

SPECIAL ARRANGEMENTS COMMITTEE

26 MAY 2020

MONIFIETH RESOURCE CENTRE GROUP – UPDATE & FUNDING CONSIDERATIONS

REPORT BY THE DIRECTOR OF FINANCE

ABSTRACT

This report advises the Committee of the latest position on the provision of a community facility in Monifieth being pursued by Monifieth Community Resource Group and seeks agreement to the Council's funding contribution, subject to conditions, and the release of part of the funding to cover development costs.

1. RECOMMENDATIONS

1.1 It is recommended that the Committee:

- (i) Notes the latest update on the project as set out in the report including the estimated costs and funding package;
- (ii) Confirms that the Council will, subject to fulfilment of the conditions set out in paragraph 4.5 of this report, provide funding support of £692,000 towards the project (which includes S75 developer contribution monies earmarked for this purpose);
- (iii) Agree that up to £60,000 from the £692,000 total funding can be advanced now to cover the actual design costs already incurred on the project to reach the stage of being ready to procure the project;
- (iv) Consider the request for a peppercorn rental to apply to the lease of the land the community facility will sit on and either agree that request or confirm that the Council's existing rental policy will apply.

2. ALIGNMENT TO THE COUNCIL PLAN

2.1 The proposals set out in this report will contribute to the outcomes outlined in the Angus Council Plan 2017-22, which focuses on the Economy, People, Place and Our Business. Successful delivery of the project by a community group after years of work will be a major addition to the facilities on offer in Monifieth for locals and visitors alike.

3. BACKGROUND

3.1 The Monifieth Community Resource Group (MCRG) has for a number of years been working to deliver a community facility in the town. This was originally planned to be on the site of Invertay House (car park) and then latterly via a Community Asset Transfer for the Invertay House building itself. The CAT was withdrawn when Big Lottery funding wasn't secured. The MCRG have now redesigned the project and identified a new site in Council ownership near to the Blue Seaway in Monifieth as the preferred location. Appendix 1 shows a site plan for the proposed facility.

3.2 Reference is made to the Special Budget Setting Meeting of the Council on 27 February 2020 and to Appendix 2 of Report 88/20 which, in relation to the Council's Local Capital Fund, advised members as follows:-

“The Council has previously agreed a commitment to provide funding of up to £300,000 towards the provision of a community facility in Monifieth. This commitment was made many years ago and in light of the delay in a project coming to fruition specific provision in the Council’s capital programme was removed and agreement made that if and when the facility goes ahead the Council would meet the funding commitment from the Local Capital Fund. The Monifieth Community Resource Group is now at an advanced stage of developing their proposals for a facility at the Blue Seaway in Monifieth and it is therefore likely that the previous commitment of £300,000 will be called upon during 2020/21. This has been shown as a commitment in Annex A but is subject to the project going ahead and members confirming that the previous commitment will still be honoured.”

3.2 Members may also recall from the Special Budget Setting Meeting a budget amendment by Councillor Hands in relation to the proposed community facility. The Council agreed as follows:-

(i) confirms that part of the proposed £723,000 of Local Capital Fund commitments for 2020-21 contains the pledged £300,000 towards the Monifieth Community Resource Centre;

(ii) approves, in addition to the monies pledged above, that an additional sum of £60,000 is also pledged in order to design and install a Changing Places toilet in the new build which has a provisional start date of July this year; and

(iii) notes that there is no minimum contingency required on the Local Capital Fund and pledging the additional money above would result in an uncommitted balance at 1 April 2021 of £209,000.

3.3 The Monifieth Community Resource Group (MCRG) are now at advanced stage in the project with planning permission obtained and building warrants in the process of being obtained. Although project delivery timescales are likely to be impacted by the COVID-19 situation MCRG are seeking to finalise their delivery plans and budget which includes funding from the Council. The Group are also seeking the release of some funding now to cover the development and design costs incurred to date and reaching the point where project procurement can commence. This report seeks member approval of the Council’s funding for the project, subject to fulfilment of conditions, and the partial drawdown of funds in advance of the project construction commencing.

4. FUNDING CONSIDERATIONS

4.1 MCRG do not yet have all of the funding required to deliver the project but have a number of funding applications awaiting decisions and at least one conditional offer for a significant sum. Total project costs are estimated at circa £1.1m but these may need reviewed in light of COVID-19 and how it may affect the construction sector moving forward.

4.2 At present the Group has £0.75m (around 70%) of funding confirmed with around £0.3m still to find. The Group are working to an end of June 2020 deadline to pull together the full funding package and multiple options are being pursued in this regard, some with support from the Council’s funding officers. Most of the funding secured to date is from the Council and S75 developer contribution monies as shown in the table below.

Table 1 – Funding Secured to Date

Funding Source	Value £000	Comments
Angus Council – Local Capital Fund	300	Original pledge
Angus Council – Local Capital Fund	60	Additional funding – Changing Places toilet
Angus Council – S75 Agreement	240	Taylor Wimpey – 13/01184/FULM
Angus Council – S75 Agreement	92	Ashludie Hospital – 15/00099/FULM
Sub-Total	692	
Other Funds Raised	62	
Total Confirmed Funding	754	As at 30 April 2020

- 4.3 There are 2 separate Section 75 agreements relevant to the proposed facility the key points of note from which are:-

1. Taylor Wimpey – 13/01184/FULM

Obligations payable in respect of Community Facilities (£600 per dwelling – up to £240,000).

Payment Timescales:-

Payment of £240,000 was received in August 2017. The money is to be committed within 5 years from receipt of payment. The funds have to be spent on the construction of the Monifieth Community Hub. If not spent there, funds are required to be spent elsewhere in Monifieth/Sidlaw Ward. No requirement to refund monies.

