



Ministry of Housing,
Communities &
Local Government

Social Sector ACM Cladding Remediation Fund

Application guidance for social landlords



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Social Sector ACM Cladding System Remediation Fund

Application guide for local authorities and housing associations

Introducing the fund

The Government is committed to ensuring that residents are safe and feel safe in their homes. We want to see all buildings with unsafe Aluminium Composite Material (ACM) cladding systems remediated so that residents can have peace of mind.¹

Social sector landlords are getting on with the job of making their buildings safe. We have identified 159 buildings 18m and over in the social housing sector which have ACM cladding systems that need to be remediated. Remediation work has started on 70% of these and all have interim fire safety measures in place. However, the Government is aware that the unforeseen cost of remediation of ACM cladding systems means building owners have to take decisions about how to prioritise important services, repairs and maintenance work and new supply.

The Government is now providing funding so that local authorities and housing associations can focus their efforts on making their buildings safe without impacting negatively on other services, improvements to housing quality or new supply.

Residents' safety is paramount and we expect housing associations and local authorities to act promptly in ensuring that their buildings and residents are safe now through the implementation of [interim measures](#), and in the longer term by [removing and replacing unsafe cladding systems](#) as swiftly as possible while ensuring that remediation works are carried out effectively and safely.² We will be monitoring progress and will want additional reassurances on safety from local authorities and housing associations where works are taking longer than expected.

How much money is available?

Grant funding will be available to cover all reasonable costs for the remediation of ACM cladding systems which have failed large-scale fire performance tests commissioned by Government in 2017 on social housing buildings 18m and over owned by local authorities

¹ A cladding system includes the components that are attached to the primary structure of a building to form a non-structural, external surface. The cladding system includes the weather-exposed outer layer or 'screen', fillers, insulation, membranes, brackets, cavity barriers, flashing, fixings, gaskets and sealants.

² Information on interim measures and remediation can be found at:
<https://www.gov.uk/government/publications/updated-interim-safety-advice-for-building-owners>
<https://www.gov.uk/government/publications/information-note-for-landlords-and-building-owners-of-tall-residential-buildings-with-acm-cladding>

and housing associations. From initial information provided by social landlords, the Government estimates the total costs at £400m.

Who can apply?

The fund will be available for social housing buildings owned by housing associations and local authorities (which we would expect to be Housing Revenue Account housing in the latter case). These building owners should already be in contact with the Ministry of Housing, Communities and Local Government (MHCLG) through the Building Safety Programme. **If building owners have not notified MHCLG of buildings that fall into this specification they must notify MHCLG immediately.** The fund will not be available for private residential buildings or buildings where a commercial owner would be responsible for fire safety works.

The fund will cover the removal and replacement of unsafe ACM cladding systems. 'Unsafe' means those cladding systems that have been identified as containing combustible materials (e.g. a polyethylene core in an aluminium composite panel) and which failed the series of BS8414 tests commissioned by the Government over the summer of 2017. Full details are set out in the [consolidated advice note](#) published by the Building Safety Programme on 5 September 2017.³

We will also continue to offer local authorities financial flexibilities for other essential fire safety work. Housing associations that are concerned about their ability to meet the costs of other essential fire safety work should contact the Social Housing Regulator.

What costs are covered by the funding?

Eligible costs will be:

- Reasonable costs which are capable of being capitalised and are associated with the removal and replacement of unsafe ACM cladding systems (including insulation), such as access (e.g. scaffolding or mast climber), removal and disposal of existing cladding, replacement materials, labour and reasonable on-costs (see below);
- VAT on these reasonable costs where the building owner is not able to claim this back.

The fund is not intended to cover:

- Internal works, the replacement of windows, interim fire safety measures or any other non-cladding system related cost;
- Revenue costs, including those associated with interim measures;
- Structural works which are not directly related to the remediation of ACM cladding systems.

