels, which acted as a source of fuel. The fire spread up and down the building because the polyethylene was burning and melting. BBC film footage of the fire shows gobbets of molten insulation falling down the face of the building.

But the public inquiry has also exposed many other fire-safety defects that were known of before the fire and yet not passed on to the London Fire Brigade because it would "result in more scrutiny from the LFB and also possible enforcement action", according to the fire-safety consultant who carried out the inspections of the block.



These included missing and broken self-closing devices on the front doors of flats and defective self-closers. As many as two-thirds of all the front doors in the tower had defective self-closers and this helped the fire to spread more rapidly. In addition, the smoke ventilation system was defective. None of the residents had “personal emergency evacuation plans” (PEEPs) and a disproportionate number of disabled residents perished in the fire as a result.

Residents who called the London Fire Brigade were told to stay put in their flats, as this was the policy at the time. Under the current Building Regulations, front doors and walls between flats, as well as fire doors within communal areas, are designed to withstand fire for 30 minutes or one hour, and the “compartmentalisation” policy meant that residents could stay safe in their flats while firefighters tackled the blaze elsewhere in the building.

It was not until 02:47am that the “stay put” policy was abandoned and residents were told to evacuate. Many had already ignored the stay put advice and only 36 further residents were able to escape after this time. In total 223 residents evacuated the tower. The public inquiry heard that the “stay put” policy should have been abandoned an hour and twenty minutes before it was.

The fire burned for around 60 hours before being put out.

A total of 72 people died in the fire, including two victims who later died in hospital. Half of these were people with disabilities and children. Of the 72, 15 victims were disabled, meaning the fire killed 40% of the disabled residents present on the night.

It was the deadliest UK residential fire since the Second World War.

Effectively, it was as if Grenfell Tower had been wrapped in petroleum.

How was this allowed to happen? In order to understand the catastrophe and its wider implications we need to consider the history of fire-safety regulations in the UK.

2. Building regulations and the history of fire safety in the UK: a brief analysis

In 1666 the Great Fire of London destroyed 80% of the capital's buildings. Shortly after, the London Re-Building Act of 1667 was passed and decreed that all new buildings were to be made of brick or stone. The Act stated:

“no man whatsoever shall presume to erect any house or building great or small, but of brick or stone...the building with Bricke is not onely more comely and durable but also more safe against future perills of Fire.”

Thatched roofs were banned and new buildings were to be kept apart from each other to prevent fire jumping across roads and alleyways. Later Building Acts required brick parapets to protect roof timbers, and for wooden windows to be recessed by four inches to stop fire leaping from one burning window to another across the brickwork. London's older buildings can often be dated by whether their windows are recessed. Further Acts of Parliament set down rules on means of escape and other safety matters.

But the fundamental principle of these statutes was that external building materials should be non-combustible. Internally, combustible materials, such as wood, were to be protected by fire breaks, fire doors and non-combustible materials so that the spread of fire could be delayed.

This principle continued until 1986 when new Building Regulations came into force that allowed materials of “limited combustibility” to be applied to external walls. Part B of the 2010 regulations (updated in 2013) state:

“In a building with a storey 18m or more above ground level any insulation product, filler material (not including gaskets, sealants and similar) etc. used in the external wall construction should be of limited combustibility.”

But the definition of “limited combustibility” is hard to pin down, and the way in which materials are tested for non-combustibility and limited combustibility vary. Testimony at the Grenfell public inquiry revealed that these tests were often manipulated by the manufacturers of these lucrative products to make them appear safer than they are in reality.

The other key principle was that flats should be compartmentalised, with one-hour and 30-minute doors and walls to slow the spread of fire, allowing time for the emergency services to rescue occupants. This was the principle behind the “stay put” advice given to the residents of Grenfell Tower in June 2017 – advice that resulted in fatal consequences for dozens of people.



Over the past thirty-plus years hundreds of new and existing blocks have been fitted with cladding panels made of ACM and other combustible materials. Despite a series of fires previous to Grenfell, little action was taken.

In 1997 the Building Research Establishment was privatised and allowed to offer commercial opportunities to test building products, where manufacturers paid for their products to be tested. The standard test for cladding products involved “Class 0” (limited combustibility), but this basically tested the spread of fire across the surface of a product, and ignored the possibility that the materials inside the cladding could catch fire. This meant that products such as polyethylene or wood could achieve Class 0 if they were covered in a fire-retardant material like aluminium, High-Pressure Laminate (HPL) or cement. Class 0 and “limited combustibility” are not the same as “non-combustible”.

