

---

**Report to: Place Committee**

---

**Date of Meeting: 23 January 2020**

---

**Subject: Clackmannan Regeneration, Budget Update**

---

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

---

### **1.0 Purpose**

- 1.1. This report sets out the background of the Clackmannan Regeneration Project and progress to date on project outputs, spend to date and the current financial position.

### **2.0 Recommendations**

- 2.1. It is recommended that Committee:
- (a) notes the progress on the projects to date and spend so far,
  - (b) notes the change of estimated cost required to complete the re-development at Main Street / North Street which will complete the overall project,
  - (c) notes the terms and conditions of the Scottish Government Grant detailed at point 6,
  - (d) notes the letter to the Scottish Government in appendix 2 to seek clarification on change of spend profile, estimated costs and disposal of land for affordable housing,
  - (e) notes, subject to Scottish Government approval, further governance will be sought from Council on disposal of land for affordable housing, and;
  - (f) notes the remainder of the report, commenting on and challenging where appropriate.

### **3.0 Background**

- 3.1. Economic Stimulus Fund (Capital Investment Fund) was approved by Council on 8 March 2012. Its purpose is essentially to recycle the proceeds of investment property sales to acquire vacant, derelict or underused land for re-development, with one of the key priorities for Capital Investment being Town Centre Renewal.

- 3.2. At a meeting of 17 December 2015, the Council approved the acquisition of 57, 59 Main Street and former Print Works, North Street Clackmannan from the Economic Stimulus Fund which, at that time, had around £300,000 available. The purchase of the properties allowed the Council to take ownership of this land and enable focus on a 'Village & Small Towns' project in Clackmannan.
- 3.3. At a Special Council meeting on 23 February 2016, the Council approved £2.074 million from its own Capital Programme towards wider regeneration in Clackmannan. This was to include upgrade work to Clackmannan Primary School, playparks, lighting and 'Village & Small Towns' project work.
- 3.4. On the basis that Economic Stimulus Fund and Capital Funding is in place, in September 2016, the Council submitted a business case<sup>1</sup>, see Appendix 1, to the Scottish Government as a top up bid to support a larger investment in the 'Village & Small Towns' project. The bid was for a further £2 million to enhance planned streetscape work and facilitate re-development of the derelict Main Street site already acquired by the Council. In addition, the grant funding was to secure the relocation and demolition of an existing business in Lochies Road, retaining jobs and creating a new development site. The estimated costs and spending profile, was agreed by the Scottish Government as set out in Table 1 below.
- 3.5. The Clackmannan Regeneration Project consists of 7 major initiatives, arising from investment priorities in the Council's Capital Programme, Clackmannan Community Action Plan and from the need for new social housing through the Strategic Housing Investment Plan.

Table 1

<b>Description</b>	<b>Estimated Cost</b>	<b>Scottish Government Contribution</b>	<b>Clackmannanshire Council Contribution</b>
Clackmannan Primary School	£1.374m	-	£1.374m
Main Street, Building Construction	£0.9m	£0.9m	-
Main Street/High Street, Street Scape	£0.8m	£0.35m	£0.45m
Lochies Road, Re-development of Bus Garage	£0.4m	£0.4m	-
Lochies Road/Port St, streetscape	£0.35	£0.35	
Play Parks & Open Space	£0.025m	-	£0.025m
Other	£0.225m	-	£0.225m

<sup>1</sup> Clackmannan Regeneration, Project Summary

Street/Lighting/Safer Routes			
<b>Total</b>	£4.074m	£2.0m	£2.074m

- 3.6. After a successful bid, on 13 October 2016, Council was presented with a paper to note the award of £2 million from the Scottish Government's Economic Development Fund for the regeneration of Clackmannan. A requirement of the award was to legally commit the spending by 31 March 2017.
- 3.7. A further report was brought to Council on 15 December 2016, outlining the estimated cost plan to enable the grant funding to be legally committed to projects by 31 March 2017.

