
Report to: Clackmannanshire Council

Date of Meeting: 20 March, 2025

Subject: Westhaugh Travelling Persons Site – Council Update

Report by: Strategic Director of Place

1.0 Purpose

- 1.1. This report provides an update on the Westhaugh Travelling Persons Site upgrade project and seeks council approval over a number of key factors to get the project back on site.

2.0 Recommendations

- 2.1. It is recommended that Council:
- 2.2. Note that the Chief Executive has asked the Scottish Futures Trust (SFT) for a full report examining the project management by HUBCo East Central Scotland, as detailed in section (6.4),
- 2.3. Note that the approved project budget was £5,500,000 agreed by Council in May 2023,
- 2.4. Note that the revised project total from both the replacement Tier 1 contractor and Councils own internal project costs has been established at £6,242,000, which is increase of £742,000 from the previously agreed project budget (4.1),
- 2.5. Note that officers and HUBCo staff have identified value engineering works which provide a saving of £271,000 in the required project budget, achieved by the various substitution and specification alterations as referenced in Section 5 of this report (5.2),
- 2.6. Note the following mitigations and decisions (2.7 to 2.9) equate to £471,000, which represents the difference between the budget previously approved by Council, and the current project budget requirement,
- 2.7. Approve the revision by the contractor relating to excess soil (as detailed at 4.4) on the site to reduce spend by £107,000, thus bringing the revised total project budget to £5,864,000,
- 2.8. Note the Council has received additional Scottish Government Grant of £164,000 (4.5),

- 2.9. Approve the use of £200,000 of council earmarked homeless prevention activity reserves (as detailed at (7.4) to fund the project beyond current financial governance. This recommendation is subject to approval of recommendation 2.7, otherwise the amount from that earmarked reserve would increase in equivalent value to £307k,
- 2.10. Note that failure of council to take forward and complete this project, could mean that the Scottish Government could request repayment of circa £1m of grant funding, already drawn down and spent on the project (7.1),

3.0 Background

- 3.1. Council first approved the financial contribution to the redevelopment of the Westhaugh Gypsy Traveller Site in March 2021. Further approval was provided in May 2023, with a request and approval for additional budget required to deliver the site.
- 3.2. Works on site have been paused since March 2024. Positive discussions between the Council and HUBCo East Central Scotland (HUBCo) led to an expectation that the planned programme of works would recommence early this year, with completion anticipated by December 2025. The project aims to ensure the redeveloped site meets modern standards and the cultural needs of residents. Most of the travelling community continues to be temporarily housed within the Council's housing stock while the site remains closed for regeneration.
- 3.3. As formally reported to the Council, the project stalled when the selected contractor entered administration. Consequently, the Council notified the Scottish Housing Regulator (SHR) of material non-compliance with the Scottish Social Housing Charter, which was recorded in the Council's SHR Annual Assurance Statement in October 2024.
- 3.4. The non-compliance was directly related to delays in redeveloping the Westhaugh Gypsy Traveller site, with no ongoing definitive works programme or agreed timescale. Councillors were informed in October 2024 that the replacement Tier 1 contractor's cost estimates exceeded those of the previous contractor. In December 2024 it was reported to the Council's Audit & Scrutiny Committee that the project was due to recommence, subject to agreement on the final contract price.
- 3.5. Since the previous Tier 1 contractor entered administration officers have actively engaged with HUBCo East Central to finalise a fixed-price completion contract. This has included the Council's Chief Executive convening at least two meetings with counterparts to prioritise the project. Up to and including December 2024, HUBCo East Central provided assurances to Council officers that the new contractor would deliver the project within budget taking account of value engineering savings already achieved.

4.0 Project Budget Mitigations

- 4.1. It has been confirmed by HUBCo (as lead project manager) that the final project budget is £6,242,000, which is an increase of £742,000 from the previously agreed project budget (May 2023). Members should note that the

budget includes on site enabling works and Councils own internal charges i.e. legal, finance, storage costs etc.

