

Progress in remediating dangerous cladding

National Housing Federation submission to the Public Accounts Committee inquiry

Summary

- Resident safety is housing associations' top priority. We are committed to conducting remedial works on all buildings that need them.
- The demand for resources and capacity to inspect and remediate buildings with safety concerns is extremely high and has been limited further due to issues experts and specialists have experienced in securing professional indemnity insurance. Remedial works are complex and due to their complexity and capacity challenges, could take many years to complete. The deadlines the government has set for remedial works to be completed on high-rise buildings will be challenging to meet in practice.
- Housing associations are unlikely to qualify for funding through the Building Safety Fund. This means that our members will have to meet the costs of remedial works themselves, with a likely detrimental impact on our ability to build much-needed affordable homes.
- We are concerned that the Building Safety Fund is being allocated on a first-come, first-served basis, which could mean that buildings presenting a greater risk could lose out on funding to lower risk buildings.
- We are calling for government to speed up remedial works by providing upfront funding then recouping costs later once liabilities are established and coordinating limited resources to ensure they are directed first at buildings who need them most.

Introduction

The National Housing Federation is the voice of housing associations in England. We are the trade body representing almost 800 housing associations, which have grown from philanthropic roots to provide 2.6 million homes to around 6 million people.

Housing associations are social landlords, and are the largest providers of homes for social rent in the country. We believe that everyone should be able to live in a great quality home they can afford.

Many housing associations are also developers in their own right, building around a quarter of all new homes in England every year, and building almost all new social and affordable homes. Housing associations own and manage these homes for the long term, whether for social, affordable or market rent, or as part of low-cost homeownership schemes. Our sector is not-for-profit, investing its revenues into the people and communities we serve.

Housing associations and building safety

Housing associations are responsible for 115 of the 154 high-rise residential blocks in the social sector that had ACM cladding that failed the government's tests. Government data shows that remediation work has either started or completed on 90% of these buildings – work that commenced prior to government funding being made available. Remediating the remaining 10% of these buildings is our sector's most urgent priority.

Housing associations are also responsible for a number of other high-rise and complex multi-occupied buildings, which are in the process of being inspected or remediated for building safety concerns. Our members are committed to this work, though it represents a long and complex programme that could take many years to complete. Remedial works could consist of removing and replacing dangerous cladding, non-compliant fire doors, or addressing widespread breaches in fire stopping measures.

Our views on issues raised by the National Audit Office report into the remediation of dangerous cladding on high-rise buildings

Building identification

Our members are actively contributing to the government's work to identify buildings of 18m and over with non-ACM combustible materials in their external wall systems. Housing associations, mindful of the additional risk presented by the nature of the housing type provided in some buildings, have also been investigating buildings below 18m that house people with complex needs or vulnerabilities.

It is positive that the government intends to begin a data collection exercise to understand the number of lower-rise buildings that house vulnerable people that might have combustible materials in their external wall systems. However, this work requires the building owner to contract a competent professional, of which there are few and whose building safety inspection services are in extremely high demand. These experts are also experiencing issues in securing sufficient professional indemnity insurance to cover any advice relating to cladding.

We are therefore calling for the government to take a strategic lead in coordinating resources needed to ensure buildings are safe, so that they are first directed at those buildings that need them most. As part of this, we are calling for the government to prioritise the various risk factors, so that it is clear which buildings present a greater priority for remediation.

Remediation timeframes

The National Audit Office report highlights that the government has set two deadlines for the completion of remedial works on buildings of 18m and over – June 2020 for those with category 3 ACM cladding, and the end of 2022 for buildings that are within scope of the Building Safety Fund announced in the Budget in March 2020.

It is already clear that the deadline for the remediation of high-rise buildings with ACM cladding has not been met. We know there are still eight high-rise buildings with category 3 ACM cladding in the social housing sector that are yet to be remediated, however we also know from our members that work on these buildings was close to beginning prior to the coronavirus pandemic.

Remediation projects can be long and complex and we understand that the issues professional advisors and specialist contractors have experienced in securing professional indemnity insurance for work on cladding

projects has affected the progress of these buildings. Other factors that can impact remedial works timeframes might be specific to the building, such as its location and how that affects access requirements, the project's complexity and what that means for gaining planning permission, and the views of residents living in the properties, some of whom have understandably had concerns about work continuing during the peak of the coronavirus pandemic. Despite these challenges, our members remain fully committed to carrying out this important work, and we are working with our members and the government to find solutions to some of these issues.

For buildings with other types of combustible materials that are in scope of the new Building Safety Fund, the government's 2022 deadline is a commendable ambition, but there will be significant challenges to achieving it in practice. As previously explained, we are working with the government to help establish the number of buildings with these materials. It is thought that there are around 11,000 buildings above the 18m height threshold that are being, or will need to be, inspected for combustible materials and other safety concerns. We have already set out the issues our members have experienced in securing appropriate professional advice for each project, and the impact that this can have on the timeframe for remedial works.

