CSV: Update to Industry Practitioners

17 May 2021

CLADDING SAFETY Victoria

In summary

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3. 
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4. 
   Sequencing works
5. 
   Providing protection for CSV projects
6. 
   Other observations

Cladding fire risk: problem and response

PROBLEM

The presence of **combustible cladding** on Victorian apartment buildings **elevates the fire risk** faced by building residents and users.

RESPONSE

Victorian Government has taken action to . . .

1. Convene the Victorian Cladding Taskforce (to give direction to the **strategic response**)
2. Initiate the State-Wide Cladding Audit (to discover the **scale and scope** of the problem)
3. Establish Cladding Safety Victoria (to deliver a program of **targeted & funded cladding removal**)
4. Activate a reform agenda (to create and codify a framework for **enhanced building practice**)

Lacrosse, Melbourne, 24 November 2014

Grenfell Tower, London, 17 June 2017

Neo 200, Melbourne, 4 February 2019

CSV – progress towards making buildings safer

Through the work of CSV, the Victorian Government can demonstrate a strong record of delivery in responding to the fire threat posed by combustible cladding.

Since July 2019, **695** buildings have been referred to CSV – and for:

528	CSV has engaged with building owners
380	CSV has completed due diligence inspections
249	CSV has made decisions to fund works to remove cladding
246	CSV has Independent Project Managers to oversee construction works
228	CSV has entered into funding agreements for works
142	CSV has contracted builders to commence cladding removal construction works

The **695** buildings house residents in **36,850** individual homes.

To support the government in reaching its T400 target, CSV is now focused on prioritising additional buildings to be funded using a new risk-based modelling capability developed with the support of CSIRO.

