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**Report to: Clackmannanshire Council**

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**Date of Meeting: 26<sup>th</sup> June, 2025**

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**Subject: Reinforced Autoclaved Aerated Concrete**

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**Report by: Strategic Director (Place)**

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## **1.0 Purpose**

- 1.1. This report provides Council with an update on progress on the Council's response to Reinforced Autoclaved Aerated Concrete (RAAC) being found on the roofing structure of mixed ownership properties in Tillicoultry. The report focuses specifically on the three blocks of flats where evacuation action was undertaken.
- 1.2. Following the Council receiving costed information from a contractor, this has enabled further detailed consideration of an options appraisal exercise.
- 1.3. Additionally, this report provides Council with an update on recommendations approved by Council in May of this year following a hearing of the Petitions Committee relating to RAAC Affected owners and residents on 3<sup>rd</sup> April 2025.

## **2.0 Recommendations**

It is recommended that Council:

- 2.1. **Note** the progress made by Officers working with evacuated owners and occupiers to find a sustainable and affordable solution for the 3 blocks of flats in Tillicoultry affected by RAAC;
  - 2.2. **Note** the Options appraised by Officers as outlined within Section 5 and summarised within appendix A of this report;
  - 2.3. **Approve** the recommendation to progress within Options 1 or 2 of the report, recognising the majority of owners' preference for such options and the resultant benefit to the Council in returning a significant number of Housing Units to operational use;
  - 2.4. **Notes** that evacuated tenants will be offered the opportunity to convert their current temporary accommodation into a secure tenancy as provided for in paragraph 7.4;
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- 2.5. **Approve** the home loss payment of £1500 for those tenants who have converted their tenancy as provided in paragraph 2.4 the details of the payment are contained in paragraph 7.5;
- 2.6. **Approve** that, for owners who have expressed a preference for a voluntary sale, officers are authorised to enter into negotiations to agree terms and conditions in respect of such sale as outlined in paragraph 8.6;
- 2.7. **Approve** the re-profiling of the Housing Revenue Account (“HRA”) Roof and Render budget to accommodate works on the three evacuated blocks, alongside the scheduled programme of activity for 2025/26 as provided for in paragraph 9.1;
- 2.8. **Approve** the recommendation of Option 1 and 2 in respect of repairs to the evacuated blocks as referenced at paragraphs 9.1 to 9.3 to be taken forward by the service in consultation with the Chief Finance Officer and Senior Manager for Legal & Governance;
- 2.9. **Notes** the responses to the actions agreed as part of the Petitions Committee, 3<sup>rd</sup> April 2025 as outlined within Section 10 of this report.

### 3.0 Background

- 3.1. This report follows on from a report provided to Council in November 2023 which outlined the extent of the situation around RAAC within Council properties including the three evacuated blocks of mixed ownership.
- 3.2. An all-members briefing was held in April 2024 to provide an update on progress in managing the RAAC issue and a further Briefing Note distributed in August 2024. An owners and occupiers briefing was hosted by the Strategic Director of Place in November 2024 and in the run-up to this Council meeting.
- 3.3. At the present time the three evacuated blocks in Tillicoultry remain unoccupied, due to the statutory notice served by Building Standards on the owners of the properties. The Council has (on a number of occasions) facilitated action to enable owners and occupiers to have their belongings removed from the properties subject to the usual risk assessments. The last facilitated entry took place late 2024. Secure window and door shuttering has been affixed at points of entry and common area alarm systems have been enabled.
- 3.4. Regular visual inspection of the three evacuated blocks is ongoing to ensure continuous monitoring of condition with both the Council and owners keen to see movement towards a decision made with respect of the evacuated blocks.
- 3.5. It is important to note that Clackmannanshire is not the only Scottish Council area where RAAC has been discovered within residential dwellings. There has been significant publicity around the discovery within Aberdeen City with approx. 500+ homes affected and West Lothian Council with approx. 90

homes affected. Each Council area is addressing RAAC concerns in a manner that is appropriate to the context and scale within their respective localities, however this does add pressure by campaigning groups seeking to maximise the opportunities and outcomes for owners and residents impacted.

