UK RAAC Campaign Group

7th July 2025

Open Letter to Kevin Wells, Strategic Director for Place, Clackmannanshire Council
Re: Urgent Call for Fairness, Flexibility and Transparency in Council Loan Scheme for RAAC-Affected Homes

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Dear Mr Wells,

I am writing in my capacity as Chairperson of the UK RAAC Campaign Group, representing homeowners across the UK affected by the presence of Reinforced Autoclaved Aerated Concrete (RAAC) in their properties. This letter specifically addresses the loan scheme proposed by Clackmannanshire Council to fund urgent remedial works in affected residential blocks, such as those at Park Street, Tillicoultry.

While we fully support the need for structural repairs and accept that homeowners must play a role in funding the works, we are increasingly alarmed by the structure, fairness, and financial impact of the current loan offer. These concerns apply to homeowners with multiple properties and, crucially, to those with only one property who are being denied access to reasonable security options and face significant personal and financial strain.

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1. Unreasonable and Inflexible Loan Security Requirements

The Council's requirement to place a second legal charge on existing RAAC properties or a separate property when equity is lacking in the affected home is financially and legally unworkable for many. This approach is:

- **Unviable for those with mortgaged properties or who rely on their additional property for income;**
- **Impossible for homeowners who only own the affected property, and are left with no viable security route;**
- **Costly, requiring lender consent and generating legal and administrative expenses;**

- **Unfair, as it places an undue burden on homeowners already dealing with a crisis not of their making.**

We call on the Council to urgently introduce alternative security arrangements, including:

- **Personal guarantees,**
- **Limited charges on the subject property (even where equity is low),**
- **Or other viable options based on affordability and willingness to repay.**

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2. Interest Rate Concerns and Lack of Transparency

The proposed interest rate of 5.5% is unacceptably high for a Council-backed loan scheme. Homeowners have been told that this rate is being applied because the Council itself must borrow at 5.5%, and is therefore simply passing on its own borrowing cost.

We ask for full transparency and documentary evidence of this claim:

- **What is the source of this funding?**
- **Is this rate a result of commercial borrowing or internal Council financing?**
- **Has the Council explored alternative, lower-interest public or government-backed funds (e.g. Scottish Government housing, regeneration or climate resilience funds)?**

This interest rate is currently higher than many banks and building societies are offering, and significantly higher than the rates other local authorities are applying to similar schemes. Homeowners were initially led to believe this would be a low-interest or even interest-free loan, which makes the current terms feel misleading and inequitable.

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3. Barriers to Alternative Finance

The policy requiring homeowners to pay 50% of the full works cost upfront if they wish to use their own finance is punitive and exclusionary. It effectively blocks residents from

pursuing better, more affordable borrowing options, and pushes them toward the Council's rigid and costly loan model.

This runs counter to good practice in public service design and limits financial choice at a time when flexibility is essential.

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4. Unclear and Potentially Duplicative Administrative Charges

Residents have also been told they must cover the Council's contract management costs, despite being assured by the contractor that they can manage and deliver the works directly.

This contradiction raises serious concerns around:

- **Transparency of what the Council is charging for;**
- **Value for money, especially where the Council holds a majority ownership stake and should be absorbing, not passing on, overhead costs.**

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5. Risk of Negative Equity and Unfair Buy-Outs

Some homeowners have received property valuations that fall below their current mortgage balance. This would place them in negative equity, potentially forcing them to remain tied to a devalued, unsellable asset—or accept a buy-out offer from the Council at a substantial personal loss.

We question the fairness of a system that could see public authorities acquire private homes under duress and below market value due to a crisis stemming from historic building standards failings.