- 4.2. Officers and HUBCo have identified value engineering works which total a saving of £271,000 in the required project budget, achieved by the various substitution and specification alterations as referenced in Section 5 of this report, bringing the revised total project budget to £5,971,000 (£471,000 above the previously approved budget).
- 4.3. This report asks Members to make decisions on further mitigations equating to £471,000, which represents the difference in the cost previously approved by Council and the current project cost requirement.
- 4.4. Members are being asked to decide upon the landscaping and redistribution of excess soil on site and land in nearby council ownership, rather than its removal in full, a decision that could reduce the revised project budget by £107,000. This would bring the revised total project budget to £5,864,000 (£364,000 above previously approved budget).
- 4.5. Council has been awarded an additional £164,000 grant from the Scottish Government as assistance with the project.
- 4.6. Finally, once work begins on site, it will be possible to determine whether the subbase structure of the road needs fully replaced. HUBCo have advised that this could deliver a further financial benefit of £81,500 which, if all other decisions and mitigations are taken, would reduce the Council contribution to £118,500.
- 4.7. The table below shows the movement in costs from the previously approved budget:

<u>Westhaugh Travelling Persons Site Project</u>	<u>Costs</u>	<u>Variance From May 2023</u>
Council Approved Budget May 2023 (Including Clacks Council project costs of £350k)	£5,500,000	n/a
On Site Works new Tier 1 Contractor	£5,862,000	£712,000
Power Connection Quote Uplift Allowance	£30,000	
Clacks Council - Project cost fees	£350,000	
<u>New Headline Project Costs</u>	<u>£6,242,000</u>	<u>£742,000</u>
Value Engineering Exercise	(£271,000)	
<u>Revised Project Cost</u>	<u>£5,971,000</u>	<u>£471,000</u>
Decision on Soil landscaping/retention	(£107,000)	
<u>Revised Project Cost budget to fund</u>	<u>£5,864,000</u>	<u>£364,000</u>
Funded Additional SG Grant Contribution	(£164,000)	
Funded by Contribution from	(£200,000)	n/a

5.0 Value Engineering

- 5.1. Value engineering is a common practice within construction projects, this has been done with the aim of achieving the desired quality, performance and functionality in line with the Scottish Government Design Guide and grant conditions at the lowest economic price. This exercise was undertaken on the project by HUBCo in collaboration with Council officers,
- 5.2. Value engineering promotes the substitution of materials and methods with less expensive alternatives, without sacrificing functionality. Some examples of Value engineering achieved on this project are listed below –
- Simplifying of entrance door design,
 - Replacement of decorative boulders with a more cost-effective barrier provision,
 - Replacement of galvanised steel fencing and gates with more cost-effective alternatives,
 - Minor revisions to the landscaping design,
 - Revision to the external surface finishes for roads and parking areas from Monoblock to less maintenance dependant and safer tarmacadam,
- 5.3. Careful consideration has been given to ensure that value engineering is in keeping with the consents provided previously by the Councils Building Standards and Planning departments, as well as meeting with the relevant requirements as set out within the Scottish Governments Gypsy Traveller Design Guide and the terms and conditions of the Scottish Government grant funding offer.
- 5.4. Crucially the value engineering has considered resident impact in every aspect of decision making, ensuring that residents will not be disadvantaged as a result of this activity.

6.0 Considerations

- 6.1. Since Council officers had been notified in early 2024, that HUBCo were unwilling to enter into a contract with the previous Tier 1 contractor. They (HUBCo) have been working to establish a new Tier 1 contractor and agreed a new project budget/price.
- 6.2. HUBCo East Central project staff had assumed that their pricing discussions with the new proposed Tier 1 contractor were based on the entire project being costed as before, with deductions applied for works already completed. Unfortunately, this assumption was incorrect. The new Tier 1 contractor's

quote was based on completing the remaining work from the point at which the original contractor ceased on site.

- 6.3. The Council has relied on the experience and expertise of HUBCo East Central and the Scottish Futures Trust (SFT) to provide accurate cost estimates and a fixed-price contract within budget. The late notifications of recent budget alterations are particularly disappointing given previous assurances.
- 6.4. The Chief Executive has asked the Scottish Futures Trust (SFT) to prepare a full report for members on the situation to detail the project management process that HUBCo have carried out in securing a replacement Tier 1 contractor since March 2024. Members should note the letter as included at Appendix 1. Moreover, on the lead up to this Council meeting, a full Members briefing was held with HUBCo relating to this project.

