

# COBTREE MANOR ESTATE CHARITY COMMITTEE MEETING

Date: Monday 20 January 2020  
Time: 2.30 pm  
Venue: Town Hall, High Street, Maidstone

Membership:

Councillors Cox, Daley, Mrs Gooch (Vice-Chairman), Mrs Hinder and  
McLoughlin (Chairman)

*The Chairman will assume that all Members will read the reports before attending the meeting. Officers are asked to assume the same when introducing reports.*

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## AGENDA

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| 1. Apologies for Absence  |         |
| 2. Notification of Substitute Members   |         |
| 3. Urgent Items   |         |
| 4. Notification of Visiting Members   |         |
| 5. Disclosures by Members and Officers  |         |
| 6. Disclosures of Lobbying  |         |
| 7. To consider whether any items should be taken in private because of the possible disclosure of exempt information. |         |
| 8. Minutes of the meeting held on 6 November 2019   | 1 - 7   |
| 9. Presentation of Petitions (if any)   |         |
| 10. Question and answer session for members of the public (if any)  |         |
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**Issued on Friday 10 January 2020**

**Continued Over/:**

*Alison Broom*

**Alison Broom, Chief Executive**

## **PUBLIC SPEAKING AND ALTERNATIVE FORMATS**

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## **MAIDSTONE BOROUGH COUNCIL**

### **COBTREE MANOR ESTATE CHARITY COMMITTEE**

#### **MINUTES OF THE MEETING HELD ON 6 NOVEMBER 2019**

**Present:** Councillor McLoughlin (Chairman) and  
Councillors Cox, Daley, Mrs Gooch and Mrs Hinder

34. **APOLOGIES FOR ABSENCE**

There were no apologies for absence.

35. **NOTIFICATION OF SUBSTITUTE MEMBERS**

There were no Substitute Members.

36. **URGENT ITEMS**

The Chairman said that, in his opinion, the oral update regarding the proposed Cobtree Railway should be taken as an urgent item because the information was not available when the agenda was published.

37. **NOTIFICATION OF VISITING MEMBERS**

There were no Visiting Members.

38. **DISCLOSURES BY MEMBERS AND OFFICERS**

There were no disclosures by Members or Officers.

39. **DISCLOSURES OF LOBBYING**

There were no disclosures of lobbying at this stage.

See Minute 47 below.

40. **EXEMPT ITEMS**

**RESOLVED:** That the items on the agenda be taken in public as proposed.

41. **MINUTES OF THE MEETING HELD ON 11 JULY 2019**

**RESOLVED:** That the Minutes of the meeting held on 11 July 2019 be approved as a correct record and signed.

42. **PRESENTATION OF PETITIONS**

There were no petitions.

43. QUESTION AND ANSWER SESSION FOR MEMBERS OF THE PUBLIC

There were no questions from members of the public.

44. APPOINTMENT OF EXTERNAL AUDITORS

The Senior Finance Manager (Client) introduced his report recommending that UHY Hacker Young be appointed as External Auditors to the Charity for a further two year term covering the financial years 2019/20 and 2020/21.

The Senior Finance Manager (Client) advised the Committee that:

- Under the current statutory audit thresholds for Charities, there was no requirement for an external audit; an independent examination would suffice. However, the Committee had previously taken the decision that an external audit should be undertaken.
- External audit services were currently being provided by UHY Hacker Young who had been appointed for a two year term covering the financial years 2017/18 and 2018/19.
- The Borough Council's Contract Procedure Rules, which the Charity follows, specify that for contracts of a value of £10k or less, at least one written quote must be obtained. UHY Hacker Young had been asked to provide a quote and had submitted a figure of £5,410 plus VAT for 2019/20 and £5,545 plus VAT for 2020/21 which represented inflationary increases of around 2.5%.
- UHY Hacker Young had developed a good knowledge and understanding of the Charity and its financial arrangements and a good working relationship with Council Officers.

Members indicated that further information was required to enable them to make a decision regarding the appointment of External Auditors for 2019/20 and 2020/21.

**RESOLVED:** That consideration of the appointment of External Auditors be deferred until the next meeting of the Committee to enable the Officers to provide the following information:

- A breakdown of the quote submitted by UHY Hacker Young for providing external audit services for 2019/20 and 2020/21;
- Clarification from the Procurement Team as to whether three written quotes in advance are required; and
- The current statutory audit thresholds for Charities and whether an independent examination would be appropriate for the Charity.

#### 45. COBTREE MANOR ESTATE FINANCIAL POSITION

The Senior Finance Manager (Client) introduced his report summarising the financial position of the Cobtree Manor Estate as at 30 September 2019. The report covered the activities at the Golf Course, Kent Life, the Manor Park and the Café/Visitor Centre. The report also included updates on the Service Level Agreement, the car park loan agreement (repayment agreement) and the updated five year cash flow projection.

##### Financial Position

The Senior Finance Manager (Client) advised the Committee that:

- The summary totals showed a positive variance of £5,409 for the Charity at the end of September 2019. The forecast for the year was for an operational surplus of £55,920, compared to a provisional surplus of £35,596 for 2018/19.
- There were no issues to report at this stage in respect of the Cobtree Golf Course and Kent Life.
- In overall terms, the Manor Park was operating within budget but there were some underlying issues:

The new Apprentice post was still vacant resulting in an under spend in employee costs.

Expenditure on electricity was under investigation. It appeared that a meter reading was taken resulting in previous bills being amended to reflect actual usage.

A significant sum had been spent on replacement play area equipment to ensure that there are sufficient spare parts in place for the summer. There had been a delay in implementing the new arrangements for locking the gates, resulting in an over spend in controlled running costs.

Car park income continued to be high and the profit share element of the café contract had generated more income than was forecast. These two income streams together with the under spend in employee costs meant that the issues outlined above were covered.

- In terms of residential properties, some works had been undertaken to Stream Cottages which meant that there was currently an over spend against the profiled budget, but assuming there was no further major expenditure the position should be corrected by the end of the year. The shortfall in rent income appeared to be a system issue.

During the discussion on the financial position of the Cobtree Manor Estate, it was suggested and agreed that the Officers should investigate the feasibility of installing solar panels on site to generate energy for the Estate.

### Service Level Agreement

The Senior Finance Manager (Client) said that the draft Service Level Agreement (SLA) presented to the last meeting of the Committee had been amended to take into account comments made by Members. It had been the intention to bring the final version of the SLA to this meeting but the Officers were continuing to review the document to ensure that it accurately reflects the complex nature of the relationship between the Charity and the various Council departments, particularly the roles of the Leisure Manager and the Cobtree Manager. It was the aim to report the SLA back to the Committee for approval in January 2020.

During the discussion on the SLA, Members indicated that a representative of the Borough Council's Legal Services Team should be in attendance when the final version of the document is reported back to the Committee for approval.

### Car Park Loan Agreement (Repayment Agreement)

The Senior Finance Manager (Client) said that the draft loan agreement that was presented to the last meeting of the Committee had been amended to take into account comments made by Members. It should be noted that the loan agreement was now referred to as a repayment agreement as there was no actual loan transaction. The Council had paid for the works and the Charity was now reimbursing the costs over five years.

During the discussion on the repayment agreement it was suggested and agreed that the document be approved and formally adopted subject to it being amended if necessary to reflect the correct name of the Charity.

### Updated Five Year Cash Flow Projection

The Senior Finance Manager (Client) said that the five year cash flow projection had been updated to reflect proposed future capital expenditure. As and when the works were required further details and updated costs would be reported to the Committee for formal approval. It should be noted that beyond the five years set out in the projection, the existing play area would need to be either replaced or substantially refurbished, and this was likely to have significant cost implications.

During the discussion on the updated five year cash flow projection, the Senior Finance Manager (Client) undertook to look into how depreciation of the capital cost of the play area equipment is accounted for.

### **RESOLVED:**

1. That the financial position of the Cobtree Manor Estate as at 30 September 2019 be noted.
2. That the progress to date with the Service Level Agreement between the Borough Council and the Charity be noted.

3. That subject to the document being amended if necessary to reflect the correct name of the Charity, the repayment agreement between the Borough Council and the Charity in relation to the car park works, attached as Appendix 2 to the report of the Senior Finance Manager (Client), be agreed and formally adopted.
4. That the updated five year cash flow projection, attached as Appendix 3 to the report of the Senior Finance Manager (Client), be noted.
5. That the Officers be requested to investigate the feasibility of installing solar panels on site to generate energy for the Estate.

#### 46. COBTREE MANOR ESTATE UPDATE REPORT

The Cobtree Manager presented her report providing an update on activities at the Cobtree Manor Estate during the period July-November 2019. The report included details of:

- Maintenance works, staffing issues, events, community activities and visitor numbers at Cobtree Manor Park;
- The progress being made by Mytime Active with regard to the Golf Course development works;
- The shortlisting of Kent Life for the Visit Kent Award for Best Large Attraction; and
- Options identified by Planning Solutions to overcome problems being experienced with sewage removal from the Kent Life site.

In response to questions about visitor numbers at the Cobtree Manor Park, the Cobtree Manager advised the Committee that the vehicle counter had been functioning but with erratic results. Despite analysis with the manufacturer's assistance there were too many anomalous figures to rely on the vehicle data as accurate and car park income was now being used to gauge visitor numbers. It was suggested and agreed that the Officers be requested to look at alternative ways to record visitor numbers at the Manor Park.

With regard to events, and, in particular, the zoo memory day, it was suggested and agreed that the possibility of having QR code panels to enhance visitor experience should be looked into.

During the discussion on this item, the Officers undertook to take the opportunity to celebrate the success of Kent Life which had been shortlisted for the Visit Kent Award for Best Large Attraction.

#### **RESOLVED:**

1. That the update on activities at the Cobtree Manor Estate during the period July-November 2019 be noted.

2. That the Officers be requested to look at alternative ways to record visitor numbers at the Cobtree Manor Park.
3. That the Officers be requested to look into the possibility of having QR code panels to enhance visitor experience.

47. COBTREE YOUNG FARMERS AND THE FORSTAL FIELD

Councillors Daley and Mrs Gooch stated that they had been lobbied.

The Cobtree Manager presented her report setting out details of a request by the Cobtree Young Farmers' Club for a ten year lease and management agreement to enable it to secure funding through a Heritage Lottery funded project and commence conservation grazing on part of Forstal Field. It was noted that:

- Discussions had been held with the manager of the Old Chalk New Downs Heritage Lottery funded project who had offered guidance and support by way of a total land management package. This would provide ecological and land management expertise in the form of an ecological survey and the production of a land management plan for conservation grazing on the site. Funding would also be provided for fencing, gates, extending the water supply and security measures. In addition, work place training and environmental education would be made available to the Cobtree Young Farmers' Club in areas such as hedge laying, scrub management and reptile surveying. Funding was dependent on the Club securing a ten year agreement for managing the land.
- The field was currently subject to a short-term tenancy granted to a local agricultural contractor who had farmed the field for two seasons but had not returned in subsequent years. Despite repeated attempts to establish the contractor's intentions for the land, there had been no response.

In response to a question, the Cobtree Manager confirmed that the Cobtree Young Farmers' Club was aware of the proposals for a railway at the Cobtree Manor Estate and that it was considered that with good quality fencing and rotational grazing both projects could be accommodated.

**RESOLVED:**

1. That subject to the issues associated with the existing short-term tenancy being resolved, a lease and management agreement be approved to enable the Cobtree Young Farmers' Club to secure funding through a Heritage Lottery funded project and commence conservation grazing on part of Forstal Field.
2. That the Head of Mid-Kent Legal Services be given authority to seek the formal consent of the Cobtree Charity Trust Limited and all other involved parties, to complete all necessary legal steps, and to draft



and complete the lease and management agreement to the Cobtree Young Farmers' Club in accordance with the Heads of Terms attached as Appendix 1 to the report of the Cobtree Manager.

48. PROPOSED COBTREE RAILWAY

The Chairman provided an update on the proposals for a Cobtree Railway including revised funding arrangements.

The Chairman explained that he had been informed by the Cobtree Charity Trust Limited that whilst the Trust would continue to make a financial contribution towards the cost of the project, it had decided not to take part in the future development, management and operation of the project. Further discussions were required with the Director of Finance and Business Improvement and the Head of Regeneration and Economic Development and Planning Solutions, the operators of Kent Life, regarding the funding and operational arrangements.

It was suggested that the views of KCC Highways should be sought at the earliest opportunity regarding the viability of the project; in particular, the feasibility of the railway running under the road.

**RESOLVED:** That a report be submitted to the next meeting of the Committee on the funding and viability issues associated with the proposed Cobtree Railway project.

Note: Councillor Cox left the meeting during the discussion on this item (4.00 p.m.).

Councillor Daley indicated that he did not support the proposed Cobtree Railway project.

49. DURATION OF MEETING

2.30 p.m. to 4.15 p.m.

