

ANGUS COUNCIL – 22 JUNE 2023

MONIFIETH COMMUNITY HUB & LIBRARY – PROJECT IMPLEMENTATION

**JOINT REPORT BY THE DIRECTOR OF FINANCE AND THE DIRECTOR OF STRATEGIC POLICY,
TRANSFORMATION AND PUBLIC SECTOR REFORM**

ABSTRACT

This report advises members of the latest position on the proposed project to create a combined community hub and library/ACCESS facility in Monifieth being led by Monifieth Community Resource Group (MCRG) with support from the Council and ANGUSalive. The report provides an update on the costs and funding and seeks a decision on whether to proceed with the project.

1. RECOMMENDATIONS

1.1 It is recommended that the Council:

- (i) Note the latest update on estimated construction costs and funding and running costs and incomes for the community hub and library/ACCESS facility as set out in Sections 5, 6 and 8 respectively of this report;
- (ii) Note the assessment of key risks and the mitigation measures set out in Section 10;
- (iii) Note the conditions from Section 12 of Report 313/22 and the current position in relation to fulfilling those conditions as set out in Section 11;
- (iv) Note the proposals for public transport provision to the new facility and the update on access routes as set out in Section 9;
- (v) Note the implications of not proceeding with the project as set out in Section 12;
- (vi) Approve the proposed means of addressing the funding gap for the project as set out in paragraph 7.5;
- (vii) Agree to delegate authority to the Director of Finance to vary (increase or decrease) the components of the funding package in paragraph 7.5 of this report up to a maximum of £100,000 in total following consultation with the Leader of the Council and the Leader of the Opposition Group;
- (viii) Agree that a cash flow support grant of £20,000 be provided to MCRG from the Council's UK Shared Prosperity Fund allocation in financial year 2024/25 to support cashflow in the early months of the new community facility;
- (ix) Approve the Change Request from ANGUSalive regarding the relocation of the current Monifieth Library and ACCESS Office as set out in Section 13 and Appendix 1, and authorise the Director of Strategic Policy, Transformation & Public Sector Reform to sign the Change Request on behalf of Angus Council;
- (x) Agree that the project now proceeds to implementation on the basis set out in this Report and authorise the Director of Legal & Democratic Services or her nominated representative, in consultation with the Director of Finance to finalise the legal agreements between MCRG, ANGUSalive and the Council to enable this to happen; and
- (xi) note that a further report regarding the future of the existing library building will be brought forward in due course.

2. ALIGNMENT TO THE COUNCIL PLAN

2.1 This report contributes to the following strategic priorities in the Angus Council Plan, we want to:

- reduce our energy use through a reduction in our property estate coupled with good management to reduce wasting energy
- support Angus Alive to transform its business to ensure a sustainable culture and leisure offer
- engage with communities to support their ambitions to deliver on local aspirations (e.g., community asset transfer requests, community gardens, food hubs)
- maximise funding opportunities and grants to the Third Sector and communities to support their ambitions to deliver services

3. BACKGROUND

3.1 Members are referred to [Report 313/22](#) submitted to the meeting of Angus Council of 8 September 2022 which provided a detailed background to the project and an update on the costs and funding position as it was estimated to be at that time. The report highlighted the benefits from the proposals and also presented the results of a public consultation undertaken in relation to the possible relocation of Monifieth Library and ACCESS services. Members agreed among other things:-

- a. to approve the relocation of Monifieth Library and ACCESS services to the new community hub facility at the Blue Seaway subject to the conditions set out in Section 12 and on the basis of the approach to meeting the projected funding shortfall set out in paragraph 8.4 of the report; and
- b. to note that a further report would be provided to members for approval in early 2023 confirming the final costs and funding package prior to contracts being signed.

3.2 This report provides details of the estimated final costs and funding package available and seeks a decision from members on whether to proceed with the project or not.

4. PROJECT UPDATE

4.1 Following approval of Report 313/22, work to finalise the design and confirm the cost of the proposed combined community hub facility and library/ACCESS provision has been undertaken and planning permission for the new facility was granted by the Development Standards Committee on 14 March 2023 subject to conditions which require, among other things, specific further details to be provided on lighting, noise management, heating/ventilation equipment and hard and soft landscaping proposals. A total of 52 letters of support and one letter of objection to the proposal were submitted during the planning process. The basis for the planning approval can be found in [Report 87/23](#).