#### 4.0 Projects, Estimated Costs and Spend

- 4.1. It was agreed by Council on 15 December 2016 that the £2 million Government Grant and £2.074 million Capital Funding would be allocated on the following projects. The estimated costs and spend to date on each project is as detailed below.

- 4.2. Main Street Estimated Cost £900,000

Estimated costs included the acquisition, demolition and re-development of derelict and vacant commercial premises at 57 and 59 Main Street and former Print Works on North Street to create a mixed commercial and residential development.

<b>Main Street Development Site</b>	
Property Acquisition	£182,000.00
Demolitions/Disconnections	£ 65,000.00
Professional Fees	£ 98,000.00
<b>Current Total</b>	<b>£345,000.00</b>

- 4.3. Main Street / North Street Streetscape Estimated Cost £800,000

Estimated costs are for improvements to the streetscape including upgraded road and footway surfaces, improved signage, parking and lighting at Clackmannan Tower.

<b>Main Street/High Street Improvements</b>	
Design	£ 16,155.00
Construction	£474,996.47
<b>Current Total</b>	<b>£491,151.47</b>

- 4.4. Lochies Road former bus garage Estimated Cost £400,000

The estimated costs are for the relocation of bus garage business by acquisition of the site and demolition for new housing.

<b>Lochies Road Development Site</b>	
Acquisition	£230,000.00
Demolition	£ 52,000.00
Disconnections	£ 5,000.00
Clearance	£ 5,000.00

<b>Current Total</b>	<b>£292,000.00</b>
----------------------	--------------------

- 4.5 Port Street / Lochies Road Estimated Cost £350,000

Estimated costs for the regeneration of the streetscape adjoining the Primary and Nursery School, Playpark and Scout Hall.

<b>Lochies Improvements</b>	<b>Road/Port Street</b>
Design	£ 11,030.00
Construction	£377,335.00
<b>Current Total</b>	<b>£388,365.00</b>
Additional	£ 30,000.00

- 4.6 Clackmannan Primary School Estimated Cost £1,374,000

The refurbishment of the Primary School included internal reconfiguration, refurbishment and upgrade to classrooms and lighting. This capital budget has been spent out and work completed.

- 4.7 Play Parks & Open Space Estimated Cost £25,000

Upgrading play surfaces and equipment work took place over 2017/18 and the capital budget has been spent out. Three parks were upgraded with new play equipment, surfacing and benches.

- 4.6 Other Street lighting/safer routes Estimated Cost £250,000

Work here was completed simultaneously to the streetscape work and the capital budget has been spent out to upgrade street lighting.

## 5.0 Financial Re-profile

- 5.1. A summary of overall spend is shown below which highlights the areas where the cost profile requires to be amended. Costs for Main Street, building construction have increased from original indicative costs. Streetscape work at Main Street / High Street will come in under estimated costs.
- 5.2. To date, a total of £3,140,000 has been invested in Clackmannan, with the town benefitting from upgraded pavements and street scape, including better lit routes, in both Main Street and around the upgraded Primary School. Three parks have been upgraded locally and a new one way system is successfully in place in Main Street.
- 5.3. The estimated cost to complete re-development of Main Street/North Street is around £843k. No more spend is anticipated on the plot at the former garage on Lochies Road so spend is less than anticipated.
- 5.4. Due to rising construction prices, the indicative overall cost of the Main Street/North Street development has risen by around £200k.

- 5.5. Collectively, the cost of all the regeneration projects remains within the overall combined allocation of £4.07m between grant and Council funding.
- 5.6. To enable completion of all projects, some re-profiling of the expected costs is required and a letter will go to the Scottish Government Regeneration Division to seek approval for the amendments to the financial profile.
- 5.7.