So external cladding systems were not required to be non-combustible and there was a general assumption that cladding would protect the combustible materials from fire. It is worth noting that aluminium will start to melt at temperatures of 655°C but at Grenfell Tower the external temperatures reached well over 1000°C, so the polyethylene cores quickly ignited with fatal consequences. It seems none of this had been thought possible when products were being tested and certificated.

When the Building Regulations were revised in 2003 nothing was done to remove the Class 0 classification. As a result, hundreds of thousands of square feet of lethal cladding products were certificated for use on new and existing blocks across England.

At Grenfell Tower the panels had passed Class 0 and the windows had been replaced with smaller uPVC versions. The gaps between the old and new windows were filled with combustible foam insulation. Fire was easily able to penetrate this foam and enter the cladding.

3. London’s District Surveyors

In London, until 1985, there were 28 independent District Surveyors who enforced its Building Acts. In a telling letter to The Daily Telegraph, published days after the Grenfell fire, a former District Surveyor, Terence Jenkins, explained his role:

“The old maxim in the service was: first, make sure it does not fall down; secondly, make sure it does not burn down; and thirdly, use your common sense for all other matters...The fire at Grenfell Tower would not have happened under the London Building Acts and bylaws. Proper fire breaks in the cladding would have been insisted on and, more importantly, enforced. Controlling fire-spread was the foundation of the 1667 Act for the

rebuilding of London and its basics were still in place when I stood down as district surveyor for Chelsea in 1983. No combustible materials would have been allowed on the outside of a building, no cavities in cladding allowed to create vertical fire or air pathways. Vertical and horizontal fire breaks were the foundation of the protection principles...Whenever politicians and accountants are in ultimate control of complex building matters, in place of experienced construction professionals who do not have to answer to them, we will see more disasters like this one."

So it seems that, from 1667 onwards, legislators and builders understood the importance of using non-combustible materials in construction, and in protecting combustible components from the spread of fire. But this all changed in the mid-80s when the regulations were relaxed. In recent years, the number of building control officers within local authorities has been cut back and the onus for compliance with the rules has increasingly been placed on contractors and developers.

4. Why was dangerous cladding fixed to so many buildings?

In the mid- to late-1980s, the thousands of tower blocks that had been built in the 1950s and 1960s were starting to show their age. They were thermally inefficient, often cold, damp and expensive to heat. One option explored by the government was to fit a "rainscreen" cladding system onto the walls –effectively insulation boards covered with a rainproof layer, but leaving a cavity gap between the boards and the wall of the building for moisture to evaporate. Even in 1986 the government knew that this involved a potential fire risk and that cladding panels, if made of combustible materials, could accelerate the spread of fire.

The Building Research Establishment (BRE) was appointed to trial a cladding pilot at Knowsley Heights, an 11-storey block in Merseyside. Panels were fitted to the block consisting of 100mm of non-combustible mineral wool insulation encased in a resin-bound sheet within an aluminium frame, with a 75mm cavity between the panels and the original wall of the block. Windows were replaced with smaller frames made of uPVC and the gaps were filled with foam insulation.

The project was completed in 1991 but shortly afterwards a fire was started at the block by arsonists and the gap between the panels and the wall of the block effectively acted like a chimney, causing the aluminium frames to melt. Fire also penetrated the uPVC windows and entered many of the flats.

In June 1999 a fire broke out in a flat on the fifth floor of Garnock Court, a 14-storey tower block in Irvine, Scotland. The blaze killed the occupant of the flat and spread beyond the flat's window, which had been refurbished with new uPVC windows and plastic panels beneath them. These caught fire and the flames spread up the block.

In 2009 six people died in a fire in Lakanal House in Camberwell. The inquest judge wrote to the then Minister in 2013 to request that the Building Regulations should be redrafted: “it is a most difficult document to use,” she said. Any rewrite should use words and a format “which are intelligible to the wide range of people and bodies engaged in construction, maintenance and refurbishment”. The Minister, Eric Pickles, ignored this recommendation. But, as mentioned above, the relaxation of the Building Regulations in the 1980s also allowed cladding of “limited combustibility” to be fitted to many newbuild blocks. Yet there is some evidence that the government was aware of the dangers of “limited combustibility” cladding panels as early as 2004. According to reports leaked to the BBC, five cladding systems, including ACM and HPL panels, were tested by the Building Research Establishment and all five were judged to have failed against “proposed performance criteria”.²⁸

More recently, there have been a number of fires in mid- and high-rise buildings, and, of course, dangerous cladding has also been fixed to hundreds of newbuild blocks over the past thirty years. So despite many warning signs, nothing was done to stop the use of combustible materials on new and existing blocks.