Extraordinary technical requirements which incur extra costs essential to but not normally associated with removing and replacing cladding systems may be included. However we will require additional detail and justification.

³ <https://www.gov.uk/government/publications/building-safety-programme-update-and-consolidated-advice-for-building-owners-following-large-scale-testing>

In order to be eligible for the fund, building owners will need to confirm that they are replacing ACM cladding systems with materials that have been classified as European Class A1 or A2.⁴

We expect building owners to actively pursue all reasonable claims against those involved in the original cladding installations, and to pursue insurance and warranty claims where possible.

How the fund works

Payments will be made as cash grants, and will be payable in two tranches. Our expectation is that payments will be made in 2018/19 and 2019/20.

Stage One

We will pay 80% of eligible costs at stage one. Building owners must provide initial information and cost estimates as part of the first stage of the process. One application will need to be made per building as we expect building owners to have carefully considered the right solution for each building.

We will make an assessment to ensure that:

- Applicants are eligible for the fund;
- Costs requested are in the scope of the fund;
- Applicants can confirm that the proposed materials that are being used in the refurbishment are European Class A1 or Class A2;⁵
- Applicants can confirm that they are taking all reasonable steps to pursue legal action, warranties and insurance claims;
- All costs represent value for money and are signed off by the Section 151 Officer of a local authority or Chief Finance Officer of a housing association.

There may be some follow up questions at this stage. We will compare application costs with information previously provided by building owners via the MHCLG DELTA data collection system. Where costs are outside our expectation we may request additional supporting information.

Once building owners confirm that they have tendered for the removal and replacement of cladding systems and work has started on site, we will make the first payment. Where

⁴ Class A1 - Products are described as having no contribution to fire at any stage. BS EN 13501 sets several thresholds for combustion performance when tested to both EN ISO 1716 and EN ISO 1182. One of these thresholds is a maximum heat of combustion of 2MJ/kg. Typical products meeting this classification include most inorganic materials such as metal, stone, and glass.

Class A2, s3, d2 – Products are described as having no significant contribution to fire at any stage. BS EN 13501 sets several thresholds for combustion when tested to EN ISO 1182, or both EN ISO 1716 and EN 13823. One of these thresholds is a maximum heat of combustion of 3MJ/kg. A typical product meeting this classification is plasterboard.

⁵There may be some components of the wall system that are necessary for the wall to function correctly, and where a Class A1 or A2 product is not available. Use of these may be necessary where there is no practical alternative to using materials that are not Class A1 or A2 and where the risk of external fire spread caused by the use of combustible materials would be so minimal that it would be so minimal that it would be disproportionate or impossible to use an alternative. If you consider this to be the case in your refurbishment please contact socialsectorcladdingfund@communities.gsi.gov.uk

applicants have procured eligible costs through more than one contract (e.g. an initial contract to remove cladding followed by a further contract for new cladding) we will make a payment equivalent to 80% of total eligible costs on the commencement of the principal new cladding contract.

Stage Two

We will pay the remaining 20% of eligible costs once building owners have submitted further evidence and confirmed final costs.

We will make a further assessment to ensure that:

- Costs requested remain in the scope of the fund and that any increases from the stage one application are fully justified;
- Building owners are taking all reasonable steps to pursue legal action, insurance claims and warranties where appropriate.

Where building owners have successfully recovered costs relating to the removal and replacement of unsafe cladding, we intend to recoup (less building owners' legal costs) the same amount from the funding we have provided. We will not seek to recoup amounts recovered in litigation or settlement which do not relate to the removal and replacement of unsafe cladding. Where building owners have already recovered costs, they should deduct these amounts from stage one applications. We also reserve the right to recover payments where final costs are below the value of the initial 80% payment.

Ongoing

Government will check progress on a quarterly basis. In line with the conditions of our funding agreements, a sample of building owners will be selected for a final compliance audit at the end of the process. Any building owner whose costs significantly vary from stage one applications or our independent estimates will automatically be audited. Building owners will be responsible for providing the financial resources required for these audits.