4.2 Delivery of the project comes at a very challenging time due to significantly escalating costs across many construction projects due to high inflation and other factors. The project has reached a stage where tenders have been returned and an updated cost estimate provided based on those fully tendered prices. A decision now needs to be made on whether to implement the project as planned or to abandon the project as no longer being financially viable. With construction inflation still being at such high levels, project costs will continue to escalate and at a faster rate than any new potential external funding can be secured by MCRG and for this reason if members are supportive of the project it is important to move to implementation as quickly as possible before costs escalate further. Current tenders are due to expire within a 2-3 week period from the 22 June meeting of the Council.

4.3 It is important to emphasise that the community hub proposal remains a community led initiative – the building will be operated by MCRG with the Council/ANGUSalive being a tenant. ANGUSalive's service provision needs have been incorporated into the updated design for a new combined community hub and library/ACCESS facility. Appendix 1 to Report 313/22 provided plans of what the new facility will look like.

5. UPDATED PROJECT COSTS

- 5.1 In Report 313/22 members were advised of an estimated cost to deliver the combined community hub and library/ACCESS facility of £2.087 million. This was based on a high level tender submitted in April 2021 for the standalone facility and an updated estimate of that original indicative tender to incorporate the library and ACCESS services both of which had been adjusted for inflation. MCRG and their project team now have 2 full tenders from different contractors which indicate that the best price available to complete the project including contingencies, professional fees, etc. is £2.274 million, some £187,000 (9% more than previously estimated).
- 5.2 The revised fully tendered cost is derived after applying around £112,000 of value engineering options and excludes around £30,000 of costs for library shelving and a reception desk which will be procured separately by ANGUSalive. In line with the assumptions in Report 313/22 an estimate of £20,000 to relocate the existing library and ACCESS services has also been made for e.g. removal costs, equipment replacement costs, new storage facilities, etc. and has been retained for budget/funding purposes at this time.
- 5.3 While market conditions are a significant part of the increased cost from the previous estimate additional costs have also arisen due to a need to upgrade the electricity connection to the building following the inclusion of the library. The need for this upgrade was advised by SSE and his resulted in additional costs of approximately £67,000.
- 5.4 Based on a provisional estimate of £30,000 for library desk and shelving plus £20,000 to relocate library/ACCESS services the total cost of delivering the new facility including landscaping, car parking provision and basic fit out costs for toilets, kitchen and library is **£2.324 million**. Some £0.137 million of this sum has already been expended on professional fees and ancillary costs.
- 5.5 MCRG will have additional costs to meet to provide fitness suite equipment and other furniture and equipment but have identified funding options through grant providers for such costs so those are not included in this report.

6. FUNDING AVAILABLE

- 6.1 Report 313/22 indicated total funding available for the project as at 19 August 2022 of £1.248 million for the original standalone community hub facility plus £675,000 for the library/ACCESS element giving a total funding package of £1.923 million. Report 313/22 therefore highlighted a projected funding gap between the costs and funding at that time of £184,000. The report also set out options for how that funding gap could be closed. Shortly after Report 313/22 was approved MCRG secured an additional £50,000 in funding for the project from EB Landfill giving a revised funding position of £1.973 million and a revised gap of £134,000.
- 6.2 In setting the 2023/24 capital budget in March 2023 the Council assumed a funding position as set in Table 1 below.

Table 1 – Funding Position per 2023/24 Capital Budget

Funding Source	Value £000	Comments
Angus Council	240	Original pledge less spent to date £300k less £60k
Angus Council	60	Additional funding – Changing Places toilet
Angus Council	250	2021/22 PBIP* funding (Report 390/21 refers)
Angus Council	200	Further allocation of 2021/22 PBIP* funding agreed through report 313/22
Angus Council	675	Original capital budget provision for refurbishment work to existing library
Angus Council – S75 Agreement	240	Taylor Wimpey – 13/01184/FULM. Now beyond 5 year period to be committed but no repayment obligation contained within s75 Agreement – can still be used for MCRG project
Angus Council – S75 Agreement	92	Ashludie Hospital – 15/00099/FULM. Now beyond 5 year period to be committed but no repayment expected to be required. Since the 5 year period has passed the Scottish Ministers could ask for the funding back but have not yet done so.