Residential Program

695 Buildings in scope

246 IPMs appointed

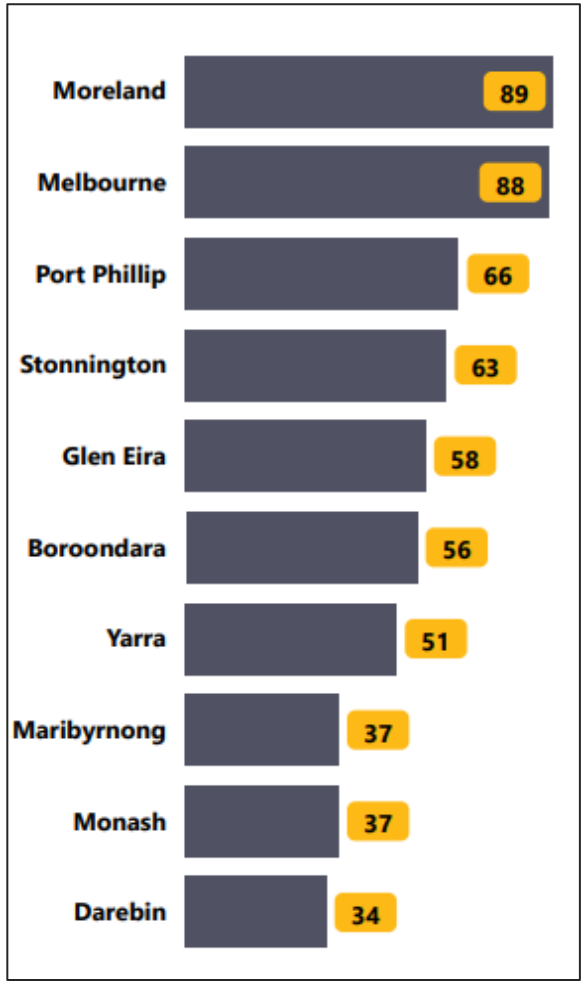
224 Out to tender

142 Builders contracted

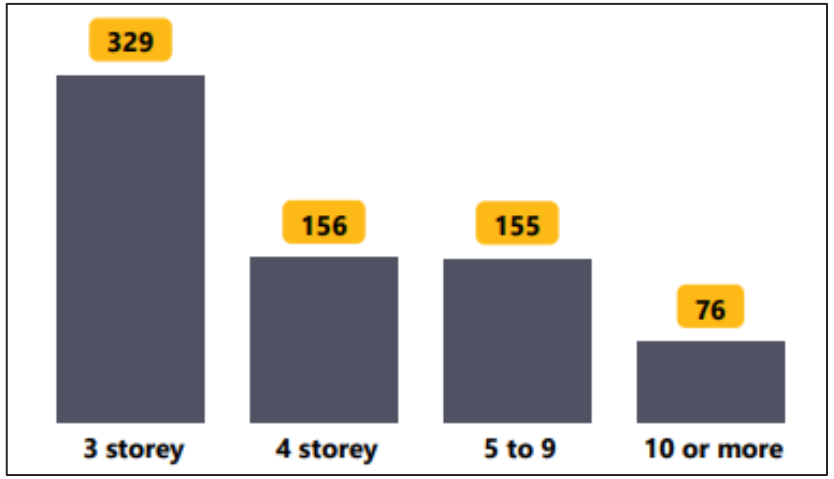
98 Work underway

19 CSV works complete

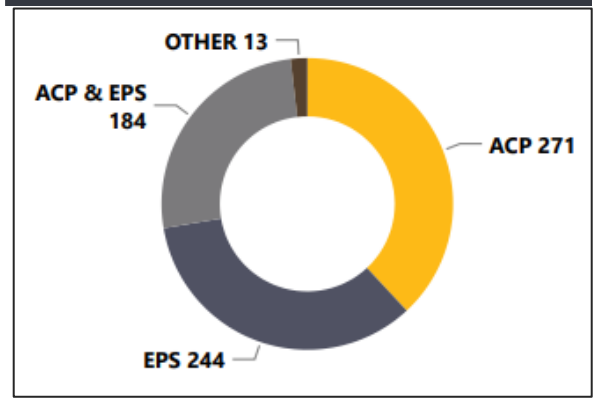
Distribution by LGA

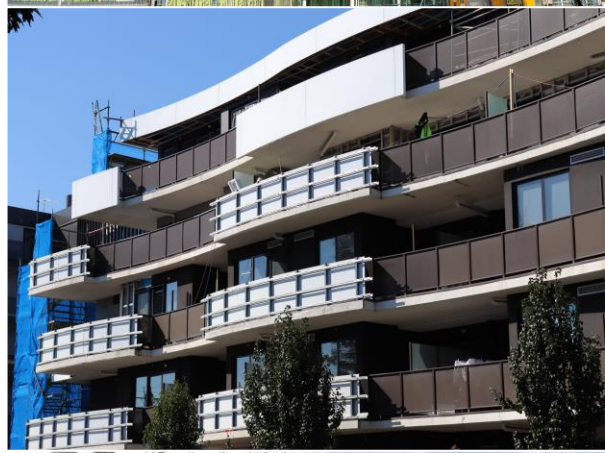


Distribution by height in storeys

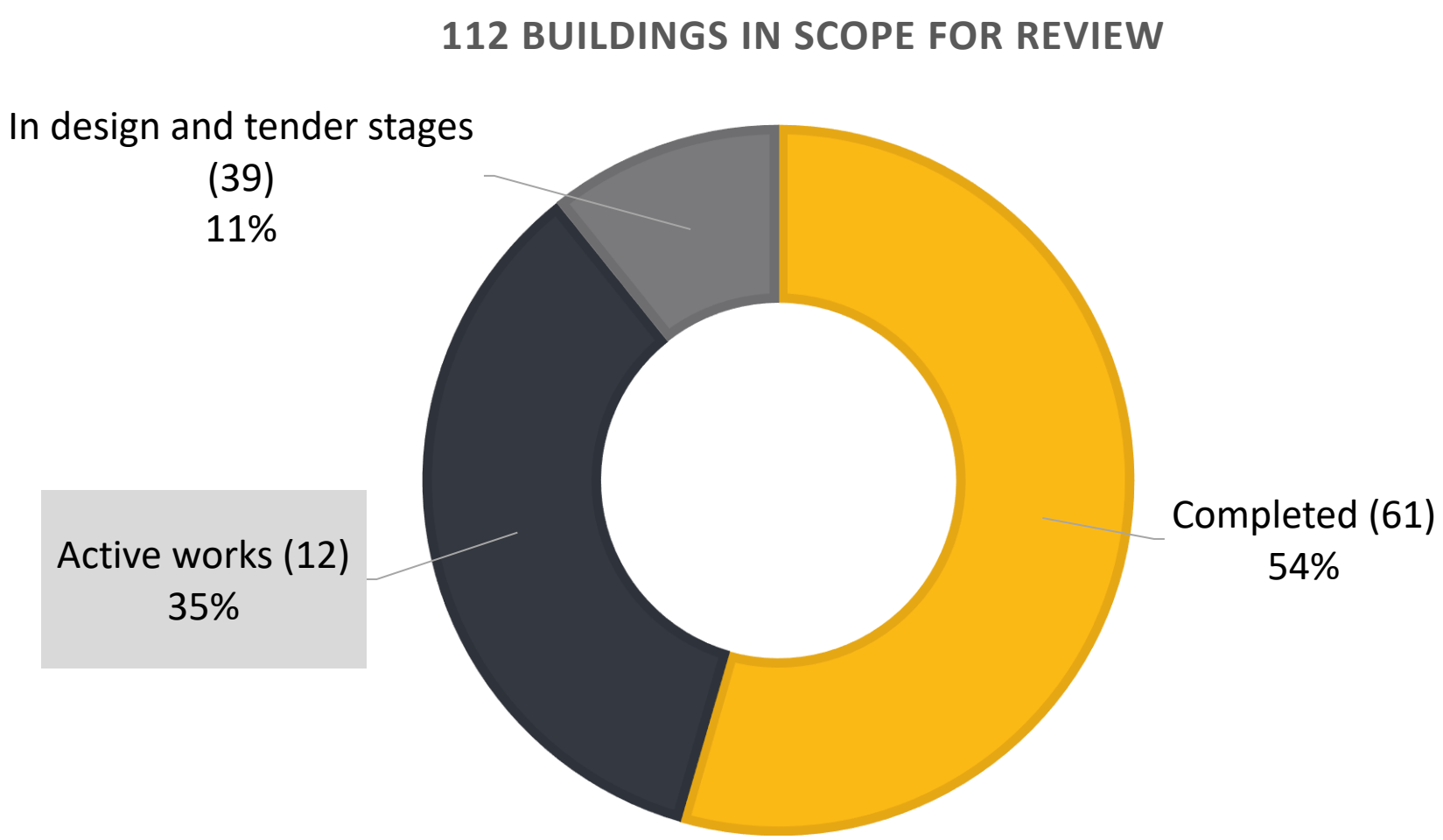


