

ANGUS COUNCIL

POLICY & RESOURCES COMMITTEE – 10 DECEMBER 2002

REPORT BY THE DIRECTOR OF LEISURE SERVICES

**THE RESTORATION OF THE MID LINKS MONTROSE
ACCEPTANCE OF THE OFFER OF GRANT AID FROM THE HERITAGE LOTTERY FUND**

ABSTRACT

It is proposed that the Council accept the offer of grant aid towards the restoration of the Mid Links, Montrose from the Heritage Lottery Fund (HLF) and agree to the appointment of the design and management team to take the project forward.

1. RECOMMENDATION(S)

It is recommended that the Committee agree to:-

- a) remit the Director of Leisure Services in consultation with Director of Finance and Director of Law & Administration to accept the grant offer and conditions from HLF.
- b) remit the Director of Leisure Services on exchange of contracts with HLF to appoint Land Use Consultants as lead designers for the project and to exempt this appointment from normal tendering arrangements under financial regulation 16.1.3.b(iv).
- c) remit the Director of Leisure Services on exchange of contracts with HLF to appoint the Director of Property Services as Quantity Surveyor, Clerk of Works and Planning Supervisor for the project.
- d) remit the Director of Leisure Services and Director of Property Services to prepare a select list of contractors for the project and to report this back to appropriate Committees for approval prior to obtaining tenders.

2. BACKGROUND

Reference is made to report 190/02 when approval was given to the Director of Recreation Services in consultation with Land Use Consultants to submit a Stage 2 application to the Heritage Lottery Fund (HLF) in respect of the Restoration of the Mid Links, Montrose. The report indicated an overall project cost of £1,705,000 and a funding package broken down as outlined below:

Contribution from HLF	£1,174,000
Contribution from Historic Scotland	£ 49,000
Contribution from Angus Council	<u>£ 482,000</u> (to be met from the Council's Local Capital Fund)
TOTAL	£1,705,000

The above cost and funding package was based on the original proposals submitted in May 2000 (Stage 1), however in making the Stage 2 application these proposals were revised to take account of:

- a condition of the original Stage 1 offer, to remove the two car parks at Wellington Gardens, and reinstate the area.
- revised details of the Church Yard walk, Montrose Academy Playground and the restoration of Deans Lamp for listed building consent.
- detailed work on the proposed new garden at Melville Gardens.
- review of the overall project costs
- revised project implementation plan
- project management and procurement proposals
- long term management and maintenance proposals

The overall estimated cost per the Stage 2 application rose to £1,790,000 as a result of the above revisions, an increase in the total estimated cost of £85,000. This is attributable to £20,000 for the cost for the removal and reinstatement of the car park, and £36,000 which is attributable to the introduction of the aggregates tax. The balance of £29,000 is due to a revision of costs as a result of more detailed

design work and a review of the detailed estimates. The original estimate was based on January 2000 prices.

The other change from the original submission was to propose that the project would not be in 3 phases over four financial years but to have a single contract, which would last approximately 35 weeks on site, with the lead in design and tender period covering 78 weeks in total. It is proposed that the detailed design work would start in January 2003, report to committee August/September and start on site in September/October, completing the work in June 2004.

As part of the development of the Stage 2 application we had to obtain listed building consent for the proposals for Church Yard walk, the Academy square railing and the restoration of the Deans Lamp. This involved more detailed design work and formed the basis of our application for funding from Historic Scotland; this is currently estimated at £37,000 compared with £49,000 in May 2000. We are currently awaiting the details of their requirements for the restoration of Church Yard walk, Academy square railings, the Deans Lamp and the Scott Monument.

Committee will be aware that we are now in receipt of the offer and conditions of the grant from HLF for the Restoration of the Mid Links (report 1191/02 refers). The grant offer is for £1,235,000, this remains at 69% of total project cost. The offer is open for 3 months from 31st October 2002, and the grant expiry date in terms of expenditure is December 2004.

3. PROPOSALS

It is proposed that the Council accept the offer from the Heritage Lottery Fund.

On receipt of the contract we will appoint Land Use Consultants as the lead designers on the project. They have been nominated and accepted by HLF in the Stage 2 application process. In addition the Director of Property Services has agreed to provide the Quantity Surveying, Planning Supervisor and Clerk of Works role.

The appointment of Land Use Consultants will require exemption from financial regulations as the services required are subject to agreement of a third party involved in the decision making process which does not permit strict application of the financial regulations. There is currently estimated in the project costings an allowance of 6% for lead designer fees.

It is proposed to advertise for potential contractors to arrive at a select list of contractors for the work and this will be reported to appropriate Committees for approval prior to obtaining tenders.

It is anticipated that design works start in January 2003, with a view to seeking tenders in June 2003 and to start on site in Autumn 2003, with completion in the Summer of 2004.

During the course of the project it is proposed to establish a liaison group of interested parties to ensure good communications with the community during the life of the project.