Robertson Trust	108	Confirmed. Deadline to drawdown funding has been extended to 30 June 23. Council approval of project implementation will allow this funding to be drawn down.
EB Landfill	50	Confirmed.
Other MCRG funds held	58	Position as at August 2022
Total Funding Available	1,973	
<i>Other Funding (to be confirmed)</i>	134	<i>Options for this included in Report 313/22</i>
Total Budget	2,107	

* PBIP = Place Based Investment Programme. This is Scottish Government funding to support, among other things, town centre revitalisation, community led regeneration, 20- minute neighbourhoods and Community Wealth Building

- 6.3 Some of the funding in Table 1 has been used towards professional fees and ancillary costs and the other funds held by MCRG has also changed since the position in August last year. On a gross basis compared to the total estimated cost of the project of £2.324 million total funding of £2.007 million can support the delivery of the project leaving a funding gap of £317,000.
- 6.4 At the time of writing this report no further external funding sources have been confirmed although they are being pursued. As at 7 June 2023 the following applications are pending:-
- SSE Community Fund £80,000 – decision expected in September 2023
- 6.5 Two other smaller scale grant funding opportunities are also being pursued by MCRG. In addition to these grant applications MCRG are also in discussions with social/community lenders on potential loan options. These discussions are at a relatively early stage. MCRG have also continued to fund raise for the project through local community events, etc.
- 6.6 Only part of the funding gap of £317,000 would be closed if the pending funding application was successful but this is unknown and a risk. Loan funding options are not a realistic means of closing the whole funding gap but could be an option for a proportion of it.

7. FUNDING SHORTFALL OPTIONS & RECOMMENDATIONS

- 7.1 Report 313/22 set out the following potential funding options to address the shortfall of £184,000 as it was at that time. All of these remain as suitable options to consider:-
- a. Further fundraising by MCRG;
 - b. Angus Council 2023/24 PBIP funding;
 - c. Allocation of additional capital budget funds beyond the £675,000 previously set aside;
 - d. Allocation of revenue funding from the Council's uncommitted reserves;
 - e. Ring-fencing of capital receipt from the sale of the existing library building;
 - f. Prudential borrowing paid for from savings in running costs on existing library
 - g. A combination of a) to f) above
- 7.2 In approving Report 313/22 members agreed an approach to meeting the funding shortfall as follows:-
1. MCRG should seek to address the funding shortfall through their fundraising and further grant applications to be made.
 2. Should, once all of those funding options be exhausted by MCRG, there still remain a funding gap the 2023/24 PBIP funding could be used to address any remaining shortfall.
 3. In the event that other projects proposed for 2023/24 PBIP funding are considered higher priority any remaining shortfall would instead be met from ring-fencing of the capital receipt from the sale of the existing library (subject to the necessary approvals for this building becoming surplus).

- 7.3 A number of things have moved on since the above proposed funding solution was agreed, most notably the significant increase in the funding gap and the availability of other funding options open to the Council such as the UK Shared Prosperity Fund. It is therefore necessary to revisit those original proposals.
- 7.4 At the time of writing a funding gap of £317,000 exists with potential external funding options of up to £80,000 awaiting a decision by funding bodies and other funding options being pursued by MCRG. As stated earlier in this report any further delay in the project awaiting the outcome of funding bids will result in increased costs due to inflation so if members are minded to support the project it is necessary to move forward adopting a flexible approach to how the funding gap will be addressed as outlined below.

Proposed Funding Package

- 7.5 If the current funding application made by MCRG were to be unsuccessful and loan options were not pursued a gap of £317,000 would need to be addressed. Members are asked to agree the following approach to meeting that funding gap:-

1. Additional Funds Raised by MCRG (£75,000)

This would be a minimum fund raising target for MCRG to achieve towards the funding gap. All of this could be achieved if the pending funding application was successful. Confirmation the project is going ahead could also provide the impetus for the local community to fund raise to close any remaining gap against the above target if the current application was unsuccessful or only successful in part. Loan options from social lenders could also be part of achieving this funding target.

2. UK Shared Prosperity Fund (£136,000)

Since Report 313/22 was agreed the Council has received confirmation of its funding allocation under the UK Shared Prosperity Fund and the community hub project would be a good fit with the aims of that funding and in particular the Communities and Place Priority. Report 165/23 to the Policy & Resources Committee of 6 June 2023 provides further detail on the funding available through the Shared Prosperity Fund which totals £1.67 million for 2023/24.

3. Place Based Investment Programme (PBIP) (£35,000)

The community hub project has received £450,000 of funding through PBIP in previous years. PBIP funding allocated to the Council for financial year 2023/24 is £435,000 with a similar sum of funding expected in the 2 following financial years. Meeting all or most of the funding gap from this source in 2023/24 would leave very limited funds for other projects across Angus. However the MCRG led project remains a very good fit with the objectives of PBIP funding and is a major project now ready to progress. For these reasons it is proposed to use £35,000 of the £435,000 PBIP available in 2023/24 towards the project.

4. ANGUSalive (£20,000)

The project is a sizeable investment for all partners and will enable a move to a modern facility for Library and ACCESS services into the future. In recognition of this and the funding gap challenges a contribution of £20,000 from ANGUSalive towards the funding gap is proposed. This is subject to approval by the ANGUSalive Board.