#### **4.0 Care for People**

- 4.1 We have continued to engage with the owners, with some being granted temporary accommodation after presenting as homeless and have been given advice/support by Housing Officers and the Citizens Advice Bureau. Some owners have also now been allocated secure tenure properties to meet their housing need.
- 4.2 The seven RAAC managed and monitored blocks, which remain occupied, continue to be inspected on a regular basis. We are currently engaging with the appointed Structural Engineer to discuss more invasive surveying of the RAAC panels which would involve hatches being cut in the ceilings of the top floor properties. Once further guidance is obtained, we will contact the owners and occupiers in the blocks. This work will provide officers with information in order to establish a forward plan of action for these occupied blocks in line with the wider stock asset evaluation.

#### **5.0 Options Appraisals**

- 5.1. The members of the working group provided eight possible options for consideration. Please refer to Appendix A for full details and associated costs.

- Option 1- Full replacement of the RAAC roof
- Option 2- Full replacement of the RAAC roof with external building wall energy efficient fabric upgrade
- Option 3- Installation of Fail-Safe Crash Deck
- Option 4- Demolition
- Option 5- Demolition and Redevelopment
- Option 6- Manage and Monitor (retain “as is” i.e. do nothing)
- Option 7- Manage and Monitor (retain “as is” with a future potential future sale to private developers)
- Option 8- Restricted Retention for Alternative Accommodation.

##### **5.2 Option 1 and 2**

In order to carry out a full replacement of the roof, with or without external wall fabric upgrade works, we would require engagement with the owners within

each block as we would expect the owners of the building to cover the cost as detailed in their title deeds.

### Financial Implications

The cost of undertaking roof and wall render upgrade work. The current estimated cost of undertaking the improvement works are detailed below. This does not include any contingency of around 15% to 20% that would be expected on a project of this scale. It should be noted that these costs do not include any professional and/or legal costs associated with the Council managing the Project and dealing with any repayment plans securing any debt due to the Council. These costs are also provided on the basis that all three blocks progress at the same time. If that situation is not the case, then updated estimated costs will need to be obtained, and/or alternatively this may need to be re-considered by Council.

There may be potential for private owners to obtain a VAT exemption and/or reduction relevant to the repairs and energy improvement works. A reduction may also be applicable given the period of time that the properties have been unoccupied. The service will explore potential for this.

Block	Roof Area (sqm)	Cost to replace roof only (inc. VAT) <b>Option 1</b>	Each individual owner's cost (inc VAT)	Cost to replace roof & wall render (inc. VAT) <b>Option 2</b>	Each individual owner's cost (inc VAT)
6 – 22 Park Street	273	£234,750	£26,083.33	£374,641.20	£41,626.80
35 – 51 High Street	273	£234,750	£26,083.33	£374,641.20	£41,626.80
75 – 97 Chapelle Crescent	364	£298,152	£24,846.00	£530,426.88	£44,202.24

### 5.3 Option 3

The crash deck is a very complex, intrusive and disruptive option and only provides a temporary solution as it does not remove the RAAC panels. This reduces the useable floor to ceiling height in each top floor property and can also potentially result in significant changes such as new window and door openings etc, if affected. This would require lengthy pre-planning and

installation processes and generally would not be easy to undertake. We expect there to be an extremely high cost associated with any such works.

The appraisal recommends that this Option be discounted at this stage.

#### 5.4 Options 4 and 5

Demolition of these blocks would remove the risk within the shortest timescale at the lowest cost. The Council would require to acquire the privately owned properties by a voluntary sale agreement or possible Compulsory Purchase Order through the relevant legislation.

To progress with redevelopment of existing three evacuated blocks, the challenge of mixed ownership would have to be overcome, there would also require significant capital funding investment to deliver such a proposal.