# Agenda Item 11

## COBTREE MANOR ESTATE CHARITY COMMITTEE

20<sup>th</sup> January 2020

### Land at Cobtree Manor Estate

<b>Final Decision-Maker</b>	Cobtree Manor Estate Charity Committee
<b>Lead Head of Service</b>	Georgia Hawkes
<b>Lead Officer and Report Author</b>	Lucy Stroud
<b>Classification</b>	Public
<b>Wards affected</b>	Boxley

#### Executive Summary

Since 1998 the Council, as the long leaseholder, has leased land at Cobtree Manor Estate for a telecommunications mast. Cornerstone Telecommunications Infrastructure Limited wish to enter into a new agreement for 10 years.

#### This report makes the following recommendations to this Committee:

1. That an ECC Code Agreement be granted to Cornerstone Telecommunications Limited.
2. That Mid Kent Legal Services prepare the relevant legal documents and complete the transaction.

#### Timetable

<b>Meeting</b>	<b>Date</b>
Cobtree Manor Estate Charity Committee	20 <sup>th</sup> January 2020

# Land at Cobtree Manor Estate

## 1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<b>Impact on Corporate Priorities</b>	<p><i>The four Strategic Plan objectives are:</i></p> <ul style="list-style-type: none"> <li><i>Embracing Growth and Enabling Infrastructure</i></li> <li><i>Safe, Clean and Green</i></li> <li><i>Homes and Communities</i></li> <li><i>A Thriving Place</i></li> </ul> <p>We do not expect the recommendations will by themselves materially affect achievement of corporate priorities. However, they will support the Council's overall achievement of its aims as set out in section 4 [preferred alternative].</p>	Georgia Hawkes
<b>Risk Management</b>	There are no risks associated with the recommendations.	Georgia Hawkes
<b>Financial</b>	Paragraph 3.1 describes the financial implications.	Section 151 Officer & Finance Team
<b>Staffing</b>	There are no staffing implications associated with the recommendations.	Georgia Hawkes
<b>Legal</b>	<p>Electronic communication companies have statutory rights to install and operate electronic communications apparatus under the Communications Act 2003 (as amended) which they can invoke should agreement with landowners not prove possible.</p> <p>Mid Kent Legal Services will prepare the relevant documents and complete the transaction.</p>	Barbara Graham (Senior Property Lawyer), MKLS
<b>Privacy and Data Protection</b>	Accepting the recommendations will increase the volume of data held by the Council. We will hold that data in line with our retention schedules.	Policy and Information Team
<b>Equalities</b>	The recommendations do not propose a change in service therefore will not require an equalities impact	Equalities and Corporate Policy Officer

	assessment.	
<b>Public Health</b>	We recognise that the recommendations will not negatively impact on population health or that of individuals.	Public Health Officer

## **2. INTRODUCTION AND BACKGROUND**

- 2.1 There is a telecoms mast already located by the Cobtree Golf Course, and it is this equipment that Cornerstone wish to enter into a new agreement for.
- 2.2 Under the Communications Act 2003 Code Operators such as Cornerstone have rights to install and maintain electronic communications equipment. If an agreement cannot be reached with the landowner of the chosen location, there are statutory powers that can be used to allow the Code Operator to acquire rights with the consent of the landowner.
- 2.3 Cornerstone have approached the Council to request a new agreement under the Electronic Communications Code and utility agent GW Finn has negotiated the terms set out below.

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## **3. AVAILABLE OPTIONS**

- 3.1 There are two options available to the Council, the first is to grant the agreement for a term of ten years, at an annual rent of £240, plus £3,000 one-off payment towards the Council's fees, and a premium of £5,600. This unfortunately represents a reduction in annual rent of £5,100, but with the new powers granted to operators there is nothing that can be done to protect the current income.
- 3.2 The second option is to refuse to enter into the agreement and have the operator use their statutory powers to install the equipment.

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## **4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS**

- 4.1 The preferred option is to grant the agreement and allow Cornerstone to continue use of the site for telecoms equipment, under the terms outlined above. The agreement allows the operator to install and maintain communications equipment within the current location.

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## **5. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION**

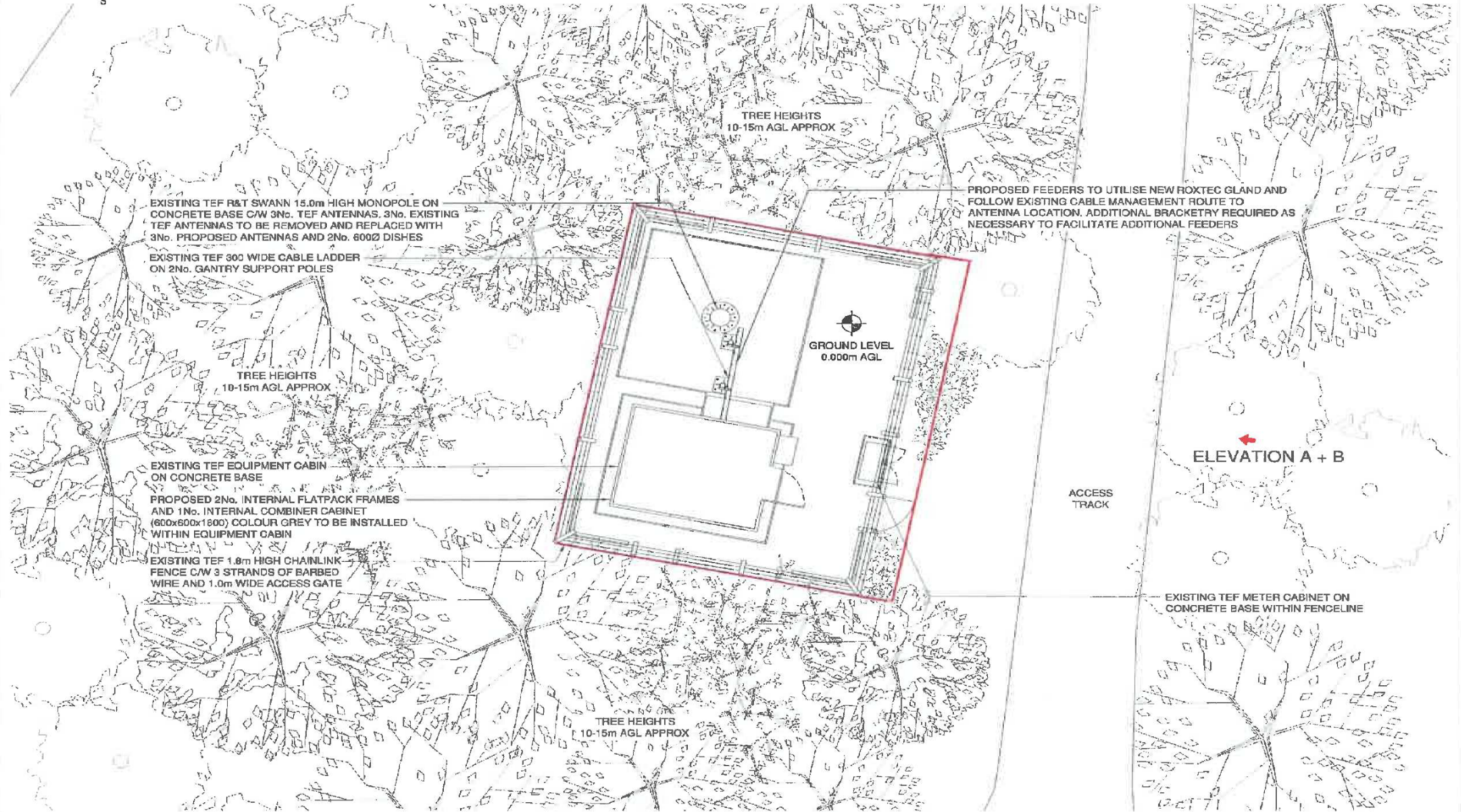
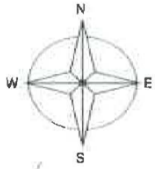
- 5.1 The Legal Team have been provided with a standard draft agreement under the Electronic Communications Code, and this will be agreed with Cornerstone.

## **6. REPORT APPENDICES**

The following documents are to be published with this report and form part of the report:

- Appendix 1: Site plan





# Agenda Item 12

## **Cobtree Manor Estate Charity Committee**

**20 January 2020**

### **Cobtree Manor Estate Update Report**

<b>Final Decision-Maker</b>	Cobtree Manor Estate Charity Committee
<b>Lead Head of Service</b>	John Foster – Head of Regeneration and Economic Development
<b>Lead Officer and Report Author</b>	Mike Evans – Leisure Manager
<b>Classification</b>	Public
<b>Wards affected</b>	Boxley

#### **Executive Summary**

An update report on the estate's day-to-day work and the work and achievements of the different sites that make up the estate.

#### **Purpose of Report**

To update the Committee on the work of the estate since the last meeting, which was in November 2019.

#### **This report makes the following recommendations to this Committee:**

1. That the contents of the update are noted

#### **Timetable**

<b>Meeting</b>	<b>Date</b>
Cobtree Manor Estate Charity Committee	20 January 2020



# Cobtree Manor Estate Update Report

## 1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<b>Impact on Corporate Priorities</b>	The work of the charity links directly to its charitable objectives and the corporate priorities for the council.	Mike Evans - Leisure Manager
<b>Cross Cutting Objectives</b>	The work of the charity links directly to its charitable objectives and the cross cutting objectives of the council.	Mike Evans - Leisure Manager
<b>Risk Management</b>	There are no risk management implications in this report.	Mike Evans – Leisure Manager
<b>Financial</b>	Financial implications from this update are managed day-to-day in line with council procedures and policies.	Paul Holland – Senior Finance Manager
<b>Staffing</b>	Staffing implications are managed day-to-day in line with council procedures and policies.	John Foster – Head of Regeneration & Economic Development
<b>Legal</b>	Under the Council's Constitution the Committee as Corporate Trustee is responsible for all matters relating to the Charity with the exception of daily management which will be undertaken by the Director of Finance and Business Improvement. There are no specific legal implications at present as this report is presented for noting only.	Legal Team

<b>Privacy and Data Protection</b>	There are no new implications as a result of this update report and recommendation. .	Equalities and Corporate Policy Officer
<b>Equalities</b>	No impact identified as a result of as a result of this update report and recommendation. .	Equalities and Corporate Policy Officer
<b>Public Health</b>	The Cobtree Estate works towards improving the health of residents through its day-to-day operations	Public Health Officer
<b>Crime and Disorder</b>	Crime and disorder implications are managed day-to-day in line with council procedures and policies	Leisure Manager
<b>Procurement</b>	Procurement implications are managed day-to-day in line with council procedures and policies	John Foster – Head of Regeneration and Economic Development & Section 151 Officer

## 2. INTRODUCTION AND BACKGROUND

1.1 This report covers the period from November 2019 to January 2020.

### **Cobtree Manor Park**

1.2 Maintenance of the park over this period covers winter works. Further tree works have been completed, lifting some of the crowns and removing dead limbs. Shrubbery works have continued and grass maintenance work was carried out on the top meadow area in the arboretum.

1.3 External interviews for a new Cobtree Manager did not lead to an appointment. Further discussions with some suitable internal candidates and an internal application process have identified a candidate who will begin in the role of Cobtree Manager in due course.

### **Park Management Plan and Green Flag**

1.4 The park management plan for 2014-2019 expired recently. The Leisure Manager has begun the process of a new plan being written, which will set out the park's ambitions for the next five to ten-year period.

- 1.5 The Green Flag submission for the park must be made by 31 January 2020. Leisure Manager has agreed with the Green Flag assessors that the submission can be made by 29 February 2020, when it is hoped the new park manager will be in post, and the management plan can then be submitted for judging at a later date.

### **Visitor Numbers**

- 1.6 Analysis of the car park income for the year to date gives a figure of 48,047 paid vehicle visits to the end of December 2019. This compares to 55,051 paid vehicle visits up to the end of December 2018, which included the hot summer of 2018.

### **Cobtree Manor Park Golf Course**

- 1.7 MyTime Active will be submitting their planning application for the golf course works imminently. They had a successful Christmas period with events and parties. The course was closed for a few days because of heavy rainfall in December. The visitor numbers and usage is as expected for this time of year.

### **Kent Life Farm Attraction**

- 1.8 Kent Life won the silver award in the best large attraction category at the Visit Kent awards. They also won Silver in Tourism South East's Awards for Excellence for the best Tourism/Festival Experience for Christmas at Kent Life 2018. Christmas 2019 was very successful with sell-out grotto experiences a highlight.
- 1.9 The timber treatment works on the play barn, as agreed by Committee at the 7 November 2018 meeting, are being completed between 6 January and 24 January 2020.

### **Forstal Field**

- 1.10 Work to progress the lease to the Cobtree Young Farmers is progressing with the legal department.
- 1.11 Conversations with the OCND funding team and Natural England about creating a pond on the Forstal Field for the re-homing of endangered species displaced by housing development in the area have progressed. This proposal will require Committee approval and a report on the matter will be brought to this Committee in due course.

### **Cobtree Railway**

- 1.12 The Leisure Manager has been pursuing the Kent Life operator's involvement in the project before a report on the feasibility work is put forward to Committee. Planning Solutions would be interested in taking operation of the railway but would not be able to invest in its creation. Further discussions over the annual fee for that operation are needed.

### **3. AVAILABLE OPTIONS**

- 3.1 Committee can note the information contained in this report
- 3.2 Committee can choose not to note the information in this report, however the committee has requested regular updates on the operations of the estate.