5. Use of part of the Capital Receipt from Sale of Existing Library (£51,000)

While at this point the existing library has not been formally declared surplus to the Council's operational requirements if members approve the recommendations in this report to relocate the library/ACCESS service to the community hub the existing Library building would have no ongoing operational use and could therefore be sold. While there are risks associated with selling a surplus asset in terms and how quickly it may sell and what value may be realised achieving a sum of at least £51,000 from the sale of the existing library to support the community hub and library project is considered achievable and appropriate as a funding option. The Council's policy, as set out in Financial Regulations, is to only ring-fence a capital receipt for a project where the capital receipt arises as a natural consequence of undertaking a particular project and that circumstance would apply in this case. A sale value in excess of £51,000 would be expected from the sale of the existing library and this funding component could therefore be flexed if necessary.

- 7.6 Points 1 to 5 above provide a plan to cover the total projected cost of the project but point 1 is an area of uncertainty where the target being set could be exceeded or fall short in practice. Item 4 is also subject to approval through the ANGUSalive Board. To provide some flexibility to deal with this uncertainty Members are asked to delegate authority to the Director of Finance to vary (increase or decrease) the components of the funding package in paragraph 7.5 of this report up to a maximum of £100,000 in total following consultation with the Leader of the Council and the Leader of the Opposition Group. In the event that changes to the project cost and funding package exceed £100,000 a further report would be brought to the Policy & Resources Committee for approval.
- 7.7 For the avoidance of doubt approval of the recommendations in this report would result in the Council committing to the project and entering into a legally binding agreement with MCRG for this purpose. Any change to the funding package either under delegated authority or via further reporting to Committee would therefore only be about funding not about whether the project goes ahead.
- 7.8 The total cost and funding for the project is shown in Table 2 below.

Table 2 – Estimated Total Cost and Proposed Funding Package

Funding Source	Value £000
Total Estimated Project Cost	2,324
Less Existing Funding Sources	(2,007)
Funding Gap	317
Less Additional Funding from MCRG	(75)
Less UK Shared Prosperity Funding	(136)
Less Place Based Investment Funding	(35)
Less ANGUSalive Funding	(20)
Less Part of Capital Receipt – Sale of Current Library	(51)
Remaining Funding Gap	0

8. OPERATIONAL COSTS & INCOMES FOR NEW FACILITY

New Building

- 8.1 MCRG have been working with a business analyst as well as Business Gateway to review and update projected running costs and incomes for the new facility. This covers building running costs such as energy, repairs, etc. and the costs of operating the community hub parts of the building including the fitness suite, café and hall. Running costs include staff costs, food costs, insurance, etc.
- 8.2 Monthly cashflow projections, an annual profit and loss account and balance sheet covering a 5 year period have been prepared. Council and ANGUSalive officers have reviewed these projected running costs and incomes and discussed them in detail with MRCG and their business analyst. Experience from other similar projects and technical input from consultants on energy costs have been used in making the estimates and a number of contingencies built into the estimates. Flexibility in the staffing model and costs is also possible if required to manage costs.
- 8.3 The greatest area of uncertainty is the level of income which can be generated from the new facility and in particular whether this will be sufficient to cover running costs. The detailed projections prepared by MCRG expect this to the case with a small surplus being made year on year from all operations but this can only be tested once the facility is opened and usage levels are established. Average annual expenditure and income of around £223,000 and £232,000 respectively is expected.
- 8.4 As members will be aware financial sustainability (balancing costs and incomes) is a major challenge for any business and that is especially so at present with high energy costs, high inflation and an erosion of living standards and disposable incomes. Making the community hub a financially sustainable operation will be an ongoing challenge but if projected income levels can

be achieved in practice and costs controlled appropriately the hub should be successful financially. Ongoing fund raising once operational e.g. from grant programmes can also help support the overall costs of the facility. The MCRG community hub has a number of similarities to the Friock Hub which has been operational now for a number of years.