<b>Description</b>	<b>Original Estimate</b>	<b>Cost to date</b>	<b>Balance</b>	<b>Revised Estimate</b>	<b>Balance to complete</b>	<b>Over / under estimate</b>
Clackmannan Primary School	£1.374m	£1.374m	£0	-	-	-
Main Street, Building Construction	£0.9m	£0.345m	£0.555m	£1.188	£0.843m	+£0.288m
Main Street/ High Street, Street Scape	£0.8m	£0.491m	£0.309m	£0.541m	£0.05m	-£0.259m
Lochies Road, Re-development of Bus Garage	£0.4m	£0.292m	£0.108m	£0.292m	-	-£0.108m
<b>Description</b>	<b>Original Estimate</b>	<b>Cost to date</b>	<b>Balance</b>	<b>Revised Estimate</b>	<b>Balance to complete</b>	<b>Over / under estimate</b>
Lochies Road/Port St Streetscape	£0.350m	£0.388	-£0.038	£0.418m	£0.03m	+£0.068m
Play Parks & Open Space	£0.025m	£0.025m	£0	-	-	
Other Street/ Lighting/Safer Routes	£0.225m	£0.225m	£0	-	-	
<b>Total</b>	<b>£4.074m</b>	<b>£3.14m</b>	<b>£0.934m</b>		<b>£0.923m</b>	<b>+£0.011m</b>

## 6.0 Scottish Government Grant Conditions

- 6.1. Under the conditions of the Scottish Government Regeneration Grant, the Council must comply with certain criteria with respect to disposal of assets funded by the grant. 'The Grantee shall not, without written consent of the Scottish Ministers, dispose of any asset funded in part or whole, within 15 years of the asset being acquired or developed.' And '..where the grantee subsequently transfers ownership, they must place a clawback provision and security on the property to ensure the condition can be met.'
- 6.2. As the grantee, the Council requires consent of the Scottish Ministers to:
- 6.3. Consent for the disposal of the development site at Lochies Road, Clackmannan to Kingdom Housing Association for the purposes of completing the Regeneration project with new affordable housing on the site. A clawback and security on the land will ensure this condition is met. The Council has fulfilled its own obligations under conditions of the grant by 'relocating the business and creating a new development site', (Appendix 1, page2).
- 6.4. Consent for sale of Main Street residential properties to Kingdom HA as Mid Market Rent properties in perpetuity. The Council is unable to operate as a landlord for MMR housing, the operating landlord must have charitable status. The Council will retain ownership of the commercial units to rent.

## 7.0 Sustainability Implications

- 7.1. The supply of affordable housing is a central contributor to the Council's commitment to reduce carbon emissions. The projects are all built to 'Greener Standards' and the Council will pursue the inclusion of renewable energy on sites where possible.

## 8.0 Resource Implications

- 8.1. *Financial Details*
- 8.2. 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 ✓
- 8.3. Finance have been consulted and have agreed the financial implications as set out in the report. Yes ✓
- 8.4. *Staffing*
- 8.5. There are no staffing implications arising from this report

## 9.0 Exempt Reports

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

## 10.0 Declarations

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

### (1) **Our Priorities** (Please double 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)

## 11.0 Equalities Impact

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

Yes

No

## 12.0 Legality

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

## 13.0 Appendices

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

Appendix 1 – Clackmannan Regeneration Project, Project Summary

Appendix 2 – Scottish Ministers Letter of Consent

## 14.0 Background Papers

14.1. 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

**Author(s)**

<b>NAME</b>	<b>DESIGNATION</b>	<b>TEL NO / EXTENSION</b>
Kate Fleming	Senior Housing Strategy Officer	2321
Murray Sharp	Senior Manager, Housing	5113

**Approved by**

<b>NAME</b>	<b>DESIGNATION</b>	<b>SIGNATURE</b>
Pete Leonard	Strategic Director Place	