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### **4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS**

- 4.1 It is recommended that the information in this report is noted.

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### **5. RISK**

- 5.1 This report is presented for information only and has no risk management implications.

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### **6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK**

- 6.1 No consultation has taken place since the last report.

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### **7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION**

- 7.1 Any comments from the Committee will be passed on to the relevant parties.

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### **8. REPORT APPENDICES**

- None

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### **9. BACKGROUND PAPERS**

- None

## Cobtree Manor Estate Charity Committee

20 January 2020

### Pond creation at Forstal Field

<b>Final Decision-Maker</b>	Cobtree Manor Estate Charity Committee
<b>Lead Head of Service</b>	John Foster – Head of Regeneration and Economic Development
<b>Lead Officer and Report Author</b>	Mike Evans
<b>Classification</b>	Public
<b>Wards affected</b>	Boxley

#### Executive Summary

This report proposes the creation of a new pond on Forstal Field

#### Purpose of Report

This report seeks a decision from Committee on the creation of a new pond on Forstal Field to be used as a receptor site for displaced reptiles.

#### This report makes the following recommendations to this Committee:

1. That approval is given for the creation of a new pond on Forstal Field.
2. That delegated authority be given the Head of Regeneration and Economic Development in consultation with the Committee Chairman to confirm the precise location of the pond when scale maps are available.

#### Timetable

<b>Meeting</b>	<b>Date</b>
Cobtree Manor Estate Charity Committee	20 January 2020

## Pond creation at Forstal Field

### 1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<b>Impact on Corporate Priorities</b>	<p>Accepting the recommendations will materially improve the Charity Trust's ability to:</p> <ul style="list-style-type: none"> <li>• Embrace Growth and Enable Infrastructure</li> <li>• Provide a safe, clean and green borough</li> </ul> <p>The recommendations are also in line with the Charity's charitable objectives.</p>	Mike Evans – Leisure Manager
<b>Cross Cutting Objectives</b>	The report recommendations support the achievement of respecting biodiversity and environmental sustainability by providing new habitats in the park.	Mike Evans – Leisure Manager
<b>Risk Management</b>	Refer to paragraph 5.1 of this report	Mike Evans – Leisure Manager
<b>Financial</b>	We expect accepting the recommendations will result in additional work in the park to the sum of £5,000. This income is above amounts already accounted within the Trust's financial planning. The new habitat can act as a receptor site for displaced reptiles from elsewhere in the borough, which will provide additional income to the Trust.	Paul Holland – Senior Finance Manager - Client
<b>Staffing</b>	We will deliver the recommendations with our current staffing.	John Foster – Head of Regeneration and Economic Development
<b>Legal</b>	<p>Under the Council's Constitution the Committee as Corporate Trustee is responsible for all matters relating to the Charity with the exception of daily management.</p> <p>Acting on the recommendations is within the Charity's powers and in line with its charitable objectives.</p>	Legal Team

<b>Privacy and Data Protection</b>	No impact identified as a result of the recommendations set out in this report	Equalities and Corporate Policy Officer
<b>Equalities</b>	No impact identified as a result of this report and recommendation.	Equalities and Corporate Policy Officer
<b>Public Health</b>	We recognise that the recommendations will not negatively impact on population health or that of individuals.	Public Health Officer
<b>Crime and Disorder</b>	Crime and disorder implications are managed day-to-day in line with council procedures and policies	Mike Evans – Leisure Manager
<b>Procurement</b>	The works will be managed by a third party on Cobtree Estate land, if permission is granted by Committee. The council will have no procurement responsibilities in this regard.	John Foster – Head of Regeneration and Economic Development & Section 151 Officer

## 2. INTRODUCTION AND BACKGROUND

- 2.1 Natural England, working with Medway Valley Countryside Partnership, is completing a restoration of the existing pond in Cobtree Park. Natural England is doing so to improve the quality and suitability of ponds available to great crested newt populations within the Boxley area.
- 2.2 This restoration work includes removing some of the trees growing within in the pond, removing silt and installing new fencing around the perimeter of the pond. The silt will be deposited in the park to keep it in the park location.
- 2.3 Natural England has also identified the Forstal Field as an ideal location for a new pond and wishes to create a pond in that field, which will also increase the habitat and biodiversity in the park and the surrounding areas.
- 2.4 Natural England will fund the creation of the new pond, which is anticipated to be approximately 200 square meters in size and approximately 1.5m at its deepest point. The excavated soil will be used to create banking around the pond, which will be surrounded by scrub and not be fenced.
- 2.5 The proposed location for the pond, based on the best habitat for newt populations, is the eastern border of the field. This area is away from the Forstal Road. The location will not interfere with the Cobtree Young Farmers lease arrangement for farming the field and it will not interfere with the preferred railway route either.

- 2.6 The works to create the pond will be completed by Natural England and their contractors. Works will be completed in line with Natural England's own procurement processes, their own policies, and procedures. As with all contractors Maidstone Borough Council will oversee their safe working on site and keep the public and ourselves safe.
- 2.7 It is anticipated the works on the two ponds will cost between £6,000 and £8,000. The park will not receive this capital sum directly, but it will benefit from this investment being made in to its environment and infrastructure.

### **Planning**

- 2.8 The Leisure Manager has had discussions with Maidstone Borough Council planning officers about the creation of such a pond and officers are confident the right permissions can be secured in line with the project deadlines and funding timelines.

### **Rehoming displaced reptiles**

- 2.9 Once created the pond will improve the habitat and ecology of the park. The pond will also be an identified site for the rehoming of great crested newts, which become displaced by development in the borough and surrounding areas. Because of this use the pond must be kept and the Committee would be committing to that use of that section of Forstal Field for the foreseeable future.
- 2.10 The park would be in a position to receive an income for each displaced reptile that is transferred to the Forstal Field pond. Indicative costs are currently £100 per reptile that is accommodated within the colony's sustainable threshold levels.

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## **3. AVAILABLE OPTIONS**

### **Do nothing**

- 3.1 The Committee could choose not to create this new pond on the Forstal Field. In doing so it would relinquish the funding that would pay for its creation and would also not be creating new habitat and respecting biodiversity and sustainability. **This is not the preferred option**

### **Grant Natural England permission to create a new pond elsewhere on the Cobtree Estate**

- 3.2 While this would achieve the outcome of providing additional pond capacity, Natural England have identified the Forstal Field as the preferred site for the new pond. Creating it on the Forstal Field will maximise the quality and suitability of pond available as habitat. **This is not the preferred option.**



## **Grant Natural England permission to create a new pond on the Forstal Field**

- 3.3 This would maximise the quality and suitability of habitat for great crested newts available on the Cobtree Estate, which will ensure biodiversity and environmental sustainability are continually respected. **This is the recommended option.**

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## **4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS**

- 4.1 The preferred option is for Natural England to fund and create a new pond of approximately 200 square metres on the Forstal Field. The new pond will improve the habitat and biodiversity of the park, to support local new populations. It can also be a receptor site for newts that are displaced from neighbouring areas.

### **Timeline**

- 4.2 The timeline for the pond creation is fairly tight, with works needing to be invoiced for before 20 March 2020. To maximise the available time the Leisure Manager has already held several conversations and meetings with representatives from Medway Valley Countryside Partnership, who will be leading the work on behalf of Natural England.
- 4.3 Because of the tight timeline it is also recommended (recommendation 2) that the Leisure Manager provides the Committee Chair regular updates on the work until its completion.

### **Planning**

- 4.4 Besides the early meetings with Medway Valley Countryside Partnership the Leisure Manager has also discussed the planning requirements of this project with planning officers to ensure that works can progress in line with planning regulations.

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## **5. RISK**

- 5.1 The risks associated with this proposal, including the risks if the Council does not act as recommended, have been considered in line with the Council's Risk Management Framework. That consideration is shown in this report at paragraphs 2.8 and 3.2. We are satisfied that the risks associated are within the Council's risk appetite and will be managed as per the Policy.

## **6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK**

- 6.1 Consultation has taken place with Natural England and Medway Valley Countryside Partnership. Those partner organisations are funding the creation of these ponds as it ensures habitats are preserved and enhanced, and biodiversity is respected in, and around, the surrounding area.

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## **7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION**

- 7.1 The Leisure Manager will commence the planning process with Natural England and Maidstone Borough Council. Subject to Planning decisions, Natural England will then begin work on site in due course.

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## **8. REPORT APPENDICES**

- None

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## **9. BACKGROUND PAPERS**

- None

## Cobtree Manor Estate Committee

20 January 2020

### Cobtree Manor Estate Financial Position

<b>Final Decision-Maker</b>	Cobtree Manor Estate Committee
<b>Lead Head of Service</b>	Head of Regeneration & Economic Development – John Foster
<b>Lead Officer and Report Author</b>	Paul Holland, Senior Finance Manager (Client)
<b>Classification</b>	Public
<b>Wards affected</b>	Boxley

#### Executive Summary

The report summarises the current financial position of the Estate as at 30 November 2019 covering the activities at the golf course, Kent Life, the Manor Park and the Café/Visitor Centre. It also includes details of the proposed budgets for 2021, and an update on the Service Level Agreement.

#### Purpose of Report

To update the Committee on the current financial position and any other relevant matters that may impact the financial position of the Trust.

#### This report makes the following recommendations to this Committee:

1. That the current financial position be noted.
2. That the proposed budgets for 2020/21 are agreed.
3. That the position on the Service Level Agreement is noted.

#### Timetable

<b>Meeting</b>	<b>Date</b>
Cobtree Manor Estate Committee	20 January 2020

# Cobtree Manor Estate Financial Position

## 1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<b>Impact on Corporate Priorities</b>	The operation of the Estate directly supports the objects of the Trust as set out when the Council became the Corporate Trustee	Head of Regeneration & Economic Development
<b>Cross Cutting Objectives</b>	The operation of the Estate supports the Council's strategic objective to ensure there are good leisure and cultural attractions in the Borough.	Head of Regeneration & Economic Development
<b>Risk Management</b>	There is a potential reputational risk if the facilities are operated poorly. This is addressed in the annual risk management report.	Leisure Manager
<b>Financial</b>	There is a financial risk to the Trust if the operations cost more than predicted or fail to generate sufficient income to cover the costs of running them estate.	Senior Finance Manager (Client)
<b>Staffing</b>	There are no additional implications arising from this report.	Leisure Manager
<b>Legal</b>	<p>Under the Council's Constitution the Committee as Corporate Trustee is responsible for all matters relating to the Charity with the exception of daily management.</p> <p>Law applicable to charities in England and Wales requires the trustee to prepare financial statements for each financial year which give a true and fair view of the Charity's financial activities during the year and of its financial position at the end of the year. This update report assists in meeting those requirements</p> <p>There are no further implications arising from this report.</p>	Team Leader (Corporate Governance), Mid Kent Legal Services
<b>Privacy and Data Protection</b>	There are no specific privacy or data protection issues to address.	Anna Collier Policy and Information Manager
<b>Equalities</b>	There are no additional implications arising from this report.	Anna Collier Policy and Information Manager

<b>Public Health</b>	There are no additional implications arising from this report.	Public Health Officer
<b>Crime and Disorder</b>	There are no additional implications arising from this report.	Head of Regeneration & Economic Development
<b>Procurement</b>	There are no additional implications arising from this report.	Head of Regeneration & Economic Development

## 2. INTRODUCTION AND BACKGROUND

- 1.1 This is a regular update report on the financial position of the Estate, which enables the Committee to see how the various areas of activity are performing. The last few years have seen a number of significant financial pressures and issues, and it is important for the future of the Estate that these are addressed and monitored.

## 3. CURRENT FINANCIAL POSITION

- 3.1 The table below summarises the position as at 30<sup>th</sup> November 2019. **Appendix 1** provides a more detailed breakdown of the figures. Whilst the overall budget is unchanged there have been some transfers within the budget heads to reflect the current position.

### 3.1.1 Overall Summary Position:

#### SUMMARY TOTALS

	A	B	C	(B-C)
	Budget for Year 2019/20	Budget to end of November 2019	Actuals to end of November 2019	Variance as at end of November 2019
Golf Course	-£110,390	-£48,850	-£51,077	£2,227
Manor Park	£105,950	£89,000	£78,610	£10,390
Kent Life	-£40,840	-£15,365	-£17,905	£2,540
Residential Properties	-£10,640	-£7,090	-£5,787	-£1,303
<b>Totals</b>	<b>-£55,920</b>	<b>£17,695</b>	<b>£3,841</b>	<b>£13,854</b>

The table above shows a positive variance of £13,854 for the Committee at the end of November. The forecast for the year is for an operational

surplus of £55,920, compared to a provisional surplus of £35,596 for 2018/19.

Comments on the individual service areas are as follows:

3.1.2 **Cobtree Golf Course** – There are no issues to report at this stage. Mytime have been invoiced for the first three quarters for 2019/20.