Council/ANGUSalve Implications

- 8.5 The largest impact on Council / ANGUSalve running costs from will be in energy costs and these have been assessed by AIM Design who have looked at a likely Council/ANGUSalve share of those costs in the new building in comparison to the existing library building. That analysis shows an expected saving in energy costs of around 50% (circa £4,000 p.a.) compared to the current library. Savings relative to the current library building in maintenance costs can also be anticipated. A loss of income to ANGUSalve of £5,250 from the Council's Housing Revenue Account would however also arise as the current library building provides a meeting place for nearby sheltered housing. The Council/ANGUSalve share of the building running costs will be captured in the legal agreements with MCRG and are expected to be based on the respective floor areas of the new facility or some other suitable means of apportioning costs fairly.
- 8.6 The building costs (mainly energy and maintenance costs) of the current library and ACCESS service are £11,000 p.a. and are met by the Council. Although the share of costs in the new facility has still to be finalised these are expected to be around £6,000 to £7,000 based on current information and assumptions, giving a saving of £4,000 to £5,000. Actual running costs will depend on usage, etc. once the facility is operational. A move to the new facility will also avoid potentially expensive repairs to the existing library building over the longer term. In net terms after allowing for the loss of HRA income referred to above the relocation of the library to the new community hub is expected to be broadly cost neutral for the Council and ANGUSalve combined.

Cashflow Grant

- 8.7 Ensuring the new facility can be financially sustainable once its built and operational will be a significant challenge for a community organisation and represents an area of risk as explained in Section 10 of this report. It will take time to establish reliable patterns of income and costs early in the life of the new facility for the community hub elements. Recognising the cash flow challenges which will face a new venture such as this it is proposed to provide MCRG with a £20,000 cashflow grant once the new building is in place and ready to begin operating. This grant would come from UK Shared Prosperity funding in financial year 2024/25 and would be provided solely to support cashflow in the early months of the new facility.

9. PUBLIC TRANSPORT / ACCESSIBILITY

- 9.1 The consultation undertaken on relocating Monifieth library from its current High Street location to the new community facility at the Blue Seaway raised concerns about the accessibility of the library at that new location particularly for people with mobility issues. In considering Report 313/22 members asked questions about potential public transport options and access under the railway.
- 9.2 It is important to note that in granting planning permission for the new community hub and library/ACCESS facility the Development Standards Committee were advised through Report 87/23 as follows:-

“A transport statement submitted by the applicant concludes that the site has good accessibility. That document has been reviewed by the roads service and it is satisfied with its conclusions and with the detail of the proposal. Provision would be made within the application site for cycle parking and for some limited car parking. There is car parking provision in the wider area serving the seafront and the roads service has indicated that it is appropriate for the development to utilise that provision as this proposal is intended to augment existing facilities. Overall, the site has good accessibility.”

This provides some reassurance about the suitability and accessibility of the proposed new facility.

Revised Public Transport Provision

- 9.3 Notwithstanding the above assessment through the planning process there remains a risk that the relocation of library and ACCESS services could negatively impact on some service users with mobility issues. It is therefore proposed to amend the route of local bus services 78A to 79C to incorporate a stop on South Street in Monifieth near to the railway station to provide a public transport option to the new facility. Those bus services come from villages outwith Monifieth and run through Monifieth, passing along the High Street and will therefore provide a means of getting from the current library to the nearest point available to the Blue Seaway by public transport. The railway line and the size limitations of the underpasses underneath it prevents access for large vehicles to the new community facility itself but will provide the next best option given those physical constraints.

Accessibility Under the Railway

- 9.4 In relation to accessibility under the railway and in particular traffic management arrangements this has now been reviewed by the Council's Roads team. Currently, both vehicles and pedestrians can access the seafront area via both rail underpasses. Both underpasses are currently signed with height information; the access to the east allows for higher sided vehicles, the west side access is low and limits access to cars and smaller vans.
- 9.5 Both accesses have provision for pedestrians. The east side access has waiting restrictions (double yellow lines) running along the length of the section of road under the rail structure, with the west side restrictions sitting out approx. 1 metre into the road to form an "unofficial" footway behind it. A formal section of footway under the structure, to the east was considered, but the limited width available meant that most vehicles would have to overrun a kerbed footway due to the lack of width. This would bring obvious risk to pedestrians, in particular visually impaired users, wheelchair users, those with prams/pushchairs and the elderly/infirm. The access to the west side has a short section of formal, kerbed footway running under the structure; the footway isn't however a standard width and would struggle to accommodate certain wheeled users.
- 9.6 In regard to traffic management, a signalised control of the east side access was considered but determined that whilst it might be feasible to control traffic movements, there would be issues with any pedestrian phasing, e.g. pedestrians would be expected to cross South Street, walk beneath the underpass and on a section of road on Marine Drive to eventually reach an existing footpath. Factoring in different users, again those with disabilities, Roads do not think that this option would be feasible. With the issues identified with signalling the east end underpass, the option of making the west side underpass for pedestrian access only, with the east side access for vehicles only, under the control of traffic signals was considered. Whilst initial findings suggest this could be a viable option it would be difficult to prevent pedestrians still attempting to use the east side underpass. If the underpasses were altered to one for vehicle access, one for pedestrian access, this would require a change to traffic management on Marine Drive and most likely the need for a one-way system.
- 9.7 In summary, the current arrangements work reasonably well, access arrangements for both vehicles and pedestrians are not to standard but users/visitors appear to have gotten used to the layout and workings and current accident records show there to be no issues.