**Organisation:** Clackmannanshire Council

**Project Title:** Clackmannan Regeneration Project

**Start Date:** August 2016

**Total Project Cost:** £4,074,000

**Total Grant Request:** £2,000,000

**Project Contact and Telephone Number:** Stuart Crickmar, Head of Strategy & Customer Services, 01259 452127

## 1.0 Project Summary

- 1.1 This project will contribute to the economic regeneration of the former County town of Clackmannan, including providing much needed development within an historic townscape.
- 1.2 This proposal is a key priority within the Longannet ERP (Strand 3 - Supporting Community Regeneration). It also has links to the Business Recovery and Growth strand as well as proposals to promote the area for tourism related activities. It has evolved in response to the long term decline of the town centre and emerging economic opportunities. The Longannet ERP and Clackmannan Community Action Plan have acted as catalysts to develop a tailored strategic response to issues highlighted in each and to build upon the opportunities available in Clackmannan.
- 1.3 Clackmannanshire Council has already approved a contribution of approximately £2M to the regeneration of Clackmannan. Clackmannan Development Trust has applied for Heritage Lottery funding, and is preparing a further bid for enhancements to the historic townscape with Council match funding.
- 1.4 It is expected to be a three year project overall. Preparatory works started in summer 2016. Land and property acquisition and assembly is under way, and a number of architect's drawings have been commissioned. There are a number of key initial infrastructural elements associated with the regeneration of Clackmannan for which we seek £2M funding:
  - A. MAIN STREET - a principal focus is creating a strong Capital Stimulus at the outset. This will require acquisition, demolition and development of a derelict site to create 4 work/home units. By removing an eyesore in the Conservation Area, it will also provide significant and much needed enhancement to the town's physical environment. We will also seek to work with the NHS to improve parking at their adjacent facility which will promote their retention in the town centre. We are already in negotiation with property owners and they have agreed the principle of our acquisition. It is also proposed that a feasibility study be undertaken for the proposal to create a Community Enterprise Hub in the former Town Hall. **Costs are**

anticipated to be circa £200K for acquisition and £650K towards development works with £50K for the feasibility study. Total £900K

- B. MAIN STREET/HIGH STREET - improvements to the streetscape, which includes upgrading road and footway surfaces with materials in keeping with the historic setting; improved links and signage with national cycle/costal path routes (a number of which converge on Clackmannan); preparatory works associated with enhancements in areas which contains ancient scheduled monuments, such as the Mercat Cross, Old Tolbooth, Stone of Mannan; and improvements to parking and the footway to Clackmannan Tower, all of which aim to foster increased visitor numbers and support associated small business growth and development. **Costs are estimated at £800K.**
- C. LOCHIES ROAD - relocation of existing businesses to secure 60+ jobs in Clackmannanshire. This will retain local jobs and create a new development site. **Acquisition, demolition and relocation are estimated at £400K.**
- D. LOCHIES ROAD/PORT STREET - regeneration of the area adjacent to the above site, including car parking, landscaping, improved lighting and community spaces. These works will incorporate a new 'safer streets' layout to improve business/visitor appeal and accessibility, as well as enabling improved linkage of a number of key routes, facilities and amenities in Clackmannan. Also included would be the regeneration of the adjacent community park and pavilion, which the community have identified as a prime site for enhancement and development as part of a wider visitor offering. **Overall costs are anticipated to be £350K**

1.5 Each of these elements will support the Scottish Government's Regeneration Strategy and, in particular, address outcomes aimed at creating and supporting economically, physically and socially sustainable communities (Annex A of *Achieving a Sustainable Future*).

Description	Cost	Scottish Government Contribution	Clackmannanshire Council Contribution
Clackmannan Primary School	£1.374m	-	£1.374m
Main Street	£0.9m	£0.9m	-
Main Street/High Street	£0.8m	£0.35m	£0.45m
Lochies Road	£0.4m	£0.4m	-
Lochies Road/Port Street	0.35m	£0.35m	-
Play Parks & Open Space	£0.025m	-	£0.025m
Other Street Lighting/Safer Routes	£0.025m	-	£0.225m
<b>Totals</b>	<b>£4.074m</b>	<b>£2.0m</b>	<b>£2.074</b>