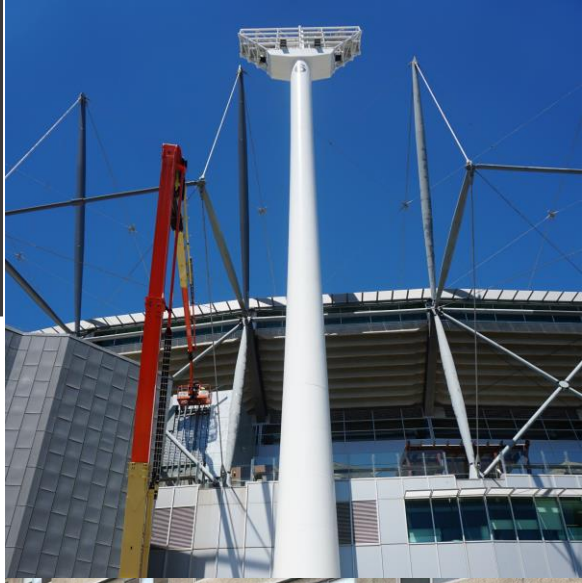
Distribution by cladding type





Government Program

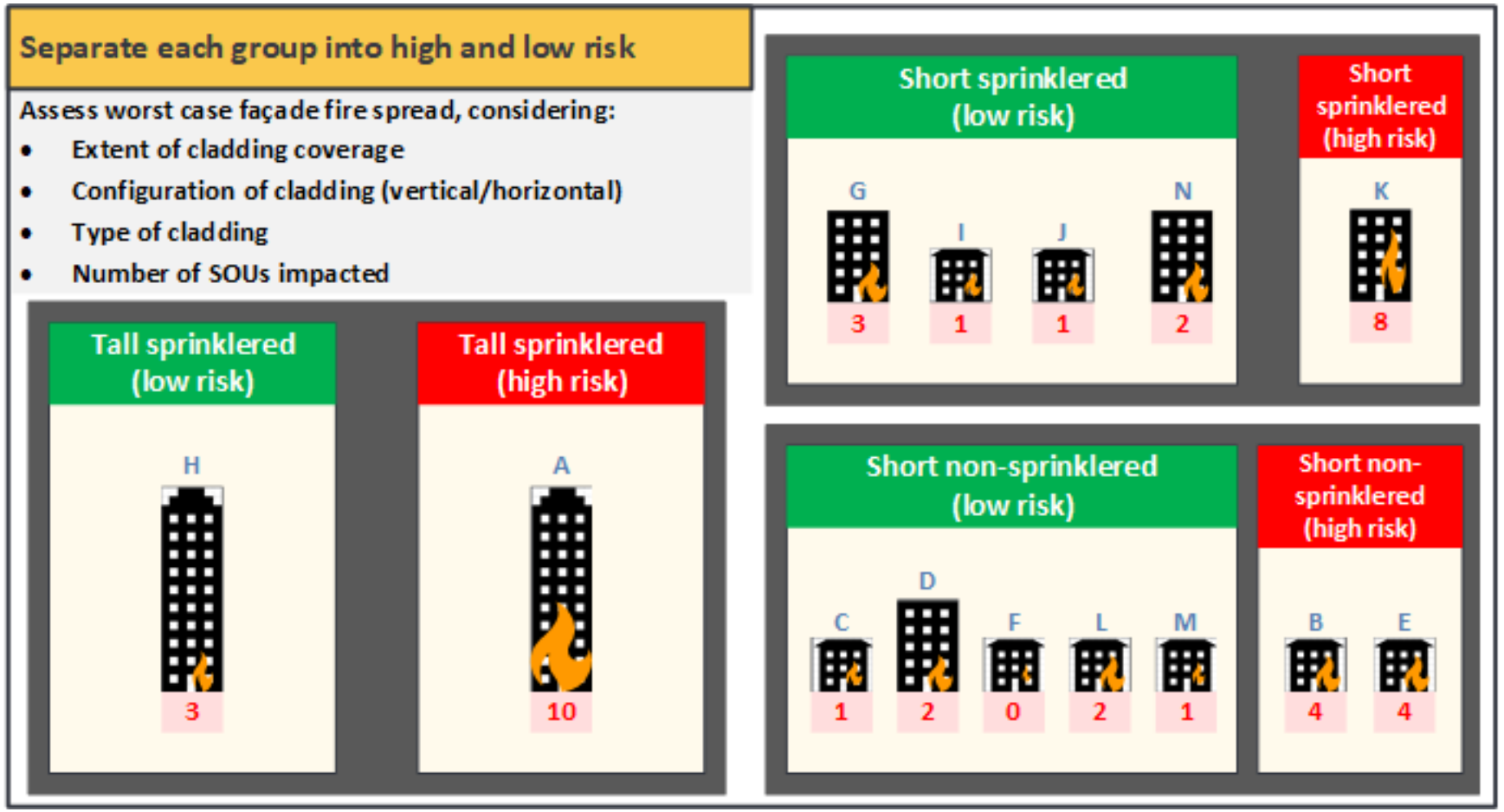




CSV – working out relative risk

High risk buildings assessed for CSV funded removal of cladding

Lower risk buildings MBS enforcement



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CSV – creating a relative risk comparison

Assign each building to a risk cohort

- Value of the cladding risk premium is ignored from here
- A cohort code is built to represent the risk profile of a building
- The 1st part of the code captures the earlier steps
- The 2nd part of the code is built using iAuditor and RAT data
- One or more buildings can share the same cohort code

A First part the code reflects sprinkler status, building height and cladding risk premium status