3.1.3 **Cobtree Manor Park** – In overall terms the budget for the park shows an underspend. However, there are some underlying issues:

- Employee Costs – The Apprentice post is still currently vacant. The post will not be filled during this financial year.
- There are some overspends on controlled running costs at this point of the year. As reported to the last meeting of the Committee this relates mainly to electricity, equipment purchases and security costs. These additional costs have been partially offset by a reduced level of spend on repairs and maintenance, along with the budget for the Apprentice post as referenced above

Car park income continues to be high, and the profit share element of the café contract has realised more income than was forecast, and these two areas along with the employee costs underspend have covered the issues arising from the areas discussed above.

3.1.4 **Kent Life** - There are no issues to report at this stage. Planning Solutions have been invoiced for the first instalment due for this year.

3.1.5 **Residential Properties**- There are no issues to report at this stage.

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## 4. BUDGETS 2020/21

4.1 The proposed budgets for 2020/21 are shown at **Appendix 2**. This includes a revised budget for the current year which has been used in the summary table at the start of section 3 of this report.

4.2 To ensure some ongoing consistency the general approach to setting the budgets for 2020/21 was as follows:

- Running costs have been increased by 2% for inflation where applicable.
- Contract income has been increased in line with the agreed schedules.
- Insurance costs have been updated in line with estimated premium increases.
- The recharges from Maidstone Borough Council have been updated following a review of the services provided and a revised schedule is shown at **Appendix 3**.

4.3 In overall terms the projected surplus from operational and investment activities for 2020/21 is £55,440, compared to £55,920 for the current

year. After allowing for investment income and the repayment of the car park construction costs the overall net surplus reduces to £30,790, which is broadly in line with the cashflow projections previously reported to the Committee.

- 4.4 The budget assumes no changes to the current operational or contractual arrangements. There are a number of points to highlight:
- As referenced elsewhere on this agenda the income received from the phone mast on the golf course land has reduced significantly which has meant the projected operational surplus for 2021 has not increased.
  - The Manor Park repair and maintenance budget has been disaggregated to provide new budgets for tree work, vehicle running costs, consultancy and gate locking. The intention had been to deal with gate locking as part of the recent staff restructure but following a review it has been determined that using a security company to undertake this is the most appropriate course of action.
  - The overall revised budget for 2019/20 has not changed but there have been some budget transfers to reflect the current financial position.
- 

## **5. SERVICE LEVEL AGREEMENT**

- 5.1 Members will recall from the last meeting that the format of the agreement was being reviewed to ensure that it accurately reflects the complex nature of the relationship between the Trust and the various Council departments. This is to ensure that the roles of various officers are clarified sufficiently to ensure that no conflicts of interest will arise in their dealings with Trust matters.
- 5.2 A meeting was held with Mid-Kent Legal Services and having explained the situation they have been asked to redraft the agreement in line with what is outlined in the paragraph above, which they have agreed to do.
- 5.3 Regrettably due to other commitments and the Christmas break the revised draft is not yet complete. The intention is to bring it to the next meeting of the Committee in March.
- 

## **6. AVAILABLE OPTIONS**

- 6.1 Sections 3 and 5 are for noting only.
- 6.2 For section 4 the Committee could choose to ask for adjustments to be made to the draft budgets.
-

## **7. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS**

- 7.1 For section 5 the recommendation is for the budgets to be approved and formally adopted to ensure they are in place for 1<sup>st</sup> April 2020.
- 

## **8. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION**

- 8.1 Officers will continue to monitor the financial position and take appropriate action where necessary.
- 

## **9. REPORT APPENDICES**

- Appendix 1: Financial Position as at 30<sup>th</sup> November 2019
  - Appendix 2: Draft budgets 2020/21
  - Appendix 3: Updated recharges from Maidstone Borough Council
- 

## **10. BACKGROUND PAPERS**

None.



# Appendix 1

	A	B	C	(B-C)
	Budget for Year 2019/20	Budget to end of November 2019	Actuals to end of November 2019	Variance as at end of November 2019
<b>GOLF COURSE</b>				
Repairs & Maintenance	£2,950	£1,960	£1,395	£565
Premises Insurance	£1,190	£790	£793	-£3
Equipment Maintenance	£1,020	£680	£0	£680
General Expenses - VAT	£3,100	£2,070	£1,714	£356
Licence Fees	£200	£130	£0	£130
Direct Telephones	£820	£550	£0	£550
<b>Controlled Running Costs</b>	<b>£9,280</b>	<b>£6,180</b>	<b>£3,902</b>	<b>£2,278</b>
Contract Income	-£159,130	-£79,570	-£79,570	£0
Rent Income	-£5,300	-£5,300	-£5,250	-£50
<b>Controlled Income</b>	<b>-£164,430</b>	<b>-£84,870</b>	<b>-£84,820</b>	<b>-£50</b>
MBC Staff Recharges	£13,790	£9,190	£9,193	-£3
<b>Rechargeable Costs</b>	<b>£13,790</b>	<b>£9,190</b>	<b>£9,193</b>	<b>-£3</b>
<b>Cobtree Golf Course</b>	<b>-£141,360</b>	<b>-£69,500</b>	<b>-£71,725</b>	<b>£2,225</b>
MBC 2/9ths share	£30,970	£20,650	£20,648	£2
<b>CMET Total</b>	<b>-£110,390</b>	<b>-£48,850</b>	<b>-£51,077</b>	<b>£2,227</b>

<b>MANOR PARK</b>				
Salaries	£70,960	£47,310	£47,149	£161
Overtime	£4,000	£2,670	£79	£2,591
Employers NI	£6,370	£4,250	£4,031	£219
Employers Superannuation	£10,070	£6,710	£6,332	£378
Employee Insurances	£1,120	£750	£747	£3
<b>Employee Costs</b>	<b>£92,520</b>	<b>£61,690</b>	<b>£58,338</b>	<b>£3,352</b>
Repairs & Maintenance	£57,600	£38,400	£30,176	£8,224
Gas	£3,960	£1,980	£1,105	£875
Electricity	£11,860	£4,430	£8,161	-£3,731
Water Metered	£1,180	£1,130	£750	£380
Sewerage & Env Services	£1,080			£0
Trade Refuse Collection (Internal)	£13,260	£8,840	£8,077	£763
Premises Insurance	£1,610	£1,070	£1,073	-£3
Equipment Purchase	£5,020	£3,350	£7,484	-£4,134
Equipment Maintenance	£2,040	£1,360	£0	£1,360
Equipment Hire	£510	£340	£0	£340
Materials & Supplies	£1,020	£680	£1,379	-£699
Cash Collection	£2,370	£1,580	£537	£1,043
Protective Clothes	£510	£340	£242	£98
Photocopying	£510	£450	£93	£357
General Expenses	£1,380	£920	£1,275	-£355
General Expenses - VAT	£10,200	£6,800	£7,393	-£593
Audit Fee	£5,130		£150	-£150
Professional Services Security	£17,640	£11,760	£13,227	-£1,467
Direct Telephones	£210	£140	£46	£94
Mobile Telephones	£110	£70	£82	-£12
General Insurances	£180	£120	£120	£0
External Print & Graphics	£170			£0
Qualification & Training	£0	£0	£490	-£490
<b>Controlled Running Costs</b>	<b>£137,550</b>	<b>£83,760</b>	<b>£81,860</b>	<b>£1,900</b>
Fees & Charges - Car Parking	-£91,470	-£67,020	-£69,321	£2,301
Other Income - Cobtree Charity Trust Ltd	-£40,000	£0	-£1,526	£1,526
Other Income	-£5,000	-£3,330	-£3,758	£428
Licences	-£420	-£280	-£80	-£200
Rent Income (Café)	-£34,000	-£17,000	-£18,083	£1,083
<b>Controlled Income</b>	<b>-£170,890</b>	<b>-£87,630</b>	<b>-£92,768</b>	<b>£5,138</b>
MBC Staff Recharges	£46,770	£31,180	£31,180	£0
<b>Rechargeable Costs</b>	<b>£46,770</b>	<b>£31,180</b>	<b>£31,180</b>	<b>£0</b>
<b>Cobtree Manor Park</b>	<b>£105,950</b>	<b>£89,000</b>	<b>£78,610</b>	<b>£10,390</b>

## Appendix 1

	A	B	C	(B-C)
	Budget for Year 2019/20	Budget to end of November 2019	Actuals to end of November 2019	Variance as at end of November 2019
<b>KENT LIFE</b>				
Repairs & Maintenance of Premises	£10,300	£6,870	£5,462	£1,408
Premises Insurance	£7,110	£4,740	£4,740	£0
General Expenses	£1,600	£1,070	£0	£1,070
General Expenses - VAT	£2,000	£1,330	£1,265	£65
<b>Controlled Running Costs</b>	<b>£21,010</b>	<b>£14,010</b>	<b>£11,467</b>	<b>£2,543</b>
Contract Income	-£71,170	-£35,585	-£35,585	£0
<b>Controlled Income</b>	<b>-£71,170</b>	<b>-£35,585</b>	<b>-£35,585</b>	<b>£0</b>
MBC Staff Recharges	£9,320	£6,210	£6,213	-£3
<b>Rechargeable Costs</b>	<b>£9,320</b>	<b>£6,210</b>	<b>£6,213</b>	<b>-£3</b>
<b>Kent Life</b>	<b>-£40,840</b>	<b>-£15,365</b>	<b>-£17,905</b>	<b>£2,540</b>
<b>RESIDENTIAL PROPERTIES</b>				
Repairs & Maintenance	£12,500	£8,330	£8,237	£93
Premises Insurance	£550	£370	£370	£0
<b>Controlled Running Costs</b>	<b>£13,050</b>	<b>£8,700</b>	<b>£8,607</b>	<b>£93</b>
Rent Income	-£26,000	-£17,330	-£15,934	-£1,396
<b>Controlled Income</b>	<b>-£26,000</b>	<b>-£17,330</b>	<b>-£15,934</b>	<b>-£1,396</b>
MBC Staff Recharges	£2,310	£1,540	£1,540	£0
<b>Rechargeable Costs</b>	<b>£2,310</b>	<b>£1,540</b>	<b>£1,540</b>	<b>£0</b>
<b>Residential Properties</b>	<b>-£10,640</b>	<b>-£7,090</b>	<b>-£5,787</b>	<b>-£1,303</b>
<b>OVERALL TOTALS</b>	<b>-£55,920</b>	<b>£17,695</b>	<b>£3,841</b>	<b>£13,854</b>

<b>Cobtree Manor Estate Draft Budgets</b>	<b>Approved Budget for Year 2019/20</b>	<b>Revised Budget for Year 2019/20</b>	<b>Draft Budget 2020/21</b>
<b>GOLF COURSE</b>			
Repairs & Maintenance	£4,950	£2,950	£5,010
Premises Insurance	£710	£1,190	£1,330
Equipment Maintenance	£1,020	£1,020	£1,040
General Expenses - VAT	£5,100	£3,100	£3,160
Licence Fees	£200	£200	£200
Direct Telephones	£820	£820	£840
<b>Controlled Running Costs</b>	<b>£12,800</b>	<b>£9,280</b>	<b>£11,580</b>
Contract Income	-£159,130	-£159,130	-£163,900
Rent Income	-£5,300	-£5,300	-£240
<b>Controlled Income</b>	<b>-£164,430</b>	<b>-£164,430</b>	<b>-£164,140</b>
MBC Staff Recharges	£21,300	£13,790	£14,210
<b>Rechargeable Costs</b>	<b>£21,300</b>	<b>£13,790</b>	<b>£14,210</b>
<b>Cobtree Golf Course</b>	<b>-£130,330</b>	<b>-£141,360</b>	<b>-£138,350</b>
MBC 2/9ths share	£28,960	£30,970	£30,740
<b>CMET Total</b>	<b>-£101,370</b>	<b>-£110,390</b>	<b>-£107,610</b>

<b>MANOR PARK</b>			
Salaries	£82,960	£70,960	£85,630
Overtime	£4,000	£4,000	£4,000
Employers NI	£6,370	£6,370	£6,520
Employers Superannuation	£10,070	£10,070	£12,870
Employee Insurances	£840	£1,120	£1,170
<b>Employee Costs</b>	<b>£104,240</b>	<b>£92,520</b>	<b>£110,190</b>
Repairs & Maintenance	£57,600	£57,600	£28,750
Repairs & Maintenance - Trees	£0	£0	£12,000
Gas	£3,960	£3,960	£4,040
Electricity	£8,860	£11,860	£9,100
Water Metered	£1,180	£1,180	£1,200
Sewerage & Env Services	£1,080	£1,080	£1,100
Trade Refuse Collection (Internal)	£13,260	£13,260	£13,530
Premises Insurance	£2,400	£1,610	£1,680
Equipment Purchase	£1,020	£5,020	£1,120
Equipment Maintenance	£2,040	£2,040	£2,080
Equipment Hire	£510	£510	£520
Vehicle Leasing & Running Costs	£0	£0	£5,000
Materials & Supplies	£1,020	£1,020	£1,040
Cash Collection	£2,370	£2,370	£2,420
Protective Clothes	£510	£510	£520
Photocopying	£510	£510	£520
General Expenses	£1,380	£1,380	£1,410
General Expenses - VAT	£5,100	£10,200	£10,400
Audit Fee	£5,130	£5,130	£5,230
Professional Services Security	£7,640	£17,640	£11,000
Professional Services Consultancy	£0	£0	£3,000
Direct Telephones	£210	£210	£210
Mobile Telephones	£110	£110	£110
General Insurances	£960	£180	£180
External Print & Graphics	£170	£170	£170
<b>Controlled Running Costs</b>	<b>£117,020</b>	<b>£137,550</b>	<b>£116,330</b>
Fees & Charges - Car Parking	-£88,470	-£91,470	-£91,830
Other Income - Cobtree Charity Trust Ltd	-£40,000	-£40,000	-£40,000
Other Income	-£5,000	-£5,000	-£5,000
Licences	-£420	-£420	-£420
Rent Income (Café)	-£34,000	-£34,000	-£34,000
<b>Controlled Income</b>	<b>-£167,890</b>	<b>-£170,890</b>	<b>-£171,250</b>