## 2.0 Strategic Case

- 2.1 The closure of Longannet Power Station in March 2016 has had a major impact on local communities in the area. About one-third of the workforce lived in Clackmannanshire based postcode areas and a number of significant supply chain impacts are being experienced. Responses to the loss of well paid jobs in the area, where lack of jobs as well as low income levels are already an issue, combined with impact on local services are important strands of the Economic Recovery Plan (ERP) developed as part of the Longannet Task Force deliberations. The closure of Longannet is impacting local employment, and therefore, a key aim of this project is to minimise adverse impacts through developing opportunities for employment, enterprise and economic regeneration.
- 2.2 Clackmannan is 3.5 miles from Kincardine/Longannet and it is here that impacts are likely to be hard felt. Clackmannanshire Council has worked in partnership with a number of agencies, including Fife Council, to develop and take forward responses that restore community confidence and create opportunities for regeneration in the Upper Forth Bridgehead area. In doing this our aim is to build upon the considerable infrastructure investment that has taken place in recent years, including the construction of the Clackmannanshire Bridge and the reopening of the Alloa to Stirling rail passenger service (with potential expansion through Clackmannan to Dunfermline) as well as the investment the Council has committed to Clackmannan.
- 2.3 The Clackmannanshire Local Development Plan 2015 (LDP) seeks to encourage local employment opportunities that will reduce the need to travel, and assist in the physical regeneration of the area by making use of lower amenity and vacant buildings for business and community where other uses may not be suitable. The LDP defines the extent of the Clackmannan town centre and allocates part of Main Street/North Street, Clackmannan (Reference H27) as a 'brownfield' opportunity. The LDP describes the key planning considerations for the site in seeking to create sustainable communities.
- 2.4 As mentioned above, the project supports the local Community Action Plan, with the community council and community development trust (CDT), with Coalfields Regeneration Trust (CRT) assistance, key partners. The project's overall objective is the economic regeneration of Clackmannan, including its town centre but set within a wider context encompassing the Upper Forth Bridgehead.
- 2.5 Specific objectives are:
- Sustain and create opportunities for employment and enterprise, particularly for small business activity and exploit the potential for any

promotion of tourist based links to Fife e.g. the coastal path and cycle network, related connections in industrial archaeology, and the railway;

- Improve the physical appearance and connectivity of the town centre to make it more attractive for investment, tourism and job opportunities;
- Enhance the historic townscape and the setting of the Clackmannan Conservation Area and its surrounds through sensitive change including bringing a substantial derelict site back into economic use, and environmental enhancement;
- Improve access to local integrated community services;
- Improve educational attainment, positive destinations and community learning and empowerment;
- Foster improved well-being through a more positive sense of place and community engagement.

2.6 Key target groups include the local community, businesses, job seekers and visitors.

### **3.0 Economic Impact**

3.1 The following outcomes are anticipated:

- Up to 50 additional employment opportunities
- Retain 60 jobs from existing businesses adjacent to primary school in Clackmannan that has outgrown current premises to be relocated and retained in the Clackmannanshire economy
- Substantial derelict site (former print works) brought back into economic use within historic conservation area;
- Four new work home shop/business units created;
- Enhanced community-run facilities, development of community/social enterprise space and integrated service hub facility;
- Improvements in attainment and positive destinations through enhanced educational and community learning environments;
- Environmental improvements and enhanced townscape, including enhancement of the built heritage of Clackmannan to attract visitors and investors;
- Development of a heritage trail and improved access to historic sites such as Clackmannan Tower, Stone of Mannan;
- Increase in investor confidence;
- Increase in community self-confidence and empowerment;
- Growth in visitor numbers.

### **4.0 Social & Community Impact**

4.1 Clackmannan has one (of its 5) datazones (S01000835) which falls in the 15% most deprived in Scotland. This datazone features particular high levels of income deprivation - ranked at 500 worst in Scotland and employment deprivation. Clackmannan on the whole has 19.6% of its residents claiming

key benefits, rising to 30.7% of residents in its most deprived datazone. The town has higher than average youth and long term unemployment, with a higher than average proportion of people working in manufacturing, construction and retail.