The S75 states that “In the event the Community Contribution is not drawn down by [Angus Council] for construction of the Monifieth Community Hub project within a period of 5 years from the date of granting planning consent for the Development, the Community Contribution shall be available for use in the development / improvement of other community facilities located in the local government ward of Monifieth and Sidlaw” – with the decision to be made by Members of Angus Council for the Monifieth and Sidlaw ward.

2. Ashludie Hospital – 15/00099/FULM

Obligations payable in respect of Community Facilities (£600 per dwelling – excluding 12 listed building units – up to £92,000).

Payment Timescales:-

Payment of £92,000 was received in November 2015. The money is to be committed within 5 years from receipt of payment. The funds have to be spent on the construction of the Monifieth Community Hub only. If not spent there, the funds to be returned at written request of Scottish Ministers.

The S75 agreement states that “In the event that the contribution (or any part thereof) not having been committed by [Angus Council] within 5 years of the date of payment then, upon written request of the Scottish Ministers, [Angus Council] shall refund to Scottish Ministers any uncommitted amount of the Community Facilities Contribution (including any interest thereon.)” A deadline of 23 November 2020 for commitment of the funds therefore applies.

- 4.4 Based on the above the MCRG project would meet the definition of Community Hub as outlined in the S75 Agreements. The only area of potential concern is in relation to the Ashludie Hospital Agreement and the deadline for commitment of 23 November 2020 which applies but commitment to use those monies is effectively being sought through this report so the only remaining concern would be if the project didn't ultimately go ahead. At the current time and notwithstanding COVID-19 challenges the project is expected to commence at some point in the next few months. It may be necessary to enter into a legal agreement with MCRG to allow the S75 monies to be paid over from the Council to MCRG as a third party.

Conditions to be fulfilled

- 4.5 The Committee is asked to confirm that the Council will, subject to fulfilment of the conditions set out below, provide funding support of £692,000 as shown in Table 1 of this report towards the project. This sum includes S75 developer contribution monies earmarked for the purpose of construction of the facility. The following conditions would require to be fulfilled to the satisfaction of Council officers prior to the Council's funding being released:-

- a) A confirmed tender cost being established for delivery of the project which includes a project contingency budget which is suitable for a project of this nature;
- b) The final design incorporates a Changing in Places toilet;
- c) A confirmed funding package for the full cost of the project being established;
- d) There being no requirement for additional funding from Angus Council beyond the £692,000 specified;

- e) There being no project start or tender acceptance until the full funding package is confirmed;
- f) A legal agreement (if one is required) to allow the S75 Agreement funding to be paid over to MCRG having been agreed;
- g) The heads of terms for the lease of the ground having been agreed; and
- h) The project going ahead in the next 18 months (i.e. construction to commence by 30 November 2021), otherwise the funding would need to be reassessed

4.6 It is envisaged that the Council's funding will be released in stages to reflect the progress of the project but this will be on a basis which does not compromise MCRG's cash flow position.

5. PROPOSED GROUND LEASE

5.1 The Council's Estates Team have drawn up a draft heads of terms for the lease of the land the community facility will sit on. This proposes a 99 year term and other conditions which are standard terms in Council leases. The proposed rental in line with existing Council policy would be £1,100 but would be subject to a 30% discount for a community organisation such as MCRG meaning a rental of £770 would be payable.

5.2 MCRG have requested that the Council grant the lease on the basis of a peppercorn rental (£1 if asked) over the 99 year term in view of the community benefit which will arise from putting the facility in place. Officers are sympathetic to this request given the community led nature of the project and its expected benefits but members are asked to determine this matter and either agree to a peppercorn rental or agree that the normal discounted rental policy would apply.

6. FINANCIAL IMPLICATIONS

6.1 Funding is available in the Local Capital Fund and from the S75 Agreements to meet the proposed funding of £692,000 from the Council. The proposed partial drawdown of funding (£60,000) will come from the S75 developer contributions or if that is not possible from the £300,000 of pledged funding from the Council. Although there is a risk that this money will be expended and the project may not go ahead if a full funding package cannot be secured this risk is considered relatively low given the work done to date, the advanced stage of the project design and the funding applications which are in progress.

7. RISK ISSUES

7.1 There are a few risks for the Committee to be aware of in this regard as follows:-

- Failure to secure sufficient funding – with the exception of the £60,000 partial drawdown the remainder of the funding will not be provided until a full cost and funding package is in place, a contractor is ready to be appointed and officers are satisfied that the project can go ahead. The main risk here is therefore on the £60,000 partial drawdown which is being sought. This drawdown is required to meet actual costs incurred rather than being an advance. The funding secured to date, the conditional funding offer made by another funder and the further applications being pursued give reasonable confidence that the gap can be bridged but this can't be guaranteed so providing the £60,000 does carry some risk.
- Request for further Council support – it is possible that the Council could be asked to make up any final shortfall (should that scenario arise) on funding to allow the project to go ahead. While it would ultimately be a matter for members to determine should such a request be made officers have made clear to the group that no further funding is available. The original pledge of £300,000 was made over a decade ago when the Council's financial position was more favourable than it is today.

- Problems during construction phase – there is a risk of issues arising during the construction phase of the project which in theory could result in it not being fully completed. It is important to remember this is a community led project so the prime responsibility for delivery rests with MCRG. Council officers have however been providing support and advice when required and would continue to monitor (informally) the progress of the project. The building has been designed in such a way as to keep costs down and reduce the risk of issues during the construction phase.

8. EQUALITIES IMPLICATIONS

- 8.1 The recommendations in this report will have no negative differential impact on persons with protected characteristics.

NOTE: No background papers, as detailed 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 the above report.

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List of Appendices

1 – Community Facility - Site Layout Plan