<b>Cobtree Manor Estate Draft Budgets</b>	<b>Approved Budget for Year 2019/20</b>	<b>Revised Budget for Year 2019/20</b>	<b>Draft Budget 2020/21</b>
MBC Staff Recharges	£39,440	£46,770	£48,560
<b>Rechargeable Costs</b>	<b>£39,440</b>	<b>£46,770</b>	<b>£48,560</b>
<b>Cobtree Manor Park</b>	<b>£92,810</b>	<b>£105,950</b>	<b>£103,830</b>

<b>KENT LIFE</b>			
Repairs & Maintenance of Premises	£13,500	£10,300	£10,510
Premises Insurance	£4,640	£7,110	£7,390
General Expenses	£2,650	£1,600	£1,630
General Expenses - VAT	£5,100	£2,000	£2,040
<b>Controlled Running Costs</b>	<b>£25,890</b>	<b>£21,010</b>	<b>£21,570</b>
Contract Income	-£71,170	-£71,170	-£74,130
<b>Controlled Income</b>	<b>-£71,170</b>	<b>-£71,170</b>	<b>-£74,130</b>
MBC Staff Recharges	£11,420	£9,320	£9,640
<b>Rechargeable Costs</b>	<b>£11,420</b>	<b>£9,320</b>	<b>£9,640</b>
<b>Kent Life</b>	<b>-£33,860</b>	<b>-£40,840</b>	<b>-£42,920</b>

<b>RESIDENTIAL PROPERTIES</b>			
Repairs & Maintenance	£12,500	£12,500	£12,750
Premises Insurance	£0	£550	£610
<b>Controlled Running Costs</b>	<b>£12,500</b>	<b>£13,050</b>	<b>£13,360</b>
Rent Income	-£26,000	-£26,000	-£26,000
<b>Controlled Income</b>	<b>-£26,000</b>	<b>-£26,000</b>	<b>-£26,000</b>
MBC Staff Recharges	£0	£2,310	£2,410
<b>Rechargeable Costs</b>	<b>£0</b>	<b>£2,310</b>	<b>£2,410</b>
<b>Residential Properties</b>	<b>-£13,500</b>	<b>-£10,640</b>	<b>-£10,230</b>
<b>OVERALL TOTALS</b>	<b>-£55,920</b>	<b>-£55,920</b>	<b>-£56,930</b>

Investment Income	-£45,000	-£45,000	-£45,000
<b>Net surplus for operational &amp; investment activities</b>	<b>-£100,920</b>	<b>-£100,920</b>	<b>-£101,930</b>
Repayment of car park construction costs	£0	£0	£69,650
<b>Net surplus after repayment</b>	<b>-£100,920</b>	<b>-£100,920</b>	<b>-£32,280</b>

APPENDIX 3

Service	Description of Service Provided	Hourly Rate	Total Hours p.a.	Total Days p.a.
Communications	Provision of communications service as and when required	£32	11.5	1.6
Democratic Services	Agenda management and attendance at Committee meetings	£32	56.4	7.6
Director of Regeneration & Place	Management services - Cobtree included in the area of responsibility	£98	11.1	1.5
Finance	Cobtree Finance Officer - Monthly accounts, budgets and year-end accounts	£51	74.0	10.0
	Other financial services - accounts payable/receivable, VAT and banking	Activity based costing	N/A	N/A
Head of Regeneration & Economic Development	Management services - Cobtree included in the area of responsibility	£65	20.0	2.7
Human Resources	Provision of HR services including payroll and learning & development	Per Capita charge	N/A	N/A
ICT	Provision of ICT services including Kent Public Sector Network Service charge	Notional charge	N/A	N/A
Legal Services	Provision of legal services	Estimate of expenditure based on previous activity	N/A	N/A
Parking Services	Enforcement services	Contract cost	N/A	N/A
	Software maintenance - parking services system	Contract cost	N/A	N/A
	Operational administration and finance	£18	144.0	19.5
Parks & Leisure	Management of Cobtree Manor Park and strategic direction. Management of contracts for the golf course and Kent Life attraction.	£38	660.0	89.2
Procurement	Monitoring and contractual/statutory compliance of the service providers at Kent Life, the golf course and the café	£30	660.0	89.2
Property Services	Property management and maintenance services	£52	90.0	12.2

19/20 Charge p.a.	Draft Charge p.a.
£350	£370
£1,690	£1,800
£1,070	£1,090
£3,700	£3,770
£3,300	£3,370
£1,280	£1,310
£1,500	£1,530
£800	£820
£8,000	£4,000
£1,200	£1,210
£2,500	£2,540
£2,420	£2,460
£20,500	£24,840
£19,140	£19,680
£4,710	£6,030

Allocation across service areas			
Golf Course	Manor Park	Kent Life	Café/ Visitor Centre
£19	£300	£33	£19
£90	£1,458	£162	£90
£55	£883	£98	£55
£357	£5,783	£643	£357
£66	£1,061	£118	£66
£77	£1,239	£138	£77
£0	£820	£0	£0
£200	£3,240	£360	£200
£0	£6,210	£0	£0
£1,242	£20,120	£2,236	£1,242
£11,808	£2,558	£5,314	£0
£302	£4,884	£543	£302

**Total Charge: £72,160 £74,820**

**£14,214 £48,558 £9,644 £2,406**

**£74,820**

# Agenda Item 15

## Cobtree Manor Estate Committee

**20 January 2020**

### Accounts 2018/19

<b>Final Decision-Maker</b>	Cobtree Manor Estate Committee
<b>Lead Head of Service</b>	Director of Finance & Business Improvement – Mark Green
<b>Lead Officer and Report Author</b>	Paul Holland, Senior Finance Manager (Client)
<b>Classification</b>	Public
<b>Wards affected</b>	Boxley

#### Executive Summary

The audit of the Trust accounts for 2018/19 has now been completed and an unmodified audit opinion will be issued. This report summarises the main points from the accounts and seeks approval of them so they may be submitted to the Charity Commission.

#### Purpose of Report

To formally approve the Trust accounts for 2018/19.

#### This report makes the following recommendations to this Committee:

1. That the Report and Financial Statement for 2018/19 are approved and submitted to the Charity Commission.
2. That the change in the valuation approach for investment properties be noted.
3. That the Letter of Representation be approved.
4. That the contents of the Management Letter and the proposed course of actions by officers be noted.

#### Timetable

<b>Meeting</b>	<b>Date</b>
Cobtree Manor Estate Committee	20 January 2020

## Cobtree Manor Estate Financial Position

### 1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<b>Impact on Corporate Priorities</b>	The operation of the Estate directly supports the objects of the Trust as set out when the Council became the Corporate Trustee	Head of Regeneration & Economic Development
<b>Cross Cutting Objectives</b>	The operation of the Estate supports the Council's strategic objective to ensure there are good leisure and cultural attractions in the Borough.	Head of Regeneration & Economic Development
<b>Risk Management</b>	There is a potential reputational risk if the annual accounts are not prepared correctly and in accordance with recommended best practice.	Leisure Manager
<b>Financial</b>	There is a financial risk to the Trust if the operations cost more than predicted or fail to generate sufficient income to cover the costs of running them estate.	Senior Finance Manager (Client)
<b>Staffing</b>	There are no additional implications arising from this report.	Leisure Manager
<b>Legal</b>	<p>Under the Council's Constitution the Committee as Corporate Trustee is responsible for all matters relating to the Charity with the exception of daily management.</p> <p>Law applicable to charities in England and Wales requires the trustee to prepare financial statements for each financial year which give a true and fair view of the Charity's financial activities during the year and of its financial position at the end of the year. There is then a requirement to have the statements audited externally and submitted to the Charity Commission.</p> <p>There are no further implications arising from this report.</p>	Team Leader (Corporate Governance), Mid Kent Legal Services
<b>Privacy and Data Protection</b>	There are no new privacy or data protection implications as a result of this report and recommendations.	Team Leader (Corporate Governance), Mid Kent Legal Services

<b>Equalities</b>	There are no additional implications arising from this report.	Anna Collier Policy and Information Manager
<b>Public Health</b>	There are no additional implications arising from this report.	Public Health Officer
<b>Crime and Disorder</b>	There are no additional implications arising from this report.	Head of Regeneration & Economic Development
<b>Procurement</b>	There are no additional implications arising from this report.	Head of Regeneration & Economic Development

## 2. INTRODUCTION AND BACKGROUND

- 1.1 The audit of the Report and Financial Statements is now complete. The audit was undertaken by UHY Hacker Young, appointed external auditors to the Trust. Issues arising from the audit are dealt with in the next section of this report.

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## 3. ACCOUNTS 2018/19

- 3.1 The Annual Report and Financial Statements are shown at **Appendix 1**. This includes the independent auditor's report, which includes their opinion on the Statement.
- 3.2 There are no major issues that have arisen regarding the accounts following the audit. A number of amendments were made to the draft accounts that were submitted for audit, and there are also a small number of unadjusted misstatements, both of which are shown on the final two pages of the Audit Management Letter, which is discussed later in this report. None of these have had any impact upon the financial resources available to the Trust.
- 3.3 There are a number of points that should be noted within the Financial Statements:
- The total funds of the Trust as shown on the Balance Sheet have increased from £4.26m to £5.17m, with the Statement of Financial Activities (SOFA) showing a net funds increase of £906,633 for the year.
  - It should be noted that the increase in the funds includes gains on the revaluations of both the fixed assets of the Trust and the investments held.



- There has been a significant increase in the value of the investment properties held following a review of the valuation approach by the auditors. They have recommended that the most appropriate approach would be to use fair value rather than existing use value. Fair value broadly reflects the open market value of the properties were they to be sold whereas existing use value reflects what it is worth in its current form.
  - The auditors have indicated that in their opinion this would increase the value of the investment properties by £770,000 and this has led to the increase in funds held. Formal valuations will be done on this basis going forward, and the Committee is asked to note the change. This has no operational or financial impact on the resources of the Trust but does ensure that the balance sheet more accurately reflects the value of the assets held.
  - The accounts also now include a figure for the repayment agreement for the cost of the car park works as previously reported to the Committee. This is shown under creditors on the balance sheet.
  - The transfer of £49,710 between the unrestricted funds and endowment funds is an accounting entry which has been included to ensure that the figures in note 18 to the accounts (Summary of funds) agrees to the value of the various assets to which it relates. This had been slightly out of balance in previous accounts and this transfer corrects that position.
  - The underlying operational surplus for the year, which is due from Maidstone BC is £36,509, which is broadly in line with the forecast for the year.
  - The accounts do include a write-off of a debt of £9,266 for a sum that was due from Mytime. This dates back a number of years and relates to an agreement that was made at the time that they would reimburse the Trust for new ovens installed in the golf course clubhouse. Unfortunately, it appears that the agreement was never followed up and it is now considered unlikely that they would pay this sum due to various changes in personnel over the last few years.
  - There are a number of significant reductions in the comparator figures in the notes to the accounts. The majority of these have arisen from where the operation of the café/visitor centre passed to an external contractor in April 2018.
- 3.4 The write-off is included in agreed accounting adjustments which are listed at Appendix I in the Management Letter, which is **Appendix 3** to this report. These are adjustments made to the draft accounts that were submitted for audit. The two revaluation adjustments changed the figures on the balance sheet but have no impact on the resources of the Trust. The repairs and maintenance system error arose from an over-accrual of expenditure which came about when an error was made in the purchase order system. The adjustment to the Will Trust income is to reflect the actual amount received which was not known at the time the draft accounts

were submitted for audit.

- 3.5 **Appendix 2** is the Letter of Representation for 2018/19. This asks Trustees to confirm a number of statements relating to the audit and the information supplied to the auditors during the course of their audit.

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#### 4. **MANAGEMENT LETTER**

- 4.1 The Management Letter is attached at **Appendix 3**. The purpose of this letter is to bring to the attention of the Committee various matters that have arisen from the external audit.
- 4.2 Sections 1 to 5 provide a background and overview to the audit and to the letter itself. Sections 6 to 7 deal with specific issues that arose from the audit. The most significant issues are dealt with below in this section of the report.
- 4.3 Section 6 deals with status of audit issues that were raised in previous years. The most significant of these are as follows:

<b>Issue</b>	<b>Summary</b>	<b>Management Response</b>
1 - General charity records	MBC set up a separate accounting system for the Cobtree accounts.	The Sage system is now in operation, as has been advised previously to the Committee.
2 – Potential tax on commercial trading	The car parking operation could be considered to be a commercial activity for the purpose of taxation, and it is possible that the tax threshold limit could be reached in the coming years.	The situation will continue to be monitored closely during the year to see if there is a possibility of reaching the limit. It could be argued that rather than being commercial activities the car parking operation exists to provide funds to reinvest into the Estate, but this point will be investigated further by officers, and if necessary, a report will be brought back to the committee to consider the potential implications.

