

ANGUS COUNCIL  
POLICY AND RESOURCES COMMITTEE  
19 JUNE 2001

ITEM No8

LOCAL CAPITAL FUND –MONITORING REPORT  
YEAR TO 31 MARCH 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 year to 31 March 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 ongoing 7 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). Consequently there are no resources held within the LCF available to fund further projects at this time.

It is not intended to report on the progress of these initiatives within this report.

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 year to 31 March 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' 2000/01 position in terms of expenditure and budget are provided in Appendix 2.

For financial year 2000/01, expenditure on the seven projects has been funded from the LCF to the extent of £222k. This represents approximately 71% of the anticipated spend for the 2000/01 financial year.

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

Expenditure on Kirriemuir Gateway to the Glens has been funded initially from the Local Fund, but it is expected that monies will be reimbursed from other funding partners, resulting in the project being on budget overall.

The apparent underspend on the Village Halls (small) project is the result of income being received from external funding partners in the current year which relates to expenditure incurred in previous years. The majority of the remaining budget for this project has been committed and it is expected that this project will be concluded in 2001/02.

It should be noted that due to the lack of third party funding, Village Halls (large) had experienced slippage in both the previous and current financial year. However support from the Scottish Executive and lottery is now confirmed and the LCF monies will be carried forward to future years to potentially 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.

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 project, total expenditure will be in line with budget.

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**

Whilst some slippage is projected in expenditure on projects during the current financial year, it will be possible to roll forward these unused funds of some £434k to fund these projects in later years.

#### **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.

**Local Capital Fund  
Monitoring to 31 March 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. There is however some outstanding grant income of some £90k expected to be received in 2001/02.
Village Halls (small)	Payments totalling some £19k were made during the financial year to various projects, although income from external funding partners has exceeded this amount resulting in a negative net expenditure figure for the year. Undertakings have been made in respect of further projects leaving only a small amount of LCF monies uncommitted.
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 contractors target completion date is now 20 July (approx. 12 weeks extension to contract) and the phasing has been amended to reflect this.
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	The main part of the project is now more or less complete, and it is currently in the defects and maintenance liability period. The phase three tender was less than anticipated resulting in a reduction in the overall cost of the project to £529k. Consequently, reduced funding is required from the Millennium Forest for Scotland Trust and SNH (the gap funders). The contribution of £18k (3.4%) from Angus Council is still well within the criteria of 50% match funding required from third party sources.
Village Halls (large)	<p>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.</p> <p>Two halls, (Wellbank, and Fowlis) now have both lottery and Scottish Executive support. The Wellbank project has commenced and has been supported to the extent of £6k by the LCF in the current year. It is anticipated that this project will be completed in 2001/02 with further support of some £16k from the LCF. In addition it is expected that the Fowlis project will both start and be completed in 2001/02. Support from LCF for this project is expected to be £42k. The total cost of these two projects are £427k and £370k respectively. In addition, Muirhead Village Hall has lottery support and awaits a decision from the Scottish Executive as to whether they will support the project. This report assumes the project will be progressed, and that LCF will support it to the extent of £50k.</p> <p>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.</p>

## Local Capital Fund - Monitoring

Project	1999/2000		2000/01		2001/02		2002/03		Total		Funded from LCF %
	Actual Expenditure to 31.3.2000 £000	Actual Expenditure to 31.3.2001 £000	Budgeted Expenditure 2000/01 £000	Variance £000	PO 2001/02 £000	PO 2002/03 £000	Total LCF PO £000	Total LCF Budget £000	Variance £000	Total Project PO £000	
Kirriemuir Gateway to the Glens	2	121	31	90	-90	0	33	33	0	223	14.8
Village Halls (small)	44	-4	42	-46	50	0	90	90	0	291	30.9
Carnoustie Environmental Improvements	218	-82	-64	-18	18	0	154	154	0	385	40.0
Arbroath Abbey	227	180	180	0	220	0	627	627	0	1,860	33.7
Arbroath Harbour	7	0	35	-35	50	78	135	135	0	1,195	11.3
Angus Millennium Forest	17	1	1	0	0	0	18	18	0	529	3.4
Village Halls (large)	11	6	89	-83	58	50	125	100	25	1,241	10.1
	526	222	314	-92	306	128	1,182	1,157	25	5,724	20.6
Note	1	2	2	2	3	3	4	5			

1 In the current year, expenditure of £222k, which is 71% of the budgeted expenditure for the year of £314k has been incurred.

2 Budgeted expenditure for the year was £314k, therefore a variance, or underspend of £92k is projected for the year.

3 Anticipated underspends and overspends in 2000/01 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 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.

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.