Further feasibility and design development work would be required to provide more detail on this option and any potential to extend into adjacent areas of HRA owned land to achieve an increase in the size of the development sites as the existing plots have limitations.

#### 5.5 Options 6 and 7

The options to safely manage and monitor the evacuated blocks would leave these blocks vacant and uninhabitable for the foreseeable future or retained as a potential sale for future private developers.

The HRA account requires to provide Best Value for tenants in line with its social charter aspects and this offers the lowest immediate costs. Whilst this option may be the cheapest in relation to managing the RAAC concerns initially, it does not address the problem, nor find a solution for Owners. It does however restrict the use of approximately 18 HRA units in a time where we are experiencing significant strain on housing demand.

#### 5.6 Option 8

This option would allow the Council to consider the properties to be acquired from the owners. The top floors would not be occupied but the remainder of the block could potentially be used for alternative accommodation.

### 6.0 **Progression of Options**

6.1 It is recognised that as the Council does not own all of the properties within the evacuated blocks, there is a requirement to engage with the affected owners to explore the most suitable option.

6.2 If Council Officers, were to solely consider the impact in respect of the Housing Revenue Account, the Council may consider to take the approach of taking **no action** as outlined within Options 6 and 7. However, considering the wider context involved, including the consequential impact on housing availability, the existing housing emergency and the pressures of homelessness on the Council's General Fund, there is clear evidence for an alternative approach and to this end Officers explored alongside the other

owners the appetite and potential route map that could address the aforementioned concerns, in particular Options 1 and 2.

## **7.0 Resident & Tenant Engagement**

- 7.1 Since January of this year, Officers have been engaging with the owners' and the Council's Contractors over the potential options available. This has been welcomed by the owners and has assisted Officers in considering some of the wider concerns previously highlighted.
- 7.2 The Council's current roof and render contractor has advised that they have relevant experience in respect RAAC remediation in public buildings in England. On the basis of this experience Contractor has been asked to prepare costed proposals for the three evacuated blocks. During this period, Officers engaged with the owners to gauge their willingness to consider a remedial approach, which would require them to contribute to the associated costs, should this option be progressed (**Options 1 or 2**). The contractor submitted draft proposals aimed at making the properties safe and suitable for habitation.
- 7.3 A presentation on this option was initially scheduled for March 2025. However, owners requested that the meeting proceed with officers only, without the contractor present to explain the pricing, specification, and repair process. This fuller engagement has now taken place. A significant proportion of the owners were interested in progressing with Options 1 or 2, however it is worth indicating that there were a couple of owners who indicated that they would prefer to dispose of their property.
- 7.4 The impact of RAAC discovery within the three evacuated blocks as referenced above, did not just impact owners, but resulted in a number of Council tenants being rehoused. Officers have also through this time been in contact with these tenants following the evacuation action. The majority appear to be settled and, in most cases, have expressed a desire to remain in their current accommodation. It is recognised that for these tenants, the pathway going forward to reduce the potential disruption and understandable stress and anxiety in rehoming, that the Council would convert the tenancy of those who wish to remain within the evacuated property to a secured let.
- 7.5 In recognition of the impact on our tenants on the evacuation and relocation to other properties and the experience this has had on those tenants, Officers are recommending a home loss payment. Although tenants in this situation would not typically qualify for a statutory home loss payment, given that choosing not to return is a voluntary decision, it is recommended that a payment of £1,500 be made from the HRA, to those who opt to convert their tenancy. In line with the Council's Corporate Debt Strategy, this payment will only be made where rent accounts are clear and up to date.

## **8.0 Recommendations from the Options Appraisal**

- 8.1 Whilst it can be considered that at present the options 6 & 7 (the do nothing options) could represent the lowest cost to the Council and the wider tenant
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base. Officers concluded that when considering all obligations and factors and the willingness of Private Owners to give serious consideration and commitment to Options 1 and 2, this should be recommended to Council for as the preferred options for addressing these three RAAC affected blocks.