5. The EWS (External Wall System) process and its impact upon ownership

Immediately after the Grenfell fire the main focus was on removing aluminium composite material (ACM) cladding from high-rise blocks (over 18 metres). But this then broadened out to include all types of combustible cladding, such as High-Pressure Laminate (HPL) and cement panels. In December 2018 the government issued guidance²⁹ (Advice Note 14) for building owners on what steps they should take to check the fire safety of non- ACM cladding panels. Shortly after, mortgage lenders began to seek assurance about the safety of cladding and other fire-safety features as a condition of issuing a mortgage. In other words, they were concerned that some blocks would not offer adequate security for their loans, due to the heavy costs of remediation and the potential for destruction by fire. This started to impact upon the housing market as sales fell through and chains fell apart. The Royal Institution of Chartered Surveyors (RICS) pushed for a standardised process, and in December 2019 the EWS1 process was put in place.

This required those owners wishing to sell or remortgage their homes in purpose-built flats to provide an EWS1 form, to be completed by a suitably qualified professional. At first this applied only to blocks higher than 18 metres with some form of combustible

²⁸ Symonds, T. (2021) BBC News online; Cladding: Panels failed fire tests 13 years before Grenfell: <https://www.bbc.co.uk/news/uk-58584348>

²⁹ Simpson, J. (2019) Inside Housing; Advice Note 14 explained: what is it and why is it stopping the sale of so many properties?: <https://www.insidehousing.co.uk/insight/insight/advice-note-14-explained-what-is-it-and-why-is-it-stopping-the-sale-of-so-many-properties-63981>



cladding on walls or balconies, but it was extended to include buildings of less than 18 metres where potentially dangerous cladding or other fire-safety defects exist. The process has been slowed by a shortage of qualified surveyors to complete the forms, and the process has also been beset with allegations of fraud. The National Fraud Intelligence Bureau (NFIB), had, in August 2021, received 15 reports mentioning fraudulent ESW1 forms. Where a surveyor identifies fire-safety problems in the ESW1 then the bank will require remediation work to be carried out before they will offer a mortgage.

It is estimated that up to 3 million flats cannot be sold or remortgaged as a result of this process, leaving well over a million homeowners in limbo. This applies to thousands of low-rise flats below 18 metres in height, where the safety risks are negligible.

The specialist surveyor who completes the ESW1 form must be a member of the Royal Institution of Chartered Surveyors. They will assess the cost of any remediation work, decide who is responsible for the costs, and whether the leaseholder has any other means to pay them, for example through the government's Building Safety Fund or an insurance application.

In July 2021 the government announced that buildings under 18 metres tall (i.e. with 5-6 storeys) would no longer require EWS1 forms and that any problems in such blocks should be addressed "primarily through risk management and mitigation". This was based on an analysis by the government's expert panel which found no systemic risk in such blocks, but this was wishful thinking, as the banks said they would not budge and would still require ESW1 forms for all blocks, regardless of size. This means that thousands of people living in blocks of all sizes are stuck in limbo until an ESW1 form can be completed.

In June 2020 the Housing, Communities and Local Government Select Committee urged the government to "take full control" and speed up the process, perhaps by relaxing the rules on who could carry out surveys, and to issue better guidance to prioritise those buildings that needed to be checked.

Concern about buildings below 18 metres has been highlighted by catastrophic, albeit non-fatal, fires in Barking, Bolton and south-west London in lower-rise buildings. Once an EWS1 form is completed there are five possible outcomes.

- Category A1 and A2 "are not likely to lead to any further action".
- A3: remedial work may be needed on attachments to the external wall, such as balconies.
- Category B applies where combustible materials are clearly present. A B1 rating means the engineer has decided that the fire risk is low, and no remedial work is required. A B2 finding means that there isn't an adequate standard of fire safety and remedial work/interim measures are required.



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