- 4.4 There is one new recommendation arising from the 2018/19 audit. This relates to the change in valuation basis for investment properties referenced

earlier in this report, and the valuers have been asked to use the fair value basis for their 2019/20 work.

- 4.5 Appendix I to the Management Letter summarised the accounting adjustments that were agreed following the audit of the accounts, which were outlined in more detail in the section on the accounts earlier in this report.

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## **5. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS**

- 1.2 That the Committee approves the Report and Financial Statements in order that they can then be submitted to the Charity Commission by 31<sup>st</sup> January 2020.
- 1.3 There are no other available options as there is a legal requirement to produce and approve the Report and Financial Statements.
- 1.4 That the contents of the management letter are noted.
- 1.5 There are no alternative actions. The Management Letter is written for the benefit of those charged with governance to bring to their attention matters of interest that have arisen during the external audit process, therefore it needs to be considered by the Committee.

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## **6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION**

- 1.6 The Report and Financial Statements will be submitted to the Charity Commission for publication on their website.
- 1.7 A response to the Management Letter will be returned to the external auditors.

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## **7. REPORT APPENDICES**

- Appendix 1 – Report and Financial Statements 2018/19
- Appendix 2 – Letter of Representation
- Appendix 3 – Management Letter

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## **8. BACKGROUND PAPERS**

None.

**Cobtree Manor Estate**

**Trustees' Report and Financial Statements**

**For the Year Ended 31 March 2019**

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## **Cobtree Manor Estate**

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## **Cobtree Manor Estate**

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### **Reference and Administrative Details of the Charity, its Trustees and Advisers For the Year Ended 31 March 2019**

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#### **Corporate trustee**

Maidstone Borough Council

There are no individual trustees. All elected members of the Maidstone Borough Council perform duties of trustees, but are not trustees in their own right. A full list of members is available on request.

#### **Charity registered number**

283617

#### **Principal office**

Maidstone Borough Council  
Maidstone House  
King Street  
Maidstone  
ME15 6JQ

#### **Independent auditor**

UHY Kent LLP t/a UHY Hacker Young  
Chartered Accountants  
Statutory Auditors  
Thames House  
Roman Square  
Sittingbourne  
Kent  
ME10 4BJ

#### **Bankers**

All funds are managed by Maidstone Borough Council at:  
City Office  
Bailey Drive  
Gillingham  
Kent  
ME5 0LS

#### **Solicitors**

Head of Legal Partnership  
Mid-Kent Legal Services  
Maidstone Borough Council  
Maidstone House  
Maidstone  
Kent  
ME15 6JQ

**Trustees' Report****For the Year Ended 31 March 2019**

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The Maidstone Borough Council acting as Corporate Trustee to the registered Charity known as "Cobtree Manor Estate" presents its annual report in relation to the financial year ending 31 March 2019.

**Trustees**

The trustee who served during the year is shown on the information page.

**OBJECTIVES AND ACTIVITIES****Governing Object**

The governing object of the Charity remains that defined in the lease of the Cobtree Estate dated 13 July 1971 between the Cobtree Charity Trust Limited (the lessor) and the Maidstone Borough Council (the lessee). The governing object is stated as:

"To hold Cobtree Manor and Cobtree Manor Estate for the benefit of the inhabitants of Maidstone and other members of the general public in one or other or all of the following ways:

- i) By maintaining the Cobtree Manor Estate as an open space as defined by the Open Spaces Act 1906 and if the lessees think fit providing thereat facilities for organised games and other sports".
- ii) With the consent of ...[the Cobtree Charity Trust Limited and the Kent County Council]... in such other way for the benefit of the inhabitants of Maidstone and other members of the general public as the Council shall from time to time think appropriate."

**Object of the Charity**

The late Sir Garrard Tyrwhitt-Drake bequeathed his former estate to the Cobtree Charity Trust Limited and set down in the codicils to his Will requirements for its future use. In seeking to interpret these, sometimes conflicting, codicils the Maidstone Borough Council and Cobtree Charity Trust Limited agreed that the Estate in its entirety, and the intended charitable objects, should be leased to and governed by, the Maidstone Borough Council.

The Maidstone Borough Council, as Corporate Trustee to the Charity, has determined and regularly reviews a series of policies to guide the actions of its Members and employees in fulfilling the governing object of the Charity.

Members of the Cobtree Manor Estate Charity Committee manage all aspects of the Charity on behalf of the Council. Informal liaison continues with the Trustees to the Cobtree Charity Trust Limited, particularly with regard to considering potential developments. Members of the Cobtree Charity Trust Limited are invited to attend the meetings of the Cobtree Manor Estate Charity Committee.

**ACHIEVEMENTS AND PERFORMANCE****Organisation of the Charity**

The Trustee to the Registered Charity known as the Cobtree Manor Estate remains the Corporate Body of the Maidstone Borough Council. How the functions of the Corporate Trustee are implemented is reiterated in the section above.

All individual elected Members to the Maidstone Borough Council are instructed to perform any duties and responsibilities they have in relation to the charity as though they were acting as individual trustees; albeit that they are not individual trustees in Charity Law. All elected Members and Officers of the Council are reminded of the Council's obligations to the Charity and how these need to be considered quite separately from the normal duties of the Council acting as the Local Authority. An A to Z "aide memoir" is made available to all Members and Officers via the Council's internal intranet site.

Under the terms of the lease upon which the Charity holds the Cobtree Manor Estate, and in the specified circumstances, the Council continues to liaise with both the freehold owner of the Estate, the Cobtree Charity Trust Limited, and the Kent County Council.

**Advice to Trustees**

The advice for trustees published by the Charity Commission is given to new members of the charity committee and new guidance is notified and made available to them as it is received from the Commission. Committee members have free access to all members of staff to ensure that they can be fully aware of the special considerations, activities and implications of, and for, the charity.

**Trustees' Report****For the Year Ended 31 March 2019**

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**Activities**

The following paragraphs are included to demonstrate how the Charity is meeting its obligation to provide a public benefit. The primary activities of the Charity are to manage and maintain three facilities to which the general public have access:

- the Cobtree Manor Park Golf Course - which is a pay and play facility accessible to all;
- the Cobtree Manor Park – which is a parkland environment with woodland and meadows containing a wide variety of trees and shrubs and which is freely accessible to the general public, and
- Kent Life – a farm heritage attraction, including a collection of historic artefacts, which is open to the public either on a pay on entry or through an annual membership fee.

**Cobtree Golf Course**

<b>Year</b>	<b>Rounds Played</b>
<b>2009/2010</b>	<b>43,913</b>
<b>2010/2011</b>	<b>41,784</b>
<b>2011/2012</b>	<b>43,516</b>
<b>2012/2013</b>	<b>36,006</b>
<b>2013/2014</b>	<b>36,923</b>
<b>2014/2015</b>	<b>37,482</b>
<b>2015/2016</b>	<b>39,927</b>
<b>2016/2017</b>	<b>40,593</b>
<b>2017/2018</b>	<b>35,972</b>
<b>2018/2019</b>	<b>36,808</b>

Rounds played saw a 2.3% increase from the previous year. The golf course continues to diversify their offering and target audiences to increase visits for all activities.

Income from all activities saw a 2.9% increase over 2017/18.

Footgolf ceased to be offered in December 2018.

Retail sales saw a fall from September 2018 due to the conversion of the pro-shop into a fitness and wellbeing studio which is now well used for exercise and wellbeing sessions and courses. This change of use has seen an increase in visits for non-golfing activities and with it an increase in food and beverage sales.

Some of the activities undertaken are as follows:

*2018/19 events and activities*

- 2018 fireworks night at Cobtree maintained its popularity with over 450 tickets sold.
- Carvery nights and Sunday carveries have established.
- Meetings – Dementia, Committees, Firm Friends, ongoing conferences etc.
- Dementia/Vulnerable adults -footgolf day
- Tribute acts
- Big screen sports evenings/afternoons including the football world cup
- Society days
- Charity golf days
- Christmas party nights / lunches



**Trustees' Report****For the Year Ended 31 March 2019**

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*Cobtree Wellbeing Programme*

Dementia Golf, Primetime – exercise sessions for over 60s and 'Escape from Pain' programmes were promoted. There was good uptake for the golf and exercise sessions but difficulty in achieving referrals for the pain management programme. This led to the programme being extended into the next financial year in order to find alternative referral pathways and recruit enough participants to complete the programme.

A wellbeing showcase day in February 2019 was well attended with stalls and advice from health and wellbeing organisations, taster sessions and healthy food.

**Cobtree Manor Park**

The park was awarded a Green Flag Award for 2018/19.

Landscape works carried out include completing the renovation pruning of shrubbery areas, shrub planting, extensive tree works as specified by the 2018, full tree survey.

Three Conservation Management students from Hadlow College undertook two week work placements, working with the Cobtree Ranger to create pollinator friendly wildlife areas.

A volunteers' gardening day resulted in a bank being prepared for sowing a wildflower meadow.

Mid-Kent Legal services team volunteered for a day and prepared and sowed an area of 'Pictorial Meadows'.

The Men In Sheds project continues to thrive and meets on four days per week. The group have produced a wide range of practical items such as bird boxes, planters and benches and decorative items for sale to park visitors. The group have continued to deliver carpentry badge workshops for local cub groups.

A varied programme of events and activities delivered by the park team and partner organisations has been offered throughout the year. Eight family friendly, nature and wildlife themed events attracted two hundred and sixty-three participants over the summer, with feedback forms received giving a rating of 4.8/5. Craft sessions in the October half-term saw eighty-seven participants. An Easter and a Halloween trail each had over one hundred and fifty participants. Games, activities and craft sessions were provided for visitors during Love Parks Week 2018.

Kent Wildlife Trust's Wonderful Wordicular Wildlife Walk, funded by the 2016 Cobtree prize was installed between the park and the Wildlife Trust's headquarters at Tyland Barn with nine poetry featured posts along the route and interpretation panels at each end. Trail leaflets are available for visitors.

The Visitor Centre/ café was broken into twice during 2018/9 in April and December. An empty safe was stolen in the December incident. Damage to the building occurred each time and repairs have been undertaken. Insurance claims for both incidents are being pursued to recover losses. Large boulders have been strategically placed around the park perimeter to prevent vehicular access from other parts of the estate. Upgrades to the CCTV system have been completed and a bund to protect the rear flank of the building from ram-raid attacks is in place.

Car park income totalled £86,980 net for 2018/19 financial year to 31 March 2019 a 3.68% increase on the previous year. Average weekly income was £1,673.

**Kent Life***2018/19 Performance*

The site welcomed 168,832 visitors in total, of these 32,341 were member visits and 36,799 educational visits.

**Trustees' Report****For the Year Ended 31 March 2019**

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*Improvements undertaken in 2018/19*

- Investment in Big Top holiday shows and events
- Resizing of the Hops and Harvest festival, incorporating staffing changes to realise increased profitability
- Staffing levels have increased to facilitate higher animal welfare and cleanliness
- Landscaping improvements including re-turfing and paving
- Upgraded fencing and animal pens

*Additional Volunteer Help and Intangible Income*

The volunteer help given on the estate is referred to above; in addition to this the Kent Wildlife Trust volunteers and the Friends of Kent Life and Cobtree Young Farmers continued to play an important role providing voluntary assistance to support activities across the estate.

*Forstal Field*

The agricultural contractor formerly farming the field has ceased to work on it. A new proposal has been put forward for the Cobtree Young Farmers to graze sheep and cattle on the land.

**Review of Public Benefit**

The Trustee continues to consider and ensure that the Charity meets its requirement to comply with the test of public benefit. The Cobtree Manor Park remains freely accessible to the general public and the pay and play golf course is accessible to all those who wish to take advantage of its facilities at reasonable cost, whilst Kent Life provides a varied family day out for a reasonable fee.

**Related Party Disclosure**

The Maidstone Borough Council is the Corporate Trustee of the Charity. In addition the Council itself owns part of the land upon which the Cobtree Manor Park Golf Course is built. The accounting arrangements between the Council and the Charity are that the Council is responsible for all receipts and payments for both the golf course and the Cobtree Manor Park. At the end of each financial year the total net operating surplus or deficit of the Manor Park is transferred to the Charity accounts. For the golf course 7/9ths of the total net operating surplus or deficit is transferred to the Charity accounts, reflecting the split of land ownership. The remaining 2/9ths are shown in the accounts of the Council.

The Council also employs a Manager at the Manor Park, a Cobtree Officer and a number of permanent and temporary staff in the new café/visitor centre. These posts exist solely for the benefit of the Charity and the cost for each is shown in the Charity accounts under the arrangements specified above. Other officers of the Council are engaged from time to time in duties specifically related to the operation and management of the Estate; their time and associated costs are apportioned accordingly to the Cobtree accounts. Additional labour for litter picking and managing the park out of hours at weekends and evenings during school holidays between Easter and the end of September has also been introduced due to the increase in visitor numbers.