How and when to apply for funding

Outside Greater London, applications will need to be submitted via Homes England, using their Investment Management System (IMS). This should be familiar to many local authorities and housing associations. Those who do not currently have access should complete forms found at <https://www.gov.uk/guidance/investment-management-system-how-to-register> and return them to servicedesk@homesengland.gov.uk. We can provide separate guidance on accessing and inputting information onto the IMS system.

For buildings in Greater London, applications will need to be submitted via the Greater London Authority (GLA), using their Open Project System (OPS).

Building owners can start working through this guidance and compiling information now. We expect the IMS and OPS systems to go live in mid July at which point building owners will need to upload the information required for stage one of the process. Building owners can apply now based on cost estimates if they have not incurred actual costs yet. They will then have to confirm or amend the information as required to enable payment.

We want to be able to make payments as soon as possible so would like **building owners to make applications by the end of August**. However, we understand that some building

owners may not yet have the required information and those who are in this position and cannot meet this deadline should let MHCLG know so the application window can be extended for them. Applications made after the August deadline may take longer to process.

Certification will be required before applications are submitted from Chief Finance Officers or Section 151 officers that costs are accurate as far as can be determined depending on the stage of procurement/works and that the sums applied for relate only to works which are in scope.

Where can I find further information and support?

If you would like to discuss your application further, please contact us at socialsectorcladdingfund@communities.gsi.gov.uk. For buildings in Greater London please contact the GLA at socialsectorcladdingfund@london.gov.uk.

Annex A – Information required

At **Stage One** of the application process we will require the following information. We may ask for supporting evidence if required. One application should be submitted per building.

- Details of building:
 - name and address
 - number of dwellings
 - number of storeys
 - m² of ACM cladding
 - m² of external wall area
 - breakdown of tenure
- Other buildings requiring remediation owned by the same social landlord
- Details of ownership structure of the building
- Confirmation that cladding being removed is unsafe ACM, and indication of the relevant failed test
- Confirmation that proposed refurbishment uses materials classified as European Class A1 or A2⁶
- Confirmation that legal action and/or recovery through warranties and insurance is being pursued where reasonable, and an indication as to the reasoning behind this
- Detailed cost and spend profile, broken down as follows⁷:

Heading	Total Project Cost	Cost eligible for MHCLG Funding
Access (e.g. scaffolding or mast climber)		
Removal of defective materials of the cladding system		
Replacement of defective materials of the cladding system		
Other (please specify)		
Sub-total		
On Costs		
Main contractor's preliminaries		

⁶ There may be some components of the wall system that are necessary for the wall to function correctly, and where a Class A1 or A2 product is not available. Use of these may be necessary where there is no practical alternative to using materials that are not Class A1 or A2 and where the risk of external fire spread caused by the use of combustible materials would be so minimal that it would be disproportionate or impossible to use an alternative. If you consider this to be the case in your refurbishment please contact socialsectorcladdingfund@communities.gsi.gov.uk.

⁷ If there are any exceptional technical requirements which incur extra costs essential to but not normally associated with removing and replacing cladding systems, details of these will also need to be provided.

Main contractor's overhead and profit		
Project/design team fees		
Other development/project costs		
Risks (excluding contingency)		
Sub-total		
VAT (if appropriate)		
Total		

- Date of cladding removal (proposed or actual)
- Date of start on site for cladding replacement (proposed or actual)
- Proposed completion date
- Name of contractor if agreed
- Confirmation of stage in the tender process

If building owners do not yet have a detailed cost breakdown they should provide outline costs initially. More detail will need to be provided before the first payment can be made.

At **Stage Two** we will require the following information in order to make the final payment.

- Confirmation or update of the information provided at stage one.
- Evidence that building owners have given all reasonable consideration to pursuing legal action, warranties or insurance claims, for example in the form of Cabinet or Board Minutes with the appropriate level of detail.