

ANGUS COUNCIL
POLICY AND RESOURCES COMMITTEE
4 DECEMBER 2001

ITEM No. 9

LOCAL CAPITAL FUND –MONITORING REPORT
PERIOD TO 30 SEPTEMBER 2001

REPORT BY THE DIRECTOR OF FINANCE

ABSTRACT

The purpose of this report is to apprise members of the progress of the projects funded from the Local Capital Fund, to outline the actual spend for the period ended 30 September 2001 and indicate the projected outturn on projects.

1. RECOMMENDATION

It is recommended that the Committee notes the contents of this report for its interest.

2. INTRODUCTION

In 1996/97, the Council established a Local Capital Fund (LCF) and subsequent contributions were made to the Fund in the following three years. The Fund, together with external match funding, is used to finance projects which will make a positive contribution to the Angus economy.

A number of projects have been approved for funding over the preceding three years, some of which have now been completed. It is the progress of the 7 ongoing projects which is the subject of this monitoring report.

In setting the 2001/02 revenue and capital budgets, the Council recognised the requirement to fund expenditure which could not be accommodated in those budgets. It was therefore agreed to transfer resources from the LCF to fund e-government initiatives and a programme of skid resistance and aligned road safety (report No 334/01 refers). The Council's Revenue Budget Projections Volume 2002/03 – 2003/04 (Report 586/01 submitted to the meeting of Angus Council on 17 May 2001) assumes a further contribution of £430,000 from the LCF in financial year 2002/03 in order to maintain the level of resources made available to the Roads department in line with 2001/02. It is not the purpose of this report to outline progress on these particular initiatives.

On this basis the Local Capital Fund will be exhausted. Consequently there are no resources held within the LCF available to fund further projects at this time. Any possible further contributions to and use of the Local Capital Fund will be considered as part of the finalisation of the 2002/03 budget process and is dealt with in the report on the Review of Special Funds 2001/02 and beyond which is being presented to this Committee.

As part of the monitoring process it was decided to introduce monitoring reports which would provide both qualitative and quantitative information on projects funded from the Local Capital Fund. A review has been undertaken for the period ended 30 September 2001 and the appendices to this report detail the following information:

Appendix 1 - A summary of the relevant project managers' commentary on each project

Appendix 2 - Details of the actual and anticipated expenditure funded from the LCF in respect of each project, together with details of total budgeted expenditure.

3. PROGRESS

Commentary on Status of Individual Projects

A commentary has been provided by project managers on the status and progress of the individual projects. These comments have been provided for information in Appendix 1.

Current Year Position

Details of the projects' 2001/02 position in terms of expenditure and budget are provided in Appendix 2.

For financial year 2001/02, expenditure on the seven projects has been funded from the LCF to the extent of £550k. This represents approximately 176% of the anticipated spend for the 2001/02 financial year. This variance is the result of timing issues with grant and other partner payments (in particular in relation to the Arbroath Abbey project) and where appropriate these differences have been taken into account in calculating the full year projected outturn for each project.

As the information in Appendix 2 illustrates, this expenditure represents varying degrees of progress for individual projects.

Expenditure on Kirriemuir Gateway to the Glens was initially funded from the Local Fund. Funds are however being reimbursed from other funding partners, resulting in a projected underspend on the Local Capital Fund of £8k.

The majority of the remaining budget for the Village Halls (small) project has been committed and it is expected that this project will be concluded in 2001/02.

Village Halls (large) had experienced slippage in previous financial years. However support from the Scottish Executive and lottery is now confirmed and the LCF monies will be used to fund 3 projects. If all three projects proceed as now anticipated, a funding shortfall of some £25k has been identified. This funding gap will be met from interest accrued on the LCF as a result of the slippage incurred (report 768/01 refers).

Expenditure for the six month period on the Arbroath Abbey project is significantly in excess of the budget. These monies will however be reimbursed from other funding partners during the year and the project will be contained within the approved funding package.

In addition, the timing of the Arbroath Harbour project has been delayed to allow a developer to be identified to carry out the development which has been approved in principle. The phasing of the project has been adjusted to reflect this.

Projected Outturn

As mentioned above, the timing of some of the projects has been subject to change but as indicated in Appendix 2, it is currently anticipated that over the life of the projects, and taking account of the interest applied to the Village Halls (large) project, total expenditure will be in line with budget.

The projected overspend of £30k on the Angus Millennium Forest project is the result of timing issues with grant payments and it is anticipated that this money will be reimbursed from the Forestry Authority albeit that this may take at least 3 years.

One of the criteria which must be met in order to gain Local Capital Funding is that matched funding must also be gained. The current projections indicate that the funding to be provided by the Local Capital Fund is not expected to exceed 40% of the total expenditure on any project.

4. FINANCIAL IMPLICATIONS

Based on current projections an underspend of £8k is projected on the Kirriemuir Gateway to the Glens project. Otherwise all projects are progressing as planned.

5. HUMAN RIGHTS IMPLICATIONS

There are no human rights implications as a result of this report.