Full details of the financial impact of these related party transactions is provided in note 21 to the financial statements.

**FINANCIAL REVIEW****Financial Review**

Income for the year amounted to £463k, a reduction on total income of £588k in 2017/18. The fall in income arose after a decision to outsource the management of the café at Cobtree Manor Park from mid-April 2018, and, as shown in note 3, café income therefore fell from £237k to £42k (and this will fall away completely next year).

Charitable costs fell too, from £643k to £393k, with the reduction largely arising due to reduced staff and catering costs after the decision to outsource the café. This left an overall surplus for the year, before investment losses and other gains/losses, of £70k which compared to a deficit of £55k in 2017/18. The improved financial result therefore vindicated the decision in respect of the café.

**Trustees' Report****For the Year Ended 31 March 2019**

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**Financial Review – continued**

This year, a gain on investments (the movement in the year on the charity's listed investment securities) of £7k meant that the overall result for the year before movements on the revaluation of fixed assets to a net increase in funds of £77k (2018: net decrease of £73k)

The final movement in funds for the year relates to fixed asset revaluations. The carrying value of the fixed assets has been increased by £830k (2018: £35k) to reflect the latest valuations. Long term leasehold property held for operational reasons has increased in value by £25k based on a formal valuation performed in the year by a chartered surveyor (see note 11). Most of the overall gain on revaluations relates to investment properties (explained in note 12). The overall movement in funds was therefore an increase of £907k (2018: reduction of £38k).

The Balance sheet shows net assets at 31 March 2019 of £5.2m, up from £4.3m at the end of the prior year. Much of this value is related to the charity's tangible fixed assets and other investments held in endowment funds, which comprise £4.99m of the total. The remaining funds sit as unrestricted free reserves.

Interest due to the Charity in respect of the permanent endowment held on the Charity's behalf by the Borough Council is included as part of the unrestricted income.

**Investment Policy**

The charity's listed investments are held fully in the M&G Charifund. M&G's Charifund is designed to provide a high and growing income for charities, while at the same time protecting their capital from the erosive effects of inflation over a rolling ten year period. There is no guarantee that the fund will achieve a positive return over this, or any other, period and investors may not get back the original amount invested. The units are a suitable investment for the equity portion of charitable funds. Usually the investment manager's policy is to invest in a portfolio mainly of equities and convertible stocks to provide a yield significantly more than that of the FTSE All-Share Index.

**Investment Performance**

Charifund's first-half performance placed it marginally behind the FTSE All-Share Index after taking account of a negative price swing. There was a strong contribution from stock selection, although this was offset by the fund's high-yield holdings, which underperformed as investors in the fund's risk appetite increased. This was reflected by a negative contribution from a combination of the fund's sector allocation and its overseas holdings.

The Charifund's overseas holdings represent 8% of the portfolio and the negative contribution from them reflected a slightly stronger pound over the period. In addition, the overseas exposure is mainly for diversification reasons and is well represented in the energy and pharmaceutical sectors which were weak over the first half of the fund's year.

Over the six months to 1 May 2019, Charifund produced a capital return of 3.2% compared with a capital return of 3.7% from the FTSE All-Share Index. With income reinvested, Charifund's total return over the period of 5.5% was slightly behind the 5.9% return from the Index. Quarterly distributions of 13.50p and 19.50p per Income unit were declared, making a total distribution of 33.00p per Income unit for the half year. This represented an increase of 5.6% compared with a total distribution of 31.25p paid in the corresponding period last year. The annual rate of inflation, as measured by the Retail Price Index (RPI) was 2.4% in March 2019, while the Consumer Price Index (CPI) was 1.9%, below the government's 2.0% target. M&G has around 9.51p per Income unit set aside in their reserve facility to assist with income smoothing in future years.

**Reserves Policy**

Restricted reserves are maintained in respect of the permanent endowment funds.

**Risk Management**

The Trustee continues to review the business and operational risks which the Charity faces, and identifies where appropriate steps to minimise the impact of any identified risks. All contractors working on the Estate are also required to undertake risk assessments appropriate to their activities.

**Trustees' Report**

**For the Year Ended 31 March 2019**

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**PLANS FOR FUTURE PERIODS**

The Trustee has now implemented the master plan for the Cobtree Manor Park and has used reserve funds for its implementation, with the permission of the Charity Commission, which will gradually be re-paid. In future a master plan for the estate as a whole will need to be devised.

**TRUSTEE'S RESPONSIBILITIES**

The Trustee is responsible for preparing the financial statements in accordance with applicable law and the United Kingdom Generally Accepted Accounting Practice.

Law applicable to charities in England and Wales requires the trustee to prepare financial statements for each financial year which give a true and fair view of the Charity's financial activities during the year and of its financial position at the end of the year. In preparing these statements the Trustee is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern unless it is inappropriate to presume that the Charity will continue in business.

The Trustee has overall responsibility for ensuring that the Charity has appropriate systems of controls, financial and otherwise. It is also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and to enable them to ensure that the financial statements comply with the Charities Act 2011. It is also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the Trustee and signed on its behalf by

**Councillor**  
**Chairman of the Cobtree Manor Estate Charity Committee**

Date:

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**Independent Auditor's Report to the Trustees of Cobtree Manor Estate**

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**Opinion**

We have audited the financial statements of Cobtree Manor Estate (the 'charity') for the year ended 31 March 2019 set out on pages 10 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

The financial statements have been prepared in accordance with Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has been withdrawn.

This has been done in order for the accounts to provide a true and fair view in accordance with the Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2015.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2019 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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**Independent Auditor's Report to the Trustees of Cobtree Manor Estate**

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**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Trustees' report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of trustees**

As explained more fully in the Trustees' responsibilities statement, the Trustees are responsible for the preparation of financial statements which give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

**Use of our report**

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

**UHY Kent LLP**

Chartered Accountants  
Statutory Auditors

Thames House  
Roman Square  
Sittingbourne  
Kent  
ME10 4BJ  
Date:

UHY Kent LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

## Cobtree Manor Estate

### Statement of Financial Activities For the Year Ended 31 March 2019

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Endowment funds 2019 £	Total funds 2019 £	Total funds 2018 £
<b>Income and endowments from:</b>						
Donations and legacies	2	-	41,526	-	41,526	35,663
Charitable activities	3	326,732	-	-	326,732	480,713
Other trading activities	4	48,752	-	-	48,752	28,891
Investments	5	45,607	-	-	45,607	42,566
<b>Total income and endowments</b>		<b>421,091</b>	<b>41,526</b>	<b>-</b>	<b>462,617</b>	<b>587,833</b>
<b>Expenditure on:</b>						
Charitable activities		351,073	41,526	-	392,599	642,658
<b>Total expenditure</b>	7	<b>351,073</b>	<b>41,526</b>	<b>-</b>	<b>392,599</b>	<b>642,658</b>
<b>Net income / (expenditure) before investment gains/(losses)</b>		<b>70,018</b>	<b>-</b>	<b>-</b>	<b>70,018</b>	<b>(54,825)</b>
Net gains/(losses) on investments	12,13	-	-	6,615	6,615	(17,922)
<b>Net income / (expenditure) before transfers</b>		<b>70,018</b>	<b>-</b>	<b>6,615</b>	<b>76,633</b>	<b>(72,747)</b>
Transfers between Funds		(49,170)	-	49,170	-	-
<b>Net income / (expenditure) before other recognised gains and losses</b>		<b>20,848</b>	<b>-</b>	<b>55,785</b>	<b>76,633</b>	<b>(72,747)</b>
Gains on revaluations of fixed assets	11,12	-	-	830,000	830,000	35,194
<b>Net movement in funds</b>		<b>20,848</b>	<b>-</b>	<b>885,785</b>	<b>906,633</b>	<b>(37,553)</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		158,635	-	4,100,185	4,258,820	4,296,373
<b>Total funds carried forward</b>		<b>179,483</b>	<b>-</b>	<b>4,985,970</b>	<b>5,165,453</b>	<b>4,258,820</b>

The notes on pages 13 to 24 form part of these financial statements.

## Cobtree Manor Estate

### Balance Sheet As at 31 March 2019

	Note	£	2019 £	£	2018 £
<b>Fixed assets</b>					
Intangible assets	10		-		12,500
Tangible assets	11	2,829,583		2,509,212	
Investment property	12	1,630,000		825,000	
Total tangible assets			4,459,583		3,334,212
Investments	13		862,722		856,107
			5,322,305		4,202,819
<b>Current assets</b>					
Debtors	14	39,136		26,477	
Cash at bank and in hand		110,011		222,939	
			149,147		249,416
<b>Creditors:</b> amounts falling due within one year	15	(74,421)		(193,415)	
<b>Net current assets</b>			74,726		56,001
<b>Total assets less current liabilities</b>			5,397,031		4,258,820
<b>Creditors:</b> amounts falling due after more than one year	16		(231,578)		-
<b>Net assets</b>			5,165,453		4,258,820
<b>Charity Funds</b>					
Endowment funds			4,985,970		4,100,185
Unrestricted funds			179,483		158,635
<b>Total funds</b>	17		5,165,453		4,258,820

The financial statements were approved by the Trustees on

and signed on their behalf, by:

**Councillor**

**Chairman of the Cobtree Manor Estate Charity Committee**

The notes on pages 13 to 24 form part of these financial statements.



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**Cobtree Manor Estate**

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**Statement of Cash Flows**  
**For the Year Ended 31 March 2019**

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	<b>Note</b>	<b>2019 £</b>	<b>2018 £</b>
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	20	(158,535)	-
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		45,607	42,566
Purchase of tangible fixed assets		(301,224)	-
<b>Net cash (used in)/provided by investing activities</b>		(255,617)	42,566
<b>Cash flows from financing activities:</b>			
Cash inflows from new borrowing		301,224	-
<b>Net cash provided by financing activities</b>		301,224	-
<b>Change in cash and cash equivalents in the year</b>		(112,928)	42,566
Cash and cash equivalents brought forward		222,939	180,373
<b>Cash and cash equivalents carried forward</b>	21	110,011	222,939

The notes on pages 13 to 24 form part of these financial statements.

**Notes to the Financial Statements  
For the Year Ended 31 March 2019**

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**1. Accounting Policies**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following the Charities SORP (FRS 102) rather than the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP 2005) which has since been withdrawn.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (September 2015) and Charities Act 2011.

Cobtree Manor Estate constitutes a public benefit entity as defined by FRS 102.

**1.2 Going concern**

The financial statements are prepared on the basis that the charity will continue in operational existence for the foreseeable future.

**1.3 Income**

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

**1.4 Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Charitable activities and Governance costs are costs incurred on the charity's operations, including support costs and costs relating to the governance of the charity apportioned to charitable activities.

**1.5 Intangible fixed assets and amortisation**

Material intangible assets are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

**Notes to the Financial Statements  
For the Year Ended 31 March 2019**

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**1. Accounting Policies (continued)**

**1.6 Tangible fixed assets and depreciation**

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities.

Tangible fixed assets are carried at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long-term leasehold property	- Nil
Fixtures and fittings	- 10-25% on cost

**1.7 Investments**

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at their fair value at the Balance sheet date for investment properties and closing quoted market price for other listed investments.

All gains and losses are taken to the Statement of financial activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of financial activities.

Investment properties are measured at fair value at each reporting date with changes in fair value recognised in 'gains on revaluation of fixed assets' and added to the endowment fund to which they relate.

**1.8 Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

**1.9 Financial instruments**

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

**1.10 Fund accounting**

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Endowment funds represent those assets that must be held permanently by the charity and investment properties held to generate a rental income stream. Income arising on the endowment fund can be used in accordance with the objects of the charity and is included as unrestricted income in the Statement of financial activities. Any capital gains and losses arising on the investments form part of the fund.

Investment income, gains and losses are allocated to the appropriate fund.

Notes to the Financial Statements  
For the Year Ended 31 March 2019

1. Accounting Policies (continued)

1.11 Critical accounting estimates and areas of judgment

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There are no significant judgements in relation to the above accounting policies that have a material impact on the financial statements.

2. Income from donations and legacies

	Unrestricted funds 2019 £	Restricted funds 2019 £	Endowment funds 2019 £	Total funds 2019 £	Total funds 2018 £
Will Trust income	-	41,526	-	41,526	35,663
<i>Analysis of 2018 total by fund</i>	-	35,663	-	35,663	

3. Income from charitable activities

	Unrestricted funds 2019 £	Restricted funds 2019 £	Endowment funds 2019 £	Total funds 2019 £	Total funds 2018 £
Golf club revenue	120,167	-	-	120,167	92,605
Cafe income	42,437	-	-	42,437	236,792
Car park income	96,294	-	-	96,294	88,662
Kent Life income	64,000	-	-	64,000	61,419
Other income	3,834	-	-	3,834	1,235
	326,732	-	-	326,732	480,713
<i>Analysis of 2018 total by fund</i>	480,713	-	-	480,713	

4. Trading activities

	Unrestricted funds 2019 £	Restricted funds 2019 £	Endowment funds 2019 £	Total funds 2019 £	Total funds 2018 £
<b>Charity trading income</b>					
Rental income	48,752	-	-	48,752	28,891
Net income from trading activities	48,752	-	-	48,752	28,891

In 2018, the income from trading activities was to unrestricted funds.