7.0 Implications / Risks

- 7.1. If the Council does not agree to the revised budget, a contract cannot be entered into with the new Tier 1 contractor. It should be noted that failure to take forward and complete this project, could mean the that the Scottish Government could request repayment of circa £1m of grant funding, already drawn down and spent on the project.
- 7.2. The SHR is already engaging with two landlords regarding significant concerns raised by residents about the delivery of Gypsy Traveller sites. Failure to deliver this project would place Clackmannanshire Council at risk of further scrutiny and engagement from the SHR. Maintaining regular dialogue and update meetings with residents has been crucial in retaining their support during this protracted process. Any further delays or cancellation would be devastating for the families on-site, who have shared with Council officers the mental health challenges and stress they have experienced while being temporarily housed in accommodation that does not meet their cultural needs.
- 7.3. Failure to take this project forward will also mean an impact on efforts to move families from homeless temporary accommodation into suitable housing. Alongside the housing emergency and increased demand for homeless accommodation, this is placing pressure on the Council's rent rebates/allowances and Housing Benefit budget. As members are aware, for accommodation used outside our housing stock, we generally receive funding for only one night out of seven as a contribution to the costs. At the time of writing this paper the Council currently spends £26,880 per week on 32 temporary homeless accommodation units outside of our housing stock. A return to site for the travelling community would enable the return of x12 units, which can be made available for homeless applicants, generating throughput and could reduce our current weekly spend on temporary accommodation out with stock by around a third, all else remaining equal.
- 7.4. While representations will continue to be made to the Scottish Government for a contribution of costs to this project in line with the original grant assumption of 60% funding, it is proposed and recommended that £200,000 be utilised from the homeless prevention reserve. This will add value for both releasing the homes back to the Housing Account and lead to a reduction in demand for

homeless accommodation, which would enable the project to proceed and allow work to recommence on-site as soon as possible.

8.0 Sustainability Implications

- 8.1. The properties will be built as near to Passivhaus standard and will contain solar panels and zero emission heating systems at the point of use. This is in line with the Councils declaration of a climate emergency.

9.0 Resource Implications

9.1. *Financial Details*

- 9.2. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Yes

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

9.4. *Staffing*

9.5. *No impact*

10.0 Exempt Reports

- 10.1. Is this report exempt? Yes (please detail the reasons for exemption below) No

7.0 Declarations

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

(1) Our Priorities

Clackmannanshire will be attractive to businesses & 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**
 Complies with relevant Council Policies

8.0 Equalities Impact

8.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?
 Yes No

9.0 Legality

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

10.0 Appendices

10.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

Appendix 1 – Copy of letter from the Chief Executive to Scottish Futures Trust Hubco

11.0 Background Papers

11.1 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 (please list the documents below) No

Housing Budget – January 2025

Westhaugh (Travelling Persons Site) Redevelopment - Capital Project - Capital Budget Commitment – May 2023

Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Murray Sharp	Senior Manager (Housing)	5113

Approved by

NAME	DESIGNATION	SIGNATURE
Kevin Wells	Strategic Director (Place)	



PLACE

Kilncraigs, Greenside Street, Alloa, FK10 1EB
Telephone: 01259 450000

Contact: Nikki Bridle

Direct Tel:

Email:

Date: 11th March 2025

Steven Whitton
Associate Director - Hub Programme
Scottish Futures Trust

Dear Steven,

Westhaugh Gypsy Travellers Site

I write to you in relation to Clackmannanshire Council's ongoing redevelopment of the Westhaugh Gypsy Traveller Site located in Alva, Clackmannanshire, and specifically in relation to the progress made by the Scottish Futures Trust's (SFT) Hub East Central Scotland (Hubco) in delivering the project management service required.

We met most recently in January of this year and it was disappointing that we did not at that stage have cost certainty over the project price, something which I had asked to be provided as a priority in my previous meeting with Hubco representatives in October 2024.

I am pleased that matters have now progressed and we have the required cost information necessary to allow Council to make an informed decision on the future of the project.

Whilst this is a positive step in the right direction (and I am keen that we move forward) I am also mindful of a need to undertake a detailed review of the issues incurred on this project to include a timeline of events setting out the actions taken by Hubco since concern was first raised over the financial viability of the previous tier 1 works contractor.

The lengthy period of time taken to resolve the situation has meant that a significant amount of council officer time has been needed to manage the client side requirements of this project and the ongoing engagement with our various stakeholders, not least the gypsy community, who have for some considerable time been living an unfamiliar lifestyle in mainstream council housing with no clear idea of when they will be able to return home. This has been a challenging situation for everyone.

This is a high profile project for the Council, our elected members rightly require to understand how Hubco have sought to mitigate the various risks and issues that have occurred up until this point with assurance provided that adequate provision for the effective future management of this project by Hubco is in place.

My expectation is that Hubco prepare a full report for elected members on the situation to detail the project management process that HUBCo have carried out in securing a replacement Tier 1 contractor since January 2024 and to make key senior representatives available to present this information to elected members at a future meeting to be arranged.

I look forward to hearing from you and progressing to work positively together in the delivery of this project.

Yours sincerely

Nikki Bridle
Chief Executive