

# CHATHAM MARITIME ESTATE LTD

## South Maritime Estate

### Expenditure Summary & Variance Report Service Charge Year to 31 March 2009

	Note	2008/09 Actual	2008/09 Budget	Actual v Budget	2007/08 Actual	2008/09 v 2007/08 Actual
		£	£	%	£	%
Landscape maintenance	1	78,906	71,340	11%	107,992	-27%
Street furniture	2	6,753	9,260	-27%	9,571	-29%
Road cleansing	3	4,722	9,400	-50%	1,845	156%
Road & pathway maintenance	4	14,206	21,000	-32%	15,369	-8%
Street lighting	5	3,944	4,980	-21%	3,122	26%
Water safety	6	2,859	10,540	-73%	569	403%
Features & Monuments	7	3,315	6,100	-46%	1,882	76%
General Maintenance	8	9,631	14,950	-36%	7,121	35%
Miscellaneous	9	11,888	7,500	59%	6,952	71%
Infrastructure insurance	10	9,451	8,966	5%	8,539	11%
Security	11	152,755	151,320	1%	134,159	14%
Management costs	12	58,503	56,989	3%	56,302	4%
Premises & vehicle	13	25,415	26,632	-5%	28,380	-10%
Audit & professional fees	14	5,405	6,928	-22%	6,966	-22%
<b>Total</b>		<b>387,753</b>	<b>405,905</b>	<b>-4%</b>	<b>388,769</b>	<b>-0%</b>

#### Overview

Actual expenditure for 2008/09 was 4.4% below budget. However, this disguises variations within some individual budget headings, and these are dealt with in the detailed commentary below.

The Actual for 2008-09 is marginally down (-0.3%) on the prior year (2007-08) Actual.

In addition to the underspend identified in the above figures, there are also £8.6K in licence fees which are credited to the service charge account. These represent "surveyor's fees" for Estate staff time spent on dealing with licence approvals, where the staff salaries are paid out of Management Costs.

This additional credit means that the total rebate to service charge contributors will be:

Service charge underspend	£ 18,152
Licence fee income	<u>£ 8,590</u>
Total credits	£ 26,742

This rebate represents c. 6.6% of advance service charge contributions, and credit notes will accompany this notice.

## **Detailed Commentary**

Commentary on individual expenditure headings identified in Note numbers above.

### 1. Landscape Maintenance

The overspend of £7.6K against budget is due to the increased ground preparation work that was required as a result of debris and underground cables found during replanting. The overall reduction against prior year expenditure reflects the conclusion of a major programme of treatment and replacement that has been carried out over the last few years to deal with serious horse chestnut infestations.

### 2. Street Furniture

A saving of £2.5K was made as benches around the basin edge were repaired rather than replaced.

### 3. Road Cleansing

Monies were deducted from the landscape contractor during the year for unsatisfactory performance in relation to gritting of the roads. Coupled with a mild weather at the start of the winter, the road cleansing expenditure is £4.7K under budget. This item is always subject to the severity of winter weather.

### 4. Road & Pathway Maintenance

Footpath damage following replanting work cost significantly less than expected, and control of activity by utilities and other contractors contributing to the £6.8K underspend against budget.

### 5. Street Lighting

Energy charges lower following renegotiation of charge rates with supplier. Night-time inspection scouting undertaken by Estate Security to further reduce cost.

### 6. Water Safety

Provision of covers to lifebuoys reduced incidents of interference and vandalism. Covers to some of the chutes near the dry docks required replacement; the budget reflected a probable solution, but a cheaper alternative was identified, contributing to an underspend of £7.6K against budget.

### 7. Features & Monuments

The £2.8K underspend against budget is due to planned minor works such as anti-skateboard deterrence not being carried out in the year and repainting work being cheaper than budgeted.

### 8. General maintenance

General maintenance expenditure is £5.4K lower than anticipated, with the deferral of expenditure on site drawings and plans, and a delay in a health and safety review.

9. Miscellaneous

A £4.4K overspend has resulted from costs associated with the re-tendering of major contracts that were not included in the budget.

10. Infrastructure Insurance

Premium increase higher than budgeted. Insurance placement reviewed for 2009-10.

11. Security

Guarding contract, PCSO and vehicle costs were below budget. There was higher expenditure on CCTV equipment resulting from faults, and an overspend on accommodation due to localised flooding, and blocked drains.

12. Management Costs

Management costs were £1.5K above budget, reflecting increased staffing costs due to a change of company accountant (recruitment fee plus double running costs during the handover period, March 2009).

13. Premises & Vehicle

The proposed purchase of facilities management software was deferred, leading to a lower depreciation charge.

14. Audit & professional fees

Lower than budgeted audit, accounting and corporate insurances expenditure led to an £1.5K underspend against budget.

**Paula Puxty**  
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