10. RISK ISSUES

- 10.1 There are a number of risks for the Council to consider in determining whether to proceed with the proposed project. These are outlined in Table 3 below along with mitigation measures which may be able to reduce such risks. The risks inevitably consider more negative potential issues and outcomes but these should be considered alongside the many positive outcomes which can come from a community led initiative such as this. As explained in Section 2 this project contributes to a number of priorities in the Council Plan.

Table 3 – Key Risks & Potential Mitigations

Risk	Mitigation Measures
<p>Project cost increases including during project construction phase – this risk has reduced substantially since Report 313/22 now that 2 full tenders have been submitted for the works. As with any construction project there remains a risk of further cost increases if unexpected issues e.g. weather events or difficult ground conditions are encountered or additional works not included in the current specification require to be added in.</p>	<ul style="list-style-type: none"> a. The project is being procured using a design and build contract to deliver more cost certainty. The tenders have been reviewed by cost consultants and considered to be reasonable and an accurate reflection of the cost in the current market. b. Ground conditions have been investigated and the design and tendered costs have allowed for these. A specific provision has been made for potential additional costs from contaminated land. c. The project will be closely managed including oversight/liason with the MCRG project manager by the Council Assets team. d. A suitable contingency provision has been built into costs and additional allowances made for specific risks to provide some protection for unexpected costs.
<p>Failure to secure the targeted level of further funding by MCRG as set out in Section 7 of this report</p>	<ul style="list-style-type: none"> a. A funding application in excess of the target has been made and all possible options are being explored. b. Loan options from lenders to community groups are also being considered by MCRG. c. Further applications to the Place Based Investment Programme (PBIP) and UK Shared Prosperity Funding (UKSPF) in financial year 2024/25 could be considered as fall back options but would not be guaranteed. d. Confirmation of the project going ahead may provide the impetus to close any remaining funding gap for the project among the community.
<p>Request for further Council financial support if unexpected issues arise during construction phase. As a volunteer group MCRG have limited ability to raise significant funds themselves so if construction costs increase for whatever reason that is likely to require further financial support from the Council.</p>	<ul style="list-style-type: none"> a. The project will be closely managed including oversight/liason with the MCRG project manager by the Council Assets team. b. Ground conditions have been tested to reduce risk and an additional contingency built in for this. c. Two full tenders which are similar in price provide some assurance on the expected cost of the works.
<p>Failure to secure external funding for fitness suite equipment and other furniture and equipment by MCRG. Failure to secure funding for e.g. fitness suite equipment will impact income generation potential and therefore net running costs.</p>	<ul style="list-style-type: none"> a. Some MCRG furniture and equipment from the Cabin could be re-used if required. b. MCRG have investigated in detail external funding sources for this type of provision and are confident of securing support. c. ANGUSalve are providing advice given their knowledge in this area.
<p>Operational Costs – running costs will be shared between MCRG and ANGUSalve.</p>	<ul style="list-style-type: none"> a. MCRG have prepared a 5 year projection for costs and incomes which show small