- 8.2 There is no doubt that Options 1 or 2 will represent a significant financial undertaking for each owner including the Council. The Council will need to be satisfied that owners have sufficient funding to cover such costs (which will include any professional and legal associated with the managing of the works) or meet the criteria linked to affordability, in respect of any agreements to allow owners to pay their share of the cost of the works by instalments (which will include any legal and professional costs and outlays to protect the Council in respect of the installed payments). These provisions will be reviewed on a case by case basis with each of the owners. Owners will be advised to obtain their own independent legal advice.
- 8.3 One such mechanism maybe if Council was minded to progress with Options 1 or 2, in partnership with the the other owners, there would be requirement to establish an owner's association. Further, to obtain consent of the owners for the proposed works under Options 1 or 2 a formal voting process as provided for in the Tenement (Scotland) Act 2004 would be required.
- 8.4 Where the scheme decision is in acceptance of either of the above options, there will be an estimated lead-in period of 8-12 weeks in order to confirm final contractors costs, obtain any relevant Building Warrant/Planning Permissions, road closure applications etc, prior to proceeding. The proposed roof replacement design will also require to certified and signed off on by a structural engineer. This is in addition to the Contractors own lead-in time to programme in a schedule of works and mobilise the required resources needed. Completion of works would be expected to take 15 weeks per block and is weather determined and seasonal so is not expected to progress between December-February.
- 8.5 However, similar to some evacuated tenants, a number of owners have informed officers that they have either fully settled into their current accommodation or do not wish to return to their property for various personal reasons.
- 8.6 It is therefore proposed that officers be authorised to negotiate individually with the owners to voluntarily acquire their property. As the properties currently hold a 'nil' market value, officers require Council approval for the Strategic Director of Place to negotiate a purchase price. These negotiations would take into account the anticipated market value post-repair, the cost of the repairs, and any expenditure already incurred to date by the Council. This is in line with the approach adopted by the Council in the acquisition of properties from the open market for the purposes of social housing.
- 8.7 It is recognised that some owners may be financially vulnerable, particularly where outstanding mortgage balances exceed the potential offer outlined in paragraph 8.6. However, lenders may be to exercise discretion and flexibility in such cases, especially where the property has a 'nil' market value. Trained money advisors or legal advisors are best placed to support owners in these

discussions, presenting a full financial picture to lenders and helping to avoid negative consequences where a sale is being considered.

8.8 For many owners, agreeing to a voluntary sale may offer closure - and potentially a more positive outcome than seemed possible just a few months ago. However, it is important to acknowledge that homeownership carries inherent risks, and the Council must avoid creating a perception of moral hazard. While the discovery of RAAC has undoubtedly had a significant financial and emotional impact on owners, the Council has been impacted both financially and from the loss of critical housing stock during a national housing emergency.

8.9 For other owners, even in light of what may be considered a evacuated settlement offer, their preference might be to proceed with the repairs and return home. This is, of course, entirely understandable and acceptable.

## **9.0 Repairs Funding**

9.1 In January 2025 the Council approved a capital allocation of £3 million for roof and render works, to be utilised up to April 2027. The current contract is due to end in September 2026. To enable the repair works on the evacuated blocks to proceed alongside the scheduled programme for the 2025/26 financial year, it is proposed that £1 million of the 2026/27 capital budget be brought forward into the current financial year. The budget for a new roof and render contract will be reviewed and presented as part of the HRA budget approval process in January 2026.

9.2 Proceeding with the repair works requires a process of engagement with the owners and may include conducting a formal block vote. This could be carried out under the Tenements (Scotland) Act 2004, which established a default framework for tenement maintenance and management known as the Tenement Management Scheme (TMS). Under this scheme, each individual flat is allocated one vote, with the majority determining the course of action.

9.3 However, a number of alternative charging order mechanisms are available to the Council. The Service is continuing to consult with Finance and Legal teams to determine the most appropriate approach to ensure the Council's financial interests are fully protected and to mitigate the risk of non-payment. Officers will continue to work with relevant services and engage with owners to progress this matter, taking into account owners' views while safeguarding the Council's position.