4.2 Clackmannanshire is recognised as having particular issues relating to its economy:

- It lacks jobs with job density being the third lowest in Scotland at 0.48 well below the Scottish average of 0.76.
- A low number of business births with 45 new business starts per 10,000 working age population.
- Both workplace and residence based earnings below the Scottish average
- Higher than average levels of residents claiming out of work benefits.
- Low skills levels with Clackmannanshire having the highest proportion of all Local Authority areas in Scotland having residents with qualifications at SCQF level 4 or below.

#### 5.0 Risk & Constraints

- Works within the Conservation Area will require proactive engagement with planning authorities and other statutory consultees to minimise unforeseen delays or issues arising
- Continued proactive engagement with the community will be required to minimise unforeseen delays or issues arising

#### Authorised Signatory Details

**Full Name:** Elaine McPherson

**Job Title/Status:** Chief Executive

**Contact Address:** Council HQ, Kilncraigs, Greenside Street, Alloa FK10 1ED

**Telephone/Mobile:** 

**Signature:** 

**Date:** 23 January, 2017





**Housing, Property and Revenue Services**  
Kilncraigs, Greenfield Street, Alloa FK10 1EB  
Telephone: 01259 450000

**Clackmannanshire Council**  
[www.clacksweb.org.uk](http://www.clacksweb.org.uk)

Direct Contact: 01259 450000

Telephone: 01259 450000

Email:

Our Ref:

Your Ref:

Date: December 2019

Oonagh Gil  
Deputy Director  
Enterprise & Cities Division  
Scottish Government  
5 Atlantic Quay  
150 Boroomielaw  
Glasgow  
G2 8LU

Dear Ms Gil

### **Clackmannanshire Regeneration Project**

I am writing in relation to the grant of £2,000,000 received on behalf of Clackmannanshire Council in March 2017. The grant is for the regeneration of Clackmannan Town Centre through implementation of several projects to improve the townscape and to promote economic development.

One of the written criteria of the grant is that 'The Grantee shall not, without written consent of the Scottish Ministers, dispose of any asset funded in part or in whole, within 15 years of the asset being acquired or developed.' Also, ..'where the grantee subsequently transfers ownership, they must place a clawback provision and security on the property to ensure the condition can be met.'

As part of the regeneration of Clackmannan, the Council acquired an old bus garage site on Lochies Road, Clackmannan to retain 60+ jobs and create a new development sit. The relocation has been successful and, under the Project Summary:

C. LOCHIES ROAD – relocation of existing businesses to secure 60+ jobs in Clackmannanshire. This will retain local jobs and create a new development site.

The Council has created a new development site and relocated the previous business, as per set out in the proposal and forming part of the agreement. In enable the next step in the regeneration process and provide affordable housing on the site, the Council seeks approval to transfer the cleared land to Kingdom Housing Association, our preferred developer to provide affordable housing on the site. I

Clackmannanshire Council currently has no capacity for developing in-house. However, the project has been given high priority by the Council, not less because it

will be for older persons/disabled bungalows and our view is that the value of the project will not be diminished by allowing Kingdom to provide these bungalows, subject to your approval. Additionally, the project will add to the number of new affordable houses in Clackmannanshire and go towards the More Homes Scotland target of 50,000 new homes in Scotland by 2021.

It is understood that should consent be given to transfer the land, the council must place a clawback and security on the properties to ensure that Kingdom HA will continue to meet the grant conditions to retain the asset.

Additionally, I attach a summary of overall spend on the projects highlighting areas where cost profile requires to be amended. Note that collectively, the combined projects remain within the original allocation of £4.07m between grant and council funding.

In order to complete on the final Main Street, development project, the Council seeks approval to amend the financial profile accordingly to enable delivery of this project.

If you require any further information, please do not hesitate to get in touch. I look forward to hearing from you.

Yours sincerely