

Planned Maintenance 2018-19

Report of the:	Head of Property and Regeneration
Contact:	Mark Shephard
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
Annexes/Appendices (attached):	Annexe 1: 2017/18 current position Annexe 2: 2018/19 Proposed works
Other available papers (not attached):	

Report summary

The report notes progress and changes to the current planned maintenance programme and seeks approval for 2018/19 programme of proposed works

Recommendation (s)

- (1) Notes the current position/progress on the planned maintenance programme**
- (2) Notes the changes made to the programme under officer delegated authority**
- (3) Requests that remainder of unspent budget in 2017/18 be carried forward**
- (4) Requests authorisation to proceed with 2018/19 proposed planned maintenance works**
- (5) Requests authorisation to vire from the property reserve to fund shortfall for 2018/19**

1 Implications for the Council's Key Priorities, Service Plans and Sustainable Community Strategy

- 1.1 Ensuring that assets are protected and enhanced supports the delivery of the Council's key priorities
- 1.2 The programme supports a number of specific key priorities including measures to enhance sustainability and combat the impact of climate change
- 1.3 There is no specific key service priority for this programme

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2 Background

- 2.1 The 2017/18 budget for prioritised planned maintenance repairs was agreed at Strategy and Resources Committee on 4 April 2017 and was set at £210k. The £210k consisted of a base maintenance budget of £175k and £35k for regulatory and legislative works.
- 2.2 A further £24k was agreed at April's Committee to support the 2017/18 programme, £102k was carried forward from 2016/17 for works still in progress at last year-end and £2.7k was drawn down from reserves in-year.
- 2.3 Total resources available for 2017/18 therefore amounted to £339k.

3 Current Position

- 3.1 **Annexe 1** sets out the forecast expenditure against each scheme at the end of March 2018.
- 3.2 The changes carried out under delegated authority are set out within **Annexe 1**.
- 3.3 The end of year forecast predicts an underspend of £27k.
- 3.4 Members are asked to note the progress on schemes and the changes to the programme

4 Proposed schemes for 2018/19

- 4.1 The proposed schemes are set out in **Annexe 2** and authority is sought to approve these for 2018/19
- 4.2 In the event that the monies are not spent before the end of the financial year 2018/19, it is proposed that the remainder of the unspent budget is carried over to the following year.
- 4.3 The proposed schemes will cost a projected £280k, which exceeds the £210k base budget by £70k. Approval is sought to fund this deficit with the £27k projected 2017/18 underspend and £43k from the property reserve.

5 Financial and Manpower Implications

- 5.1 The resources are available within the Projects team to accommodate the proposed works for 2018/19.
- 5.2 Under S33 of the VAT Act 1994, the Council is permitted to recover VAT on expenditure related to exempt income, provided that the amount does not exceed 5% of total VAT recovered from HMRC in any one year. The most significant exempt income to the Council is generated by rents and lettings.

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- 5.3 As reported to this Committee in November 2017, the Council breached this 5% limit in 2016/17. To mitigate the risk of having to repay over £176k to HMRC, Officers requested HMRC's permission to use a seven-year average method of calculating the 5%. HMRC agreed to this which means that if EEBC can average below 5% across years 2012/13 – 2018/19, the £176k repayment will not fall due.
- 5.4 To avoid breaching the 5% limit, at least until April 2019, expenditure on buildings generating exempt income should be carefully scheduled. Currently, it is anticipated that the schedule of planned maintenance for 2018/19 at **Annex 2** can be undertaken without causing a breach. Quarterly forecast calculations will be produced to monitor the ongoing position throughout the year.
- 5.5 **Chief Finance Officer's comments:** *The Property Maintenance Reserve stood at £402,000 at 1 April 2017. During 2017/18, a sum of £129,000 was released from the reserve principally to fund completion of outstanding items from the 2016/17 programme. Annex 1 identifies a forecast underspend of £27,000 for 2017/18, giving a projected reserve balance of £300,000 at 31 March 2018.*
- 5.6 *There is provision of £210,000 for planned maintenance within the approved 2018/19 revenue budget. The proposed schemes for 2018/19 collectively exceed the approved 2018/19 budget by £70,000. If Members approve the £70,000 additional funding from the Property Maintenance Reserve, this would reduce the projected reserve balance to £230,000.*

6 Legal Implications (including implications for matters relating to equality)

- 6.1 It is important that maintenance activities are planned and undertaken in such a way so as to ensure compliance with the Council's statutory duties in respect of, for example, health and safety. It is also important to ensure that we meet our legal obligations to our landlords (where applicable), and to our tenants.
- 6.2 **Monitoring Officer's comments:** *Planning our maintenance activities is key to ensuring that our legal obligations are met in order to manage the legal risks the Council faces.*

7 Sustainability Policy and Community Safety Implications

- 7.1 The programme includes several schemes that will contribute to improving energy efficiency including energy and water conservation for smaller initiatives

8 Risk Assessment

- 8.1 The risks associated with completion of the programme are judged to be manageable and are set out within the body of the report.

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9 Conclusion and Recommendations

- 9.1 Receives end of year position and changes and requests authority to proceed with 2018/19 proposed planned maintenance works.
- 9.2 Requests authorisation to vire from planned maintenance reserves to fund shortfall.
- 9.3 Requests that remainder of unspent budget in 2017/18 be carried forward.
- 9.4 Requests authorisation to proceed with 2018/19 proposed planned maintenance works

Ward(s) affected: (All Wards);