In conducting inspection programmes, housing associations with large numbers of stock will generally be assessing them on a risk basis. One of our larger members, which has many hundreds of high-rise buildings to inspect, estimates that the work needed to establish what remedial works will be necessary for each building takes around four to five months. Subsequent stages will involve developing a plan for remedial works, securing planning permission, procuring specialist contractors, and engaging with residents. In some cases it could also involve engaging owners of neighbouring land where access is required. As mentioned above, feedback from our members suggests that this work can also take many months, depending on the specifics of the individual building, all prior to remedial works starting on site.

Scope of public funding

The Building Safety Fund will provide only limited opportunities for our members to access funding for remedial works. In the fund's prospectus, published in May, the government confirmed that funding would only be available to projects that had not yet commenced by the 11 March announcement, and – in the social sector – in cases where remediation costs would threaten a housing association's financial viability. This essentially means that, where housing associations have acted quickly and prior to any funding announcement to carry out remedial works, they will not be eligible to recoup any of those costs through the fund. This means that many of our members will be left facing significant costs for the removal and replacement of

unsafe cladding, which could also direct funding away from much-needed new affordable housing.

The government has, however, clarified that funding will be available to cover the costs for leaseholders in both the social and private sectors, though it has not yet confirmed the detail over how this will be provided. We welcome the government's decision to meet the costs of remedial works that would otherwise have been passed to leaseholders. We believe that leaseholders should not have to foot the bill for remedial works to properties that they bought in good faith. Prior to the government's announcement, housing associations were seeking alternate funding sources that could have prevented the need for them to charge leaseholders for their share of the costs, to ensure that work could go ahead. The increasing scale of works, and many housing associations' status as charities, meant it would be challenging for our members to pay on behalf of leaseholders.

We also have concerns that the Building Safety Fund is being administered on a first-come, first-served basis. Under this approach, the government is not factoring in the risks to a particular building, meaning lower risk buildings could be prioritised for funding above those with greater risk factors. We believe that the best way to speed up remedial works and ensure that limited resources are directed first to the buildings that need them most, is for government to play the role that only it can, by taking a strategic lead in coordinating remedial works. This would involve providing upfront funding for all remedial works, then recouping the costs later once liabilities are establishing and taking a risk-based approach that takes into account a number of factors contributing to a building's risk profile, ensuring higher-risk buildings are prioritised for remedial works.

An important additional point to note is that the Building Safety Fund is only intended to meet the costs of remedial works to combustible cladding materials. However, we also know from the government's fire door testing programme that commonly used glass-reinforced plastic composite fire doors are not compliant with building regulations. These doors have been used extensively in multi-occupied buildings as flat entrance doors, and so housing associations have been replacing these to ensure residents have fire doors that are fit for purpose. In many cases, social landlords have had to replace these doors on more than one occasion, as a lack of available testing information has created confusion over which doors were deemed compliant. Replacing the doors, particularly for social landlords responsible for a large number of homes, will be costly. While housing associations are committed to ensuring doors are fit for purpose, the funds used to pay for them could have been

spent on other charitable pursuits if the building safety regime had been working appropriately.

We also know from experience that, where buildings have been inspected, widespread issues with fire-stopping mechanisms have been identified in some cases, which – if installed correctly – should prevent a fire from spreading beyond the location it originated in. If a building owner were to discover issues with fire-stopping measures when inspecting a building to assess the external wall system, these would also have to be remediated to further reduce fire risk in the building. While we are not calling for the government to fund the remediation of these issues, the added time it would take to appropriately assess a building and develop a remediation plan could make it difficult for those who receive support for cladding remediation from the Building Safety Fund to have spent in it in the current financial year, as per the government's intention.

Ensuring resident safety is our members' top priority. We are urging the government to provide upfront funding for housing associations' remedial works, with the possibility to recoup costs at a later stage once liabilities are established. This will help to speed up remedial works, as well as support our sector's capacity to provide essential new affordable homes – which we know will be vital for the nation's economic and social recovery post-coronavirus.

In 2018/19, housing associations built over 45,000 new homes, 84% of which were affordable housing tenures. Of the homes built for social rent, for people on the lowest incomes, more than 60% were built without any government investment but entirely with housing associations' charitable funds.

Given the contribution of house building to the economy, and particularly the value of building social housing during an economic downturn, housing associations want to play their full role in supporting the nation's economy, while also meeting their responsibilities to their existing residents.

How the government could provide further support

The scale and complexity of remedial works for buildings of 18m and over means that they could take many years to complete. The government is the only agency that can support those responsible to speed up remedial works by:

- Providing upfront funding to all building owners for all buildings that require remedial works, recouping costs later once liabilities are established.

- Supporting the industry to increase capacity within the sectors we need to work with, including fire engineers and specialist contractors.
- Taking a strategic lead in coordinating limited resources so that they are directed first at the buildings that need them most.
- Providing testing information to building owners to support them in making decisions about remediation, such as by providing the full test reports of the fire door testing programme it completed.
- Providing direction on the priority buildings for remediation, according to a range of risk factors, such as but not limited to height and who lives in the building.

Contact

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