## **10.0 Petition and Specific Asks of the RAAC Group & Residents**

10.1 Members will recall that Council in May agreed the three recommendations from the Petitions Committee held 3rd April 2025, brought forward by one of owners affected by RAAC. The Petition explored and recommended 3 of 4 key asks. The following gives Council an update on those recommendations.



**Provide Pre-RAAC Declaration Valuations – that the Council agree that a feasibility study, based on Royal Institution of Chartered Surveyors (RICS) requirements, is carried out by officers and surveyors to establish whether a mechanism for both pre and post RAAC valuations can be carried out as at the date of the Petitions Committee (3 April 2025).**

- 10.2 Officers have engaged with Senior Specialist Valuation Leads from RICS who confirmed that, while the RICS Global Red Book does permit surveyors, in certain limited and exceptional circumstances, to provide backdated valuations, this special assumption cannot be applied in cases where a known hazard exists.

*“RICS valuation standards allow for special assumptions, but these must ‘reasonably be regarded as realistic, relevant and valid for the particular circumstances of the valuation’ (Global Red Book VPS 2).*

*Red Book UK national supplement VPGA 11.6 para 4 covering residential property notes that ‘Unless limited enquiries reveal otherwise, the following assumptions and special assumptions may be made without verification....(d) No deleterious or hazardous materials have been used in the construction. However, if the limited inspection indicates that there are such materials, this must be reported and further instructions requested.’”*

- 10.3 Although, what is possible, is the provision of a market value at the date of survey and expected market value once proposed repair works are complete. The Council organised valuations of all privately owned properties within the three evacuated blocks with our RICS appointed Surveyor. These took place week commencing 2nd June and the valuations have now all been shared with the owners.
- 10.4 This details that, at the date of valuation, “the properties are currently uninhabitable due to the presence of RAAC within the block and therefore would currently return a ‘nil’ value on the open market with no lending available. The properties are suitable for cash purchase only by an investor/developer who would be willing to take the works on themselves.” In addition, each owner was also provided an expected market value of the open market value subject to the works exhibited to the surveyor being completed. This placed a range of valuations between £52,000 to £65,000.

**Financial support for RAAC-related costs – that the Council explores all avenues within existing frameworks to provide support in whatever form that takes including all sectors.**

- 10.5 The Council is in the process of meeting each owner individually, this aspect of their financial outlays will be explored at the meeting to see what further help and or assistance might be available.

**Advocate for a National Financial Support Fund – that the Council actively and more visibly lobby the Scottish Government and the UK Government for the establishment of a national financial support fund for RAAC-affected homeowners.**

- 10.6 The housing spokesperson will write again to the Scottish and UK Governments to request the establishment of a support fund to assist those homeowners affected by the presence of RAAC within their homes.

## **11.0 Sustainability Implications**

- 11.1 The return of RAAC properties back into use will mean we help reduce embodied carbon.

## **12.0 Resource Implications**

### **12.1 Financial Details**

Finance have been consulted and have agreed the financial implications as set out in the report. Yes X

***The Service is working with Finance colleagues to determine any potential impact aligned to existing HRA Capital programme and the use of the Council's Scottish Government funding for Housing.***

## **13.0 Exempt Reports**

- 13.1 Is this report exempt? Yes ☐ (please detail the reasons for exemption below) No ☒

## **14.0 Declarations**

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

### **(1) Our Priorities** (Please click on the check box ☒)

Clackmannanshire will be attractive to businesses and people and ensure fair opportunities for all ☐

Our families, children and young people will have the best possible start in life ☒

Women and girls will be confident and aspirational, and achieve their full potential ☒

Our communities will be resilient and empowered so that they can thrive and flourish ☒

### **(2) Council Policies** (Please detail)

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## 15.0 Equalities Impact

- 15.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

Yes ☐

No ☒

## 16.0 Legality

- 16.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers.