<p>There is a risk that running costs could be higher than expected.</p>	<p>surpluses being made each year. This has been prepared with support from a business analyst.</p> <p>b. There is potentially some scope to reduce running costs should that be necessary e.g. using volunteers rather than paid staff more than is currently planned.</p> <p>c. Energy cost estimates are based on current energy prices provided by a specialist consultant.</p> <p>d. Operational costs have been reviewed in detail by Council and ANGUSalve officers and while not assured are considered feasible).</p>
<p>Financial impact onto ANGUSalve including non-domestic rates costs and reliefs (see Section 13 below). There is a risk that the overall financial impact onto ANGUSalve from moving to the new facility is different from that expected.</p>	<p>a. Considered to be relatively low risk overall and sums involved if the risk did arise would be small financially.</p> <p>b. Best estimates have been made of running costs to the Council / ANGUSalve in the new facility and these show a projected broadly cost neutral position.</p>
<p>Operational Incomes – this is a significant potential risk for a number of reasons including:-</p> <ul style="list-style-type: none"> • No facility of this scale is currently available in Monifieth so real world usage is difficult to gauge before the facility opens • The cost of living crisis may impact on usage as people prioritise spending away from leisure pursuits • Part of the assumed income relies on an events programme which may take time to establish to the levels assumed <p>If incomes are below estimates to a significant degree MCRG may not be able to cover the running costs of the community hub potentially leading to requests for financial help or closure of the facility.</p>	<p>a. MCRG have prepared a 5 year projection for costs and incomes which show small surpluses being made each year. This has been prepared with support from a business analyst.</p> <p>b. Consultation and engagement with the local community suggests high interest and usage of the facilities</p> <p>c. Co-location with the library should generate additional footfall compared to a standalone community facility</p> <p>d. The facility is well placed to get passing trade for the Café given its proximity to caravan parks and the new active travel route from Broughty Ferry.</p> <p>e. MCRG projections have been based on similar facilities.</p> <p>f. Operational incomes have been reviewed in detail by Council and ANGUSalve officers and while not assured are considered feasible</p>
<p>Failure to conclude legal agreements e.g. ground lease and cost sharing arrangements</p>	<p>a. Risk considered low as draft Heads of Terms have been exchanged and no major areas of concern identified.</p> <p>b. Report seeks delegated authority to conclude legal agreements after Council meeting.</p>
<p>Failure of community hub as an operation – there is a risk the new community hub is unable to be sustained operationally with input from volunteers or financially over the medium to long term. This would leave the Council with a partially unused building on its land and could leave ANGUSalve with all remaining running costs for the building if it no longer functions as a self-financing community hub.</p>	<p>a. There is limited competition for the facilities on offer which is why the community have pursued it as a project.</p> <p>b. MCRG have shown extraordinary resilience to date in seeking to deliver this project so there is strong commitment to it from current volunteers.</p> <p>c. Financial projections are based on the best estimates available and have been subject to detailed review.</p>

	d. Ultimately this is a community led initiative and its success will depend largely on the local community supporting it.
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11. CONDITIONS TO BE FULFILLED

- 11.1 Report 313/22 set out a number of conditions to be fulfilled before the Council would agree to proceed with the project and provide its elements of the overall funding package. An update on each of these conditions is provided in Table 4 below.

Table 4 – Conditions for Project to Proceed

Condition per Report 313/22	Status as at May 2023
A final 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	2 full tenders received. Both very close in price. Tenders also benchmarked by cost consultant to confirm reasonableness. Project contingency budget is considered to be appropriate.
The final design incorporating a Changing in Places toilet	Design incorporates a Changing Places Toilet as agreed.
A confirmed funding package for the full cost of the project being established	A confirmed funding package is in place for 86% of the estimated cost as things stand. Funding options for the remainder have also been identified such that the only remaining risk is on the funding target to be secured by MCRG as explained in Section 7.
There being no project start or tender acceptance until the full funding package is confirmed	Only a small element of uncertainty on funding would remain if this report is approved and the project cannot be delayed awaiting that as costs will rise due to inflation.
A legal agreement (if one is required) to allow the S75 Agreement funding to be paid over to MCRG having been agreed	The terms and conditions for payment of Council funding including S75 funding held by the Council will be covered in a legal agreement between the Council and MCRG to be signed off before construction begins. This report seeks delegated authority to sign legal agreements once finalised.
The heads of terms for the lease of the ground having been agreed	Draft heads of terms have been exchanged by each party's legal teams. No significant issues have been identified. Finalised ground lease will be concluded and signed before construction begins.
Operational running costs and income projections having been reviewed and agreed which confirm the facility can be financially sustainable	See Section 8 of this report. Remains an area of risk but detailed due diligence has been undertaken with input from Business Gateway, a business analyst and Council and ANGUSalve officers.
Arrangements for sharing running costs having been agreed	Covered in draft heads of terms for ground lease. Finalised ground lease will be concluded and signed before construction begins.
The project going ahead in the next 12 months (i.e. construction to commence by 30 September 2023), otherwise the Council funding would need to be reassessed	If Council approves the project for implementation then construction would be due to commence by September 2023.

12. IMPLICATIONS OF NOT PROCEEDING

- 12.1 Aside from the obvious disappointment in the local community if the project did not go ahead there are a number of other mainly financial implications which would arise as follows:-