6. CONSULTATION

The Chief Executive and the Director of Law & Administration have been consulted in the preparation of this report. In addition, consultation has taken place with the designated project managers.

7. CONCLUSION

It is clear that a substantial amount of work has been undertaken to progress these projects. Although approved projects must identify where the matched funding is being sought, it is often a lengthy process to secure these matched funds, resulting in delays in commencement of projects. This is reflected in the progress of some of the projects to date. It is however currently anticipated that all the projects will be completed by 2002/03.

DAVID S SAWERS
Director of Finance

NOTE: No 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 any material extent in preparing this report.

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13 November 2001, DSS/JA

**Local Capital Fund
Monitoring to 30 September 2001
Commentary on Status of Projects**

<u>Project</u>	<u>Commentary</u>
Kirriemuir Gateway to the Glens	The project has now been successfully completed and opened to the public on May 19, 2001. There is however some outstanding grant income all of which is expected to be received during 2001/02. An underspend is projected overall on the project and it is anticipated that the Local Capital Fund will be underspend by circa £8k.
Village Halls (small)	Expenditure has been incurred during the year on the various projects previously approved for funding. Final recommendations for funding are the subject of another report to this Committee cycle and this will complete the programme for Village Halls. All payments are scheduled to be made by March 2002.
Carnoustie Environmental Improvements	All of the works programmed for implementation before the Open Championship have been completed. The improvements to the Black Slab car park were completed in May 2000. The remaining works will be implemented on completion of the infrastructure works associated with the Tay Wastewater Project.
Arbroath Abbey	The LCF contribution has been increased to £627k. There is an additional £40k being funded by savings within Planning department's capital programme and SET has increased its contribution by £30k to meet an overall increase in the cost of the project. The project was completed on 27 July 2001.
Arbroath Harbour	The Planning and Transport Committee approved in principle a preferred development and agreed to the professional team being given time to identify a potential developer. The future phasing of works at the harbour will be dependent on the outcome of these investigations.
Angus Millennium Forest	Work on this project is complete except for beating up of phase three. Some vandalism has been experienced and the cost of this is currently being estimated. The phase three tender was less than anticipated resulting in a reduction in the overall cost of the project to £540k. The projected outturn for the Local Capital Fund currently shows an overspend of some £30k. This is due to the timing of grant payments from the Forestry Authority. It is anticipated that this money will be reimbursed to the Local Capital Fund, although this likely to take at least 3 years.
Village Halls (large)	Two halls, Colliston and Memus were funded in 1998/99 to the extent of some £11k from the LCF. The total cost of these projects was £414k. Three halls, (Wellbank, Fowlis and Muirhead & Birkhill) have now secured their funding packages. The Wellbank and Fowlis projects have commenced and it is anticipated that all payments will be made by March 2002. The total LCF support to this initiative is estimated at £125k. This is in excess of the original £100k allocated to the project, but due to the late decisions by the Lottery Board to support these projects, slippage has occurred, and the interest of £25k which has accrued may be used to fund the project.

Local Capital Fund - Monitoring

Project	2000/01		2001/02		2001/02		2002/03		Total		Funded from LCF %	
	Actual Expenditure to 31.3.2001 £000	Actual Expenditure to 30.9.2001 £000	Budgeted Expenditure 2001/02 £000	Variance £000	PO 2001/02 £000	PO 2002/03 £000	Total LCF Budget £000	Variance £000	Total Project PO £000	Total LCF PO £000	Total LCF PO £000	%
Kirriemuir Gateway to the Glens	123	-73	-90	17	-98	0	33	-8	233	25	233	10.7
Village Halls (small)	45	23	45	-22	45	0	90	0	379	90	379	23.7
Carnoustie Environmental Improvements	136	0	18	-18	18	0	154	0	385	154	385	40.0
Arbroath Abbey	407	542	220	322	220	0	627	0	1,860	627	1,860	33.7
Arbroath Harbour	6	0	36	-36	36	93	135	0	1,195	135	1,195	11.3
Angus Millennium Forest	48	24	0	24	0	0	18	30	540	48	540	8.9
Village Halls (large)	17	34	83	-49	108	0	100	25	1,241	125	1,241	10.1
	782	550	312	238	329	93	1,157	47	5,833	1,204	5,833	20.6
Note	1	2	2	2	3	3	4	5				

1 In the current year, expenditure of £550k, which is 176% of the budgeted expenditure for the year of £312k has been incurred.

2 Budgeted expenditure for the year was £312k, therefore a variance, or overspend of £238k has been incurred to date.

3 Anticipated underspends and overspends in 2001/02 are the result of timing issues. These timing differences have been taken into account when calculating the POs for the years 2001/02 and 2002/03.

4 Over the life of the projects, it is anticipated that in the main all the funding from LCF will be utilised, and the additional projected expenditure in respect of the Village Hall (large) project will be funded from interest accrued on the LCF. The projected overspend of £30k on the Angus Millennium Forest is anticipated to be reimbursed from the Forestry Authority, although this may take a number of years.

5 It is anticipated that the projects will be funded to the extent of 20.6% from LCF, with all projects attaining at least 50% match funding as required by the LCF criteria.

