

ANGUS COUNCIL

ROADS COMMITTEE – 24 JANUARY 2002

FINANCE & INFORMATION TECHNOLOGY COMMITTEE – 29 JANUARY 2002

MONTROSE BRIDGE REPLACEMENT – FUNDING UPDATE

REPORT BY THE DIRECTOR OF FINANCE

ABSTRACT

This report updates the Committees on the funding arrangements for the Montrose Bridge Replacement project. The report also recommends a transfer of funds from the Roads & Transport Renewal & Repair Fund to the Local Capital Fund.

1. RECOMMENDATIONS**It is recommended that the Roads Committee:**

- a) note for its interest the latest position regarding the funding of the Montrose Bridge Replacement project and the funding to be earmarked within the Local Capital Fund for this project

It is recommended that the Finance & Information Technology Committee:

- a) note the latest position regarding the funding of the Montrose Bridge replacement project
- b) note that the Director of Finance will take the necessary steps to ensure that the £2.8m of additional S94 consent allocated to the Council is carried forward for use in future financial years
- c) agree that a sum of £1.0m be transferred from the Roads & Transport Renewal & Repair Fund to the Local Capital Fund wherein it will be specifically earmarked as the Council's commitment towards the estimated £7m construction cost of the new bridge.

2. INTRODUCTION

Members of the Committees will be well aware of the need to replace the existing bridge which carries the A92 over the river South Esk at Montrose and that the Council have sought financial support from the Scottish Executive for this lifeline project.

The construction cost for the new bridge is estimated to be £7m and the Council have sought £6m of funding from the Executive, leaving £1m to be funded by the Council itself. This report provides an update on the Council's bid for funding and outlines some specific actions which it is considered appropriate that the Council now take.

3. SCOTTISH EXECUTIVE FUNDING AWARD

The Council received notification from the Scottish Executive in late November 2001 that a sum of £2.8m of additional Section 94 capital expenditure consent was being allocated in respect of the Montrose Bridge project in the current financial year. The additional funding allocated to Angus Council for the Montrose Bridge replacement was one of 8 awards across Scottish Councils totalling just over £12.3m. Although uncommon in recent years the predecessor Scottish Office did in the past make such allocations relatively late in the financial year once they had assessed their own spending commitments for the year.

Whilst the allocation of the £2.8m additional consent is to be welcomed it still leaves a substantial funding gap (£4.2m) to deliver the project and it will be necessary to seek further funding from the Executive in future financial years. At present the Executive have made no commitments on further funding being available for the Montrose Bridge replacement. Equally however they have not closed the door on the Council making further funding bids into future financial years. As indicated above a distribution of additional resources towards the end of each financial year, although rare in recent years, may again take place and it may be possible for the Council to secure further funds from this or some other Executive source. It will be important for the Council to maintain pressure on the Executive in this regard.

Given that expenditure on the replacement of the bridge is not expected to start to be incurred until financial year 2003/04 the availability of additional Section 94 Consent in the current financial year will mean that the Council will have to carry these resources forward. Finance officers are in discussion with the Executive over the practicalities of carrying forward these resources within the Section 94 consent rules but it is likely that Angus Council will enter into a consent swap with another Council to achieve this end. Consent swapping is administered through, and carried out with the authority of, the Scottish Executive and allows Council's to swap consents in one financial year for return in the following financial year. Irrespective of the outcome from these consent swap discussions members can take comfort that Council officers have been assured by the Scottish Executive that the £2.8m additional Consent awarded can be carried forward and that there is no prospect of its benefit being lost as a result of the application of the S94 Consent rules.

Notwithstanding the above and the outcome of any potential further bids for funding to the Scottish Executive the Council are committed to funding £1m of the total £7m construction cost of the Bridge replacement. It is therefore considered prudent that the Council specifically earmark £1m of resources to reflect this commitment.

4. PROVISION IN SPECIAL FUNDS

Members may recall Report 1427/01 "Review of Special Funds 2001/02 and Beyond" submitted to the December 2001 meeting of the Policy & Resources Committee. That report recommended the transfer of £2.5m of available resources in General Fund Balances to the Roads & Transport Renewal & Repair Fund (£1.5m) and the Local Capital Fund (£1.0m) in recognition of the limited resources projected to be available within those funds at the end of the financial year.

In the short space of time since report 1427/01 was approved a number of significant developments have arisen which have necessitated a further review of the Council's General Fund and Special Funds position. This review will be the subject of a separate report to the Policy & Resources Committee on 5 February 2002.

In view of the Council's commitment to fund £1m of the construction costs of the new bridge it is considered prudent to specifically earmark this sum within the Funds held by the Council. Whilst there are currently sufficient funds within the Roads & Transport Renewal & Repair Fund to earmark £1m of resources this would make monitoring the Renewal & Repair Fund less straightforward and accordingly it is considered more appropriate to hold the £1m earmarked for the bridge replacement within the Local Capital Fund. It is therefore being recommended that £1m be transferred from the Roads & Transport Renewal & Repair Fund to the Local Capital Fund wherein it will be specifically earmarked for the Montrose Bridge Replacement project.

Members are advised that any possible further use of or contributions to the Council's Special Funds will be considered as part of the 2002/03 Council Tax meeting to be held on 14 February 2002.

5. PROGRESS WITH THE PROJECT

Members will recall that the Roads Committee at its meeting on 22 November 2001 agreed to authorise the Acting Director of Roads to issue tenders for the design and construction of the replacement bridge as soon as practicable (report No 1356/01 refers). Work is ongoing with finalisation of the tender documents and it is expected that invitations to tender will be issued by mid-February 2002. It is intended to proceed to issue invitations to tender for the project notwithstanding the funding shortfall and to address the issue of any funding shortfall when the full cost of replacing the bridge becomes known. In the meantime representations will continue to be made to the Scottish Executive to underwrite the Council's present estimate of the shortfall.

6. FINANCIAL IMPLICATIONS

The proposals outlined above will mean that a sum of £1.0m will be transferred from the Roads & Transport Renewal & Repair Fund to the Local Capital Fund wherein it will be specifically earmarked for the Montrose Bridge Replacement project.

All necessary arrangements will be made with the Scottish Executive to carry forward the £2.8m of additional S94 consent awarded to ensure that the Council's position is protected. It is likely that the carry forward will be achieved by entering into a consent swap with another Council.

7. HUMAN RIGHTS IMPLICATIONS

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

8. CONSULTATION

The Chief Executive, the Acting Director of Roads and the Director of Law & Administration

9. CONCLUSION

This report outlines the latest position on the funding of the Montrose Bridge replacement. Having earmarked its share of the construction costs the Council must continue to put pressure on the Scottish Executive to provide further funding for this lifeline project.

DAVID S SAWERS
Director of Finance

Background Papers :- The following background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973, were used in the preparation of this report :-

Scottish Executive letter of 29 November 2001- Formal Consent to Meet Capital Expenses in 2001-02