- a. It would be necessary to negotiate a settlement with MCRG in relation to the sharing of costs incurred to date including design and other fees. These abortive costs could be between £20,000 and £40,000 would need to be funded as a revenue cost for which no specific budget provision exists;
 - b. Significant sums of S75 funding (up to £332,000) would in all likelihood be lost to the area;
 - c. Significant sums of PBIP funding committed to the project (up to £385,000) would be lost and would probably require to be returned to the Scottish Government;
 - d. Project funding from the Robertson Trust (£108,000) would be lost – this must be drawn down by 30 June 2023;
 - e. The Council and ANGUSalve would need to re-assess the future of the existing library/ACCESS building. Given the escalation in market prices it may be difficult to deliver a refurbishment of that building within the £675,000 originally set aside for that purpose;
 - f. The opportunity to reduce operational and future maintenance costs for the current library/ACCESS services in Monifieth will be lost;
 - g. The opportunity will be missed to test how an integrated community and Council/ANGUSalve facility could operate as a potential future model for other parts of Angus.
- 12.2 While in theory MCRG could try to deliver the standalone facility they originally planned if the Council decided not to proceed with the project, in practice, the loss of external funding currently secured and the escalation in costs due to market conditions from a further delay would create an unbridgeable gap.

13. ANGUSalve CHANGE REQUEST

- 13.1 Relocation of the library and ACCESS services represents a change to the services specification between the Council and ANGUSalve and requires members to approve such a change.
- 13.2 ANGUSalve have submitted a Change Request (Appendix 1 refers) which is in accordance with the Services Agreement. This reflects the proposed relocation of the Libraries and ACCESS services to the new location in Monifieth. This will also require an update to the plans included in the current License to occupy agreement, reflecting the new delivery location of the services.
- 13.3 Non Domestic Rates (NDR) relief is a benefit currently available to ANGUSalve operating from the existing library building in Monifieth, due to their charitable status. This currently amounts to an annual saving of £15,886 (2023/24 charge). While the process of assessing this relief and its application to the new facility has yet to be finalised, it is anticipated that this benefit will continue as part of ANGUSalve's relocation. The value and particulars of the new facility will however require to be formally assessed and until that work is completed there remains a risk in relation to this ongoing benefit.
- 13.4 Members may recall that the proposal for the relocation of the library and ACCESS services to the new facility formed the basis of a community consultation during July 2022 and the outcome was reported as part of Report 313/22, including Appendix 1. Members considered and paid due regard to that information when approving the relocation of Monifieth Library and ACCESS services to the new community hub facility at the Blue Seaway.
- 13.5 Having made that decision regarding future location, there is no intention to carry out a further consultation exercise as the key principles have not changed since that time. Taking that approach is considered to be appropriate and that is supported insofar as this is a community-led project which has been part of the community dialogue over a significant period of time. Members of the public will also be alerted to any temporary opening changes due to the transition to the new building in due course and therefore information on the development will continue to be shared widely within the community.

- 13.6 Accordingly, members are requested to approve and authorise the Director of Strategic Policy, Transformation & Public Sector Reform to agree the related Change Request submitted by ANGUSalve (Appendix 1).

14. DECISIONS REQUIRED BY ELECTED MEMBERS

- 14.1 The project is now at a crucial point which requires a decision from elected members. The original concept of a standalone community hub facility is no longer financially viable (that was the view of Council officers in Report 313/22 and remains so now). A combined facility incorporating library and ACCESS services is therefore the only way forward if a community hub project is to be delivered for Monifieth at this time.
- 14.2 While the need for further funding support from the Council to deliver the project is not ideal this is the reality if the project is to be delivered and is a reflection of challenging market conditions. Given the benefits of the project and its fit with the priorities in the Council Plan and the significant negative implications of not proceeding with the project as explained in Section 12 officers are recommending that the project proceed to implementation on the basis set out in this report.
- 14.3 The project is not without risk especially in terms of ongoing financial sustainability once the facility is operational. Its future success will depend in large part on the local community in Monifieth and surrounding area supporting the community hub by using it on a paid for basis and/or volunteering to help operate the hub.

15. LEGAL AGREEMENTS

- 15.1 The land on which the new facility will be built is owned by the Council. A 99 year ground lease from the Council to MCRG will therefore be entered into at a rent of £1 p.a. as previously agreed by elected members. A legal agreement protecting the Council's funding of the construction costs and agreeing how running costs will be shared between the Council/ANGUSalve and MCRG will also be entered into prior to the project commencing. Members are asked to authorise the Director of Legal & Democratic Services or her nominated representative in consultation with the Director of Finance, to finalise the legal agreements between MCRG, ANGUSalve and the Council to enable the project to proceed.

16. FINANCIAL IMPLICATIONS

- 16.1 The financial implications for the Council are as described in the body of the report. The Council's funding for the project will be released in stages to reflect the progress of the project and on a basis which does not compromise MCRG's cash flow position.

17. EQUALITIES IMPLICATIONS

- 17.1 An equalities impact assessment has been undertaken and is attached as Appendix 2.

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

Appendix 1 – Change Request

Appendix 2 – Equalities Impact Assessment