4. FINANCIAL IMPLICATIONS

Original Capital Implications (Stage 1 HLF Application)

In report no 190/02 the original implications were as follows :

Mid Links Restoration, Montrose	Total Cost £000's	2002/03 £000's	2003/04 £000's	2004/05 £000's	2005/06 £000's
Gross Cost (incl. fees)	1,705	80	470	575	580
GRANTS					
Contribution from HLF	(1,174)	(60)	(320)	(394)	(400)
Contribution from Historic Scotland (subject to confirmation)	(49)	0	(15)	(17)	(17)
SUB-TOTAL	(1,223)	(60)	(335)	(411)	(417)
Net Cost to Angus Council *	482	20	135	164	163

* - to be funded from the Local Capital Fund

Revised Capital Implications (Stage 2 HLF Application)

As a result of the changes made for the Stage 2 HLF Application and the revisions to the project programme the overall revised estimated cost for the restoration of the Mid Links is now expected to be £1,790,000. Members are advised that the revised estimated costs are based on advice from the Council's appointed design consultants and are prior to the Council going out to tender.

At the time of the Stage 2 HLF Application, the funding from Historic Scotland was not confirmed and this remains the case. The Stage 2 HLF Application therefore requested a total grant of £1,308,000, which would have covered any shortfall resulting from non-receipt of Repairs Grant from Historic Scotland. In the event HLF have awarded the Council a grant of £1,235,000 which is 69% of eligible costs but is £73,000 short of the Council's bid.

On the basis of the above there is a funding gap on the project of £73,000. However in order to sign the contract with HLF the Council are required to cover this potential shortfall in funding. Assuming a successful outcome of the Council's revised funding bid to Historic Scotland for £37,000 a funding gap currently estimated at £36,000 will require to be bridged. However given the uncertainty surrounding the Historic Scotland grant and that the project is still subject to the tender process it is felt that the funding shortfall should be addressed when costs are more certain. In the meantime the Council will underwrite this shortfall for the purpose of accepting the HLF grant offer.

Members are advised that in the event of the Historic Scotland grant not being received or costs being higher following the tender process it will be necessary to examine other options in order to achieve a balanced cost and funding package. A summary of the updated proposed cost and funding package for the project based on current information is shown in the table below.

Mid Links Restoration, Montrose	Total Cost £000's	2002/03 £000's	2003/04 £000's	2004/05 £000's	2005/06 £000's
Gross Cost (incl. fees)	1,790	50	825	826	89
GRANTS					
Contribution from HLF	(1,235)	(34)	(625)	(576)	0
Contribution from Historic Scotland (subject to confirmation)	(37)	0	0	0	(37)
SUB-TOTAL	(1,272)	(34)	(625)	(576)	(37)
Net Cost to Angus Council	518	16	200	250	52
To be funded from:-					
Local Capital Fund Contribution (report 193/02)	482	16	200	250	16
Angus Council (source to be identified)	36	0	0	0	36
Total Funding from Angus Council	518	16	200	250	52

Other Financial Issues

The Committee are advised that there are a number of financial risks associated with the project proposals as currently presented. These are as follows:-

- The total finance available from HLF is limited to the ceiling of £1,235,000 (69%), the risk of project overspends therefore lies with the Council.
- The HLF grant is based on outcomes so there is limited ability, if any, to make cuts in the project's scope without affecting the HLF grant. This limits the Council's options in the event of projected project overspends.
- The Historic Scotland grant funding is not yet assured.
- The whole project is subject to the tender process and delivery within the estimated cost will depend on the competitiveness of the market at that time.

Notwithstanding the above risks the best indications at present suggest that the project can be delivered as intended subject to a suitable funding being package presented once costs are known.

Revenue Implications

In the report 190/02 it was intimated that horticultural maintenance cost would increase by £20,000 per annum, however, through more detailed design work and particularly looking to sustainability the overall costs of the horticultural maintenance are now anticipated to be broadly cost neutral on completion of the project. In addition the burden of the repair costs of the physical infrastructure of the Mid Links will be minimised by the overall restoration project itself.

5. HUMAN RIGHTS IMPLICATIONS

There are no human rights implications associated with this report.

6. CONCLUSION

The Stage 2 application from Heritage Lottery Fund offers a possible unique chance to secure funding for the restoration and development of one of the historic landscapes of Angus. The project will secure a rare degree of leverage (2.5 to 1), the long term future of the Mid Links and also provide an additional asset to Montrose and enhance the economic future.

7. CONSULTATION

The Chief Executive, the Director of Law and Administration, the Director of Finance and the Director of Property Services have been consulted in the preparation of this report.

JOHN R ZIMNY
DIRECTOR OF LEISURE SERVICES

BACKGROUND PAPERS

NOTE: The following background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information), were relied on to a material extent in preparing this report.

Report No - 190/02 Recreation and Cultural Services Committee