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6. Clarification of Early Redemption Terms

- **In a recent meeting, Mr Murray Sharp (Housing Manager) stated that homeowners who choose to repay their loan early will not face any early repayment penalties, other than any outstanding interest accrued up to the point of repayment.**
- **Given the Council's shifting positions in the past and the erosion of trust among residents, we request that this commitment be confirmed in writing as part of the formal loan agreement. Homeowners need certainty and security when entering into long-term financial commitments, and clarity on early redemption terms is essential to restoring confidence.**

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7. Urgent Request for VAT Exemption Analysis, Transparency, and Respectful Engagement

During recent discussions, Mr Murray Sharp informed residents that an analysis of VAT exemptions would be shared this week. We urge the Council to release this analysis immediately, as many homeowners are still unclear whether they will be expected to pay VAT on top of the loan amount — a cost with significant implications for affordability.

Concerns around VAT were heightened during a recent meeting with residents, where Mr Sharp abruptly terminated the session after just five minutes. This occurred after a homeowner asked a reasonable and necessary question about why VAT should be charged to residents if McConnell Construction is not charging VAT to the Council. The abrupt ending of that meeting left the homeowner feeling dismissed and disrespected, and reflects a wider pattern of poor communication and eroded trust.

Subsequently, Mr Sharp confirmed that Clackmannanshire Council is a net-zero VAT recipient, meaning the Council is not bearing the cost of VAT — and yet it still intends to charge VAT to homeowners. This position raises serious questions:

- **Why is the Council passing on VAT it is not paying?**
- **What legal or financial basis supports this charge to residents?**
- **How does this practice align with HMRC guidance on local authority VAT treatment?**

We ask that the Council provide a clear, written explanation covering:

- **How VAT is being calculated and justified,**
- **Whether VAT is actually payable by residents under these specific arrangements,**
- **And a breakdown of VAT handling in relation to the Council's zero-rated status and contractor billing.**

Furthermore, we urge Mr Sharp — or a suitable representative of the Council — to formally conclude the interrupted meeting with the homeowner involved, and to offer an appropriate and respectful follow-up. Residents deserve to be treated with dignity and fairness throughout this difficult process, and such incidents only serve to deepen mistrust and frustration.

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8. Valuation Discrepancies and Homeowner Recourse

Fiona Crichton has been in communication with Mr Kieran Bonner, the surveyor from Shepherd Surveyors who conducted the valuations on behalf of the Council. Mr Bonner stated:

"Furniture and contents are not taken into account during the survey, but I understand your concerns regarding a higher valuation figure being warranted, given the absence of damage to windows, doors, and general wear and tear, as well as the flat being vacant during this period. As previously noted, had the property been better presented, the valuation may have approached or reached approximately £70,000, similar to the previous report. However, the survey was conducted based on the current condition, with no RAAC or serious roof defect present. I did discount ceiling damage, etc., as it was relative to the roof defect."

In her meeting with Mr Murray Sharp regarding these proposals, he agreed to review this aspect of the instructions and to ensure that homeowners receive the maximum possible valuations. This correspondence clearly indicates that Ms Crichton's valuation should be increased by approximately £5,000. We therefore request that this adjustment be made accordingly, and that similar considerations be applied fairly to all homeowners at the appropriate levels for their respective properties.

Furthermore, we seek clarification on the course of action available to homeowners who are dissatisfied with the options presented to them. Specifically:

- **Will the Council initiate a Compulsory Purchase Order (CPO) in such cases?**
- **If so, does this process entail a public inquiry, or is an alternative procedure to be followed?**

Transparent communication on these points is vital to ensure homeowners fully understand their rights and available options moving forward.

9. Request for Review, Valuation Clarification and Next Steps

The UK RAAC Campaign Group is calling on Clackmannanshire Council to:

- **Review and revise the loan scheme, especially its interest rate and security terms;**
- **Provide transparency on the financial reasoning behind the interest rate and all additional charges;**
- **Explore alternative funding options that would enable a fairer, lower-interest scheme;**
- **Engage openly with affected homeowners and campaign representatives to co-design a more just and workable solution.**

We remain committed to collaborating in good faith with the Council and urge you to prioritise solutions that protect residents, support community resilience, and uphold the principles of fairness, flexibility and transparency in public service delivery.

Yours sincerely,
Wilson Chowdhry
Chairperson
UK RAAC Campaign Group