Indicates building is sprinklered

Indicates building is over 25m tall

e.g. SPRK- TALL- UPR

Indicates building has a cladding risk premium above the threshold

B Second part the code reflects the binary coding of RAT / iAuditor data for 6 risk factors

	Exit risk	Type of cladding	Fire fighting	Speed of evac.	Egress prov.	No. of SOUs
High	1	1	1	1	1	1
Low	0	0	0	0	0	0

This creates a code like this: 010111

C Combine the two parts to create the cohort code

e.g. SPRK-TALL-UPR-010111

Every building has a code like this

There are 81 unique cohort codes covering 363 buildings

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CSV – Working out relative risk

Create a priority sequence for the risk cohorts

- The sorting process is carried out separately for each of the 6 groups (i.e. all buildings in a sorting process have the same start to their codes (e.g. SPRK-TALL-UPR).
- An expert group ranks the cohorts based on the risk represented by the 6 risk factors (captured by the code 010111)

The cohort sequence for tall sprinklered buildings with a high cladding risk premium is shown in the table

It covers 19 buildings

Cohort Codes	No. of Buildings
SPRK-TALL-UPR-011111	8
SPRK-TALL-UPR-011110	1
SPRK-TALL-UPR-011011	2
SPRK-TALL-UPR-011010	1
SPRK-TALL-UPR-010111	1
SPRK-TALL-UPR-010011	2
SPRK-TALL-UPR-011101	1
SPRK-TALL-UPR-011100	1
SPRK-TALL-UPR-010100	1
SPRK-TALL-UPR-001111	1

This is 1 of 6 priority cohort sequences

End

This is the end of the sorting and sequencing method using the CSV Risk Prioritisation Model

BUT

It is not the end of CSV prioritisation activity

The sequenced lists provide a foundation for subsequent people based activities:

- Investigation pathways
- Due diligence inspections
- Investment Committee decisions

Issues beyond cladding

Issues beyond cladding

Sequencing of works

- Cladding rectification works should be prioritised
- Other non-compliances should be addressed during a subsequent phase of building works
- Subsequent works to be managed, designed, permitted, and built by practitioners of the owners corporation choosing
- Acknowledge that broader defects may present risks to building occupants and fire and rescue personnel
- Enforcement of building standards remains responsibility of the MBS

Scope of funded works

- External wall comprised of various elements
- Where CSV is funding the removal and replacement of all combustible cladding, funding will **also** extend to replacement of sarking and insulation and the provision of **external** fire rated linings (where required)
- CSV will **not** fund provision of **internal** fire rated linings or passive fire system upgrades
- CSV will **not** fund construction of new spandrels
- CSV **may fund** other items to limit fire spread where problems with spandrels are identified – discretion of MBS and RBS

What is the insurance solution?

- **Three separate policies** with **four separate underwriters**
- Government accepted the broker's advice that additional policies would provide comfort to the professional indemnity insurance market – because other risks were being addressed
  - Professional Indemnity Insurance
  - General Public & Products Liabilities
  - Construction Risks Material Damage

- Insurance FAQ: https://www.vic.gov.au/insuring-victorias-landmark-cladding-rectification-program

Professional indemnity insurance

Who is covered?

- Any party contracted by the **Principal** or a **Design and Construct Firm** on an **Insured Project**
- The Principal is defined as CSV, the OC, or one of 23 named Government entities
- Design and Construct Firm is defined in the policy as **any construction company** approved by CSV or appointed by other Government departments to undertake remedial work

- This means that the following parties will be covered:
  - FSE engaged by CSV for design work
  - Architect engaged by CSV for design work
  - RBS engaged by the building owner (or CSV, on behalf of the building owner)
  - IPM engaged by CSV and by the building owner
  - D&C builder (in respect of design liabilities) for private residential
  - Other consultants engaged by the builder for design work through a subcontract agreement
  - Clerk of works engaged by CSV
  - Design consultants and contractors appointed by Government departments.

Other issues to consider

- Dealing with design issues
- Market knowledge around products
- Price inflation for unsuspecting owners
- Owners corporations need support

Questions

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