Yes ☒

## 17.0 Appendices

RAAC Options Appraisal – Appendix A

## 18.0 Background Papers

- 18.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered).

Yes ☐

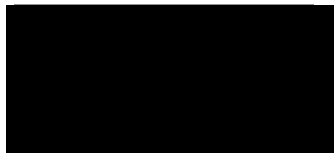
No ☒

(please list the documents below)

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### Approved by

NAME	DESIGNATION	SIGNATURE
Kevin Wells	Strategic Director – Place	



## **Appendix A**

### **Summary Table of Options**

<b>Factors for Consideration</b>	<b>Option 1</b>	<b>Option 2</b>	<b>Option 3</b>	<b>Option 4</b>	<b>Option 5</b>	<b>Option 6</b>	<b>Option 7</b>	<b>Option 8</b>
	Roof Replacement	Roof replacement with render & wholesale improvement work	Fail Safe Crash Deck Installation	Demolition & Asbestos Removal	Demolition and Redevelopment	Manage and Monitor (retain “as is”)	Manage and Monitor (potential sale to private investors)	Restricted Retention for Alternative Accommodation
Is RAAC removed	Yes	Yes	No - Not Viable	Yes	Yes	No	No	No
Ease of Construction	Complex – However there is a Contractor available on the Council’s Framework	Complex - However there is a Contractor available on the Council’s Framework		No issues anticipated	No issues anticipated	-	-	Further consideration needed
H&S Implications	Several risks while work undertaken but would remove the RAAC completely	Several risks while work undertaken but would remove the RAAC completely.	Several risks while work undertaken and ongoing risk of failure with RAAC remaining in-situ.	Risks for a short period of time while work undertaken but would remove the RAAC completely.	Risks for a short period of time while work undertaken but would remove the RAAC completely	Ongoing requirement to ensure continued monitoring of condition and compliance with conditions of the dangerous buildings notice,	Ongoing requirement to ensure continued monitoring of condition and compliance with conditions of the dangerous buildings notice,	Several risks while work undertaken and potential for further risks to develop over time if RAAC not removed.

Factors for Consideration	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6	Option 7	Option 8
						and to maintain security of building.	and to maintain security of building.	
Indicative Budget inc. VAT <b>(does not</b> include for suggested 15%-20% contingency)	£767,652 + (15-120 contingency)	£1,279,709.28 + (15-20% contingency)		£205,560.00	£8,668,784.48	£1,000 monthly ongoing revenue cost to securely manage the buildings	£1,000 monthly ongoing revenue cost to securely manage the buildings	Unknown at present further work needed to define costs
Delivery Timeline (indicative range)	12 months (following all owners agreement to proceed)	12 months (following all owners agreement to proceed)		6 –8 weeks (following agreement of legal process)	3-5 years	Immediate	Market Testing Required	12 months
Potential Costs/Impact to Owner Occupiers	Costs circa £26k. Return to their properties, might be in negative equity	Costs circa £43k. Return to their properties, might be in negative equity	Top floor, flats removed from occupancy.	Owners required to contribute to costs of demolition.	Owners required to contribute to costs of demolition.	Owners will still be liable for ongoing costs and still have no conclusion to their property	Owners will still be liable for ongoing costs and still have no conclusion to their property	Owners likely to receive payment towards clean title to proceed
Will significant capital interventions be required	Yes	Yes		No	Yes	No	No	Potential to fund from surplus/significant savings p

Factors for Consideration	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6	Option 7	Option 8
Private Ownership Impact	Agreement and cost contribution where roofs and building fabric are shared. Funding consideration & Legal Implications	Agreement and cost contribution where roofs and building fabric are shared. Funding consideration & Legal Implications		Need for negotiated agreement, risk of future CPO	Need for negotiated agreement, risk of future CPO	Owners likely to be unhappy at this course of action and may seek to explore other options available to them	Owners likely to be unhappy at this course of action but may be keen to explore what private investors can offer	Need for negotiated agreement, risk of future CPO. Owners may be unhappy at the building being re-occupied by the Council

