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Ymateb gan: John Marr, UK Finance | Evidence from: John Marr, UK Finance

Senedd Cymru | Welsh Parliament

Y Pwyllgor Llywodraeth Leol a Thai | Local Government and Housing Committee

Bil Diogelwch Adeiladau (Cymru) | Building Safety (Wales) Bill

You do not need to answer every question, only those on which you wish to share information or have a view.

1. What are your views on the general principles of the Bill, and whether there is a need for legislation to deliver the stated policy intention?

1. We support the general principles of the Bill, to provide a more comprehensive robust regime for fire and structural safety in the occupancy phase residential multi-occupancy buildings.
2. Such a regime is needed for higher and high-risk buildings, particularly in the context of the Grenfell tragedy and the need to ensure fundamental changes to the building safety regulatory regime are made reflecting the findings of the Hackitt Review and the Grenfell Inquiry, as well as the Welsh Government's own Building Safety Expert Group. It is right that the Bill should be brought forward to deliver this, reflecting the priorities for Wales, above the equivalent legislation which was introduced in England to address this.

2. What are your views on the provisions set out in Part 1 of the Bill – Safety of buildings containing two or more residential units (sections 1-66 and Schedule 1)? In particular, are the provisions workable and will they deliver the stated policy intention?

3. Although we welcome the more robust regime for higher risk buildings in proposed Categories 1 and 2, we caution that the regime for Category 3 buildings (for example, converted terraced houses containing two or more flats) could be

challenging to implement and enforce if flat owners do not have the skills, resources or willingness to act as Accountable/ Principal Accountable Person.

- 4.** There could be capacity challenges to implementation if there are insufficient qualified, competent and insured assessors to undertake the required fire risk assessments, including on Category 3 buildings.
 - 5.** There is a potential for unintended consequences if mortgage lenders in possession are to become responsible for duties under the legislation by virtue of having legal title to the property, even if only for a short time.
 - 6.** The broad definition of Accountable Person raises concerns for lenders. The Bill's wide classification of an Accountable Person may inadvertently include lenders who hold a legal estate in possession as part of their security interest. This raises significant concerns about exposing lenders to statutory duties and liabilities, despite their limited operational control over the property.
 - 7.** The Bill carries a risk of imposing legal duties on unwilling or unsuitable individuals - the framework may compel individuals into duty holder roles for which they are neither legally equipped nor personally willing to undertake. This could result in critical safety works being delayed or neglected, undermining the Bill's core objectives.
 - 8.** Legal repair obligations may lead to unintended accountability - the Bill assigns accountability based on legal repair obligations for common parts, with the Building Safety Authority empowered to designate the Principal Accountable Person. This raises questions about whether such responsibility can be imposed on individuals, some of whom may be vulnerable or otherwise incapable of fulfilling these duties, potentially leading to inequitable outcomes.
 - 9.** The Bill proposals could have the effect of suppressing appetite of mortgage lenders to provide secured lending finance. This could be so particularly if the proposed obligations/ duties in relation to Category 3 buildings mean no flat owner is willing to take on these responsibilities. This could result in a lack of management/ maintenance for such buildings.
 - 10.** Similarly, if a repossession takes place, lenders would not expect then to be responsible for funding outstanding repairs potentially, to the further financial detriment of the former owner.
 - 11.** Lenders would also need to understand the affordability consequences of obligations on borrowers under the proposed legislation, some of which might fall to individuals rather than collectively.
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12. The overall effect of the proposals particularly for Category 3 buildings could impact lender appetite to lend on such properties.

3. What are your views on the provisions set out in Part 2 of the Bill – Fire safety in certain houses in multiple occupation (sections 67 – 80)? In particular, are the provisions workable and will they deliver the stated policy intention?

13. The additional legislative and cost burdens which the legislation would place on landlords could accelerate further flight from the private rented sector in Wales. This could limit availability of supply of quality homes in the sector, at a time when there are already significant supply challenges in the social and affordable housing sector.

14. It would be helpful to have clarity on how the Bill proposals would work with the Rent Smart Wales Scheme and how it would interact with the complexities of the Renting Homes Act- for example on requirements to share information with tenants and how these requirements would be met.

15. Implications should be considered if relevant information or documentation is not provided and whether this would enable tenants to withhold rent (or request rent to be repaid). For example, if demand for fire risk assessments and available capacity of assessors means there is a delay in assessment and relevant information/ documentation being provided, then could this result in a case for withholding rent.

4. What are your views on the provisions set out in Part 3 of the Bill – Enforcement and investigatory powers (sections 81 – 97 and Schedule 2)? In particular, are the provisions workable and will they deliver the stated policy intention?

16. Additional powers and enforcement requirements should be accompanied by appropriate resources to ensure delivery.

5. What are your views on the provisions set out in Part 4 of the Bill – Supplementary and general (sections 98 – 114 and Schedules 3-4)? In particular, are the provisions workable and will they deliver the stated policy intention?

17. The drafting, development, approval and issuing of guidance envisaged by the Bill could involve a significant programme of work not only within government but also between government and other organisations/ industries.

This could take time and, if so, it would have to be factored into the overall timeframe for implementation and any phased implementation or transition to implementation plans.

6. What are the potential barriers to the implementation of the Bill's provisions and how does the Bill take account of them?

18. As above, barriers could include capacity and availability of fire/ building safety risk assessors; skills resources and willingness of Accountable Persons or Principal Accountable Persons especially in Category 3 buildings; capacity and resources of enforcing and investigating authorities; capacity within and outside government to develop required guidance in time.

7. How appropriate are the powers in the Bill for Welsh Ministers to make subordinate legislation, as set out in Chapter 5 of Part 1 of the Explanatory Memorandum)?

19. The Bill would confer apparently extensive regulation making powers on Ministers and, again, legislative capacity to develop the required regulatory framework could be considerable. This will need to be factored into account in implementation timeframes.

8. Are there any unintended consequences likely to arise from the Bill?

20. As above, unintended consequences could arise in relation to

21. Driving PRS landlords of some HMOs to sell-up and leave the sector.

22. Mortgage lenders in possession being responsible for duties/ responsibilities under the legislation, when they have legal title to a property even if only for a short time.

23. Whether tenants could withhold rent through non-provision of relevant information/ documentation which might not be available or be delayed owing to capacity constraints in the fire/ building assessor sector.

24. While we fully support the rationale for introducing the Bill, together with its general principles/ policy intent, there are concerns that the legislation could have an unintended punitive and restrictive effect. For smaller converted buildings (Category 3), management/ maintenance issues are generally addressed through informal agreements and other arrangements. Formal requirements and obligations in legislation could undermine this approach.

9. What are your views on the Welsh Government's assessment of the financial implications of the Bill, as set out in Part 2 of the Explanatory Memorandum?

25. No response.

10. Are there any other issues you would like to raise about the Bill and the Explanatory Memorandum or any related matters?

26. We are keen to work with government and officials to ensure the regime envisaged by the Bill is realistic and workable.