## Cobtree Manor Estate

### Notes to the Financial Statements For the Year Ended 31 March 2019

#### 5. Investment income

	Unrestricted funds 2019 £	Restricted funds 2019 £	Endowment funds 2019 £	Total funds 2019 £	Total funds 2018 £
Investment income	45,607	-	-	45,607	42,566
<i>Analysis of 2018 total by fund</i>	42,566	-	-	42,566	

In 2018 the investment income derived completely from unrestricted funds.

#### 6. Direct costs

	Total 2019 £	Total 2018 £
Staff training, welfare and other costs	1,013	3,220
Repairs and maintenance	28,823	36,068
Grounds maintenance	50,744	59,873
Rent and rates	644	16,819
Heat and light	7,531	11,293
Insurances	6,621	4,203
Cleaning and other property services	12,249	25,895
Security	12,471	11,440
Catering supplies and provisions	12,740	87,909
Printing, postage and stationery	258	1,058
Governance costs in relation to legal and professional fees	17,572	13,350
Advertising and marketing	432	428
Telephone and internet	1,484	323
Other fees and services	88,797	126,504
Equipment hire and maintenance	15,292	15,531
Bad debt write off	9,266	-
Wages and salaries	82,404	165,905
National insurance	5,495	9,799
Pension cost	20,410	34,687
Depreciation and amortisation	18,353	18,353
	392,599	642,658
<i>Total 2018</i>	642,658	

#### 7. Analysis of Expenditure by expenditure type

	Staff costs 2019 £	Depreciation 2019 £	Other costs 2019 £	Total 2019 £	Total 2018 £
Charitable activities	108,309	18,353	265,937	392,599	642,658
<i>Analysis of 2018 total</i>	210,391	18,353	413,914	642,658	

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## Cobtree Manor Estate

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### Notes to the Financial Statements For the Year Ended 31 March 2019

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#### 8. Net income/(expenditure)

This is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets: - owned by the charity	5,853	5,853
Amortisation of intangible fixed assets	12,500	12,500
Auditor's remuneration - audit	5,280	5,130
	<u>          </u>	<u>          </u>

During the year, no Trustees received any remuneration (2018 - £NIL).

During the year, no Trustees received any benefits in kind (2018 - £NIL).

During the year, no Trustees received any reimbursement of expenses (2018 - £NIL).

#### 9. Staff costs

Maidstone Borough Council employs various staff whose roles exist solely for the benefit of the Charity. These costs are recharged to the Charity, and to reflect the substance of the arrangement the costs are reflected in these accounts as staff costs.

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries (including agency staff)	82,404	165,905
Social security costs	5,495	9,799
Other pension costs	20,410	34,687
	<u>          </u>	<u>          </u>
	108,309	210,391
	<u>          </u>	<u>          </u>

The average number of MBC and temporary agency employees engaged on Cobtree Manor Estate business during the year was as follows:

	2019 No.	2018 No.
Park Ranger	1	1
Catering staff	-	15
Manager	1	1
	<u>          </u>	<u>          </u>
	2	17
	<u>          </u>	<u>          </u>

Average headcount expressed as a full time equivalent:

	2019 No.	2018 No.
Park Ranger	1	1
Catering staff	0	2
Manager	1	1
	<u>          </u>	<u>          </u>
	2	4
	<u>          </u>	<u>          </u>

No employee received total employee benefits amounting to more than £60,000 in either year.

The corporate trustee, Maidstone Borough Council, is considered to be the key management personnel of the charity. No employee benefits were paid to the trustee during the year (2018: £Nil).

## Cobtree Manor Estate

### Notes to the Financial Statements For the Year Ended 31 March 2019

#### 10. Intangible fixed assets

	Website development £
<b>Cost</b>	
At 1 April 2018 and 31 March 2019	50,000
<b>Amortisation</b>	
At 1 April 2018	37,500
Charge for the year	12,500
At 31 March 2019	50,000
<b>Carrying amount</b>	
At 31 March 2019	-
<i>At 31 March 2018</i>	<i>12,500</i>

#### 11. Tangible fixed assets

	Long-term leasehold property £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>			
At 1 April 2018	2,468,248	58,523	2,526,771
Additions	301,224	-	301,224
Revaluation surplus/(deficit)	25,000	-	25,000
At 31 March 2019	2,794,472	58,523	2,852,995
<b>Depreciation</b>			
At 1 April 2018	-	17,559	17,559
Charge for the year	-	5,853	5,853
At 31 March 2019	-	23,412	23,412
<b>Net book value</b>			
At 31 March 2019	2,794,472	35,111	2,829,583
<i>At 31 March 2018</i>	<i>2,468,248</i>	<i>40,964</i>	<i>2,509,212</i>

The estate is held under a 999 year lease which is due to expire in 2970. The long leasehold land and buildings are used solely for direct charitable purposes and form part of the permanent endowment of the Charity.

All properties are revalued by a professional firm of chartered surveyors periodically, using a 'market approach'. The golf course and the visitor centre are valued annually. The Kent Life Attraction is generally revalued every five years.

The most recent valuations included in the accounts are therefore set out below:-

Cobtree Manor Golf Course (including clubhouse, messroom/garage and visitor centre)	January 2019
Kent Life Attraction	January 2019

Notes to the Financial Statements  
For the Year Ended 31 March 2019

12. Investment property

	<b>Long term leasehold investment property £</b>
<b>Valuation</b>	
At 1 April 2018	825,000
Surplus/(deficit) on revaluation	805,000
At 31 March 2019	<u>1,630,000</u>
<b>Comprising</b>	
Cost	391,305
Annual revaluation surplus/(deficit):	
2014	243,695
2018	190,000
2019	805,000
At 31 March 2019	<u>1,630,000</u>

The investment properties are held to generate a rental income stream for the Charity.

In previous years all investment properties have been based on formal valuations undertaken by a professional firm of chartered surveyors, using an Existing Use Value (EUV) basis. Similar valuations were undertaken in January 2019.

Under FRS 102 fair value should not make any allowance for the assumption that a property can only be used for the foreseeable future only for its existing use. Fair Value is defined as the amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction. This year, where possible, the trustee has therefore valued the investment properties at an estimated market value using publicly available information.

One exception to this is the Tyland Farm property which is carried at £nil value on an EUV basis. This property is currently let, with a peppercorn rent, on a 125 year lease ending in 2117. No readily available market value was available for this property at 31 March 2019 and hence the EUV basis is deemed to be the most appropriate basis available without undue cost to the Charity.

13. Fixed asset investments

	<b>Listed securities £</b>
<b>Market value</b>	
At 1 April 2018	856,107
Revaluations	6,615
At 31 March 2019	<u>862,722</u>
<b>Historical cost</b>	<u>748,000</u>



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**Notes to the Financial Statements  
For the Year Ended 31 March 2019**

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**13. Fixed asset investments (continued)****Investments at market value comprise:**

	<b>2019</b>	<i>2018</i>
	<b>£</b>	<b>£</b>
Listed investments	862,722	856,107
	<u>          </u>	<u>          </u>

All the fixed asset investments are held in the UK

**Material investments**

The above listed investments are fully invested in the M&G Charifund, which qualifies as an alternative investment fund.

**Risk profile**

The fund invests mainly in the shares of UK listed dividend paying companies, and a portion of the fund is also invested in the shares of dividend paying companies listed overseas. It is, therefore, subject to the price volatility of the UK and overseas stockmarkets and the performance of individual companies. The fund may also be subject to fluctuations in currency exchange rates.

The fund's focus is on good quality companies with attractive dividend growth prospects. Dividend distributions from the fund's holdings however are not guaranteed and may vary. Diversification across industries and market capitalisation is key in managing liquidity risk and reducing market risk. The fund's risks are measured and managed by M&G as an integral part of the investment process.

**14. Debtors**

	<b>2019</b>	<i>2018</i>
	<b>£</b>	<b>£</b>
Amount owed by Maidstone Borough Council	36,509	-
Other debtors	2,627	26,477
	<u>          </u>	<u>          </u>
	39,136	26,477
	<u>          </u>	<u>          </u>

**15. Creditors: Amounts falling due within one year**

	<b>2019</b>	<i>2018</i>
	<b>£</b>	<b>£</b>
Amount owed to Maidstone Borough Council	69,646	188,293
Other creditors	4,775	5,122
	<u>          </u>	<u>          </u>
	74,421	193,415
	<u>          </u>	<u>          </u>

During the year a formal repayment agreement was established with Maidstone Borough Council for the charity to repay the money loaned by the the Council in respect of capital expenditure in respect of the improvement to Cobtree Manor Park car park.

Repayments will begin in 2019/20 once the work is complete, and interest is payable at a rate of 3% (Public Works Loan Board rate 2% plus 1%).

The total balance owed to the Council has therefore been split between amounts falling due within one year (as above) and after more than one year (see note 16).

**Notes to the Financial Statements  
For the Year Ended 31 March 2019**

**16. Creditors: Amounts falling due after more than one year**

	2019 £	2018 £
Amount owed to Maidstone Borough Council	231,578	-

See narrative at the end of note 15 explaining the balance owed to the Council.

**17. Financial instruments**

	2019 £	2018 £
Financial assets measured at fair value through income and expenditure	862,722	856,107
Financial assets measured at amortised cost	149,147	249,416
	<u>1,011,869</u>	<u>1,105,523</u>
Financial liabilities measured at cost less impairment	<u>301,224</u>	<u>188,293</u>

Financial assets measured at fair value through income and expenditure comprise listed investments.

Financial assets measured at amortised cost comprise cash and cash equivalents, amounts owed by Maidstone Borough Council and other debtors.

Financial liabilities measured at cost less impairment comprise concessionary loans issued by Maidstone Borough Council to the charity.

**18. Summary of funds**

**. Summary of funds - current year**

	Balance at 1 April 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2019 £
General funds	158,635	421,091	(351,073)	(49,170)	-	179,483
Endowment capital funds	4,100,185	-	-	49,170	836,615	4,985,970
Restricted funds	-	41,526	(41,526)	-	-	-
	<u>4,258,820</u>	<u>462,617</u>	<u>(392,599)</u>	<u>-</u>	<u>836,615</u>	<u>5,165,453</u>

**. Summary of funds - prior year**

	Balance at 1 April 2017 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 March 2018 £
General funds	213,460	552,170	(606,995)	-	158,635
Endowment capital funds	4,082,913	-	-	17,272	4,100,185
Restricted funds	-	35,663	(35,663)	-	-
	<u>4,296,373</u>	<u>587,833</u>	<u>(642,658)</u>	<u>17,272</u>	<u>4,258,820</u>

**Notes to the Financial Statements  
For the Year Ended 31 March 2019**

**18. Summary of funds (continued)**

**Unrestricted Funds.** These comprise funds that the trustees are free to use in accordance with the charitable objects.

**Restricted Income Funds.** The restricted fund relates to The Will Trust Fund, the income from which is used to maintain the rural park. The assets of this fund are held by Cobtree Charity Trust Limited, a separate entity.

**Permanent Endowment Capital Fund.** The permanent endowment capital fund comprises the long-term fixed assets of the charity, being the long-leasehold land and buildings, investment properties and the portfolio of listed investments as detailed in notes 11, 12 and 13.

**19. Analysis of net assets between funds**

**Analysis of net assets between funds - current year**

	<b>Unrestricted funds 2019 £</b>	<b>Restricted funds 2019 £</b>	<b>Endowment funds 2019 £</b>	<b>Total funds 2019 £</b>
Tangible fixed assets	35,111	301,224	2,493,248	2,829,583
Fixed asset investments	-	-	862,722	862,722
Investment property	-	-	1,630,000	1,630,000
Current assets	149,147	-	-	149,147
Creditors due within one year	(4,775)	(69,646)	-	(74,421)
Creditors due in more than one year	-	(231,578)	-	(231,578)
	<u>179,483</u>	<u>-</u>	<u>4,985,970</u>	<u>5,165,453</u>

The £69,646 and £231,578 creditor balances relate to balances owed to the corporate trustee, Maidstone Borough Council, in respect of funds provided during 2018-19 to fund new car park works that have been capitalised as tangible fixed asset additions. It is a requirement of the repayment agreement for these amounts to be treated as and disclosed as a restricted balances in the annual accounts.

**Analysis of net assets between funds - prior year**

	<b>Unrestricted funds 2018 £</b>	<b>Restricted funds 2018 £</b>	<b>Endowment funds 2018 £</b>	<b>Total funds 2018 £</b>
Intangible fixed assets	12,500	-	-	12,500
Tangible fixed assets	40,964	-	2,468,248	2,509,212
Fixed asset investments	-	-	856,107	856,107
Investment property	-	-	825,000	825,000
Current assets	249,416	-	-	249,416
Creditors due within one year	(144,245)	-	(49,170)	(193,415)
	<u>158,635</u>	<u>-</u>	<u>4,100,185</u>	<u>4,258,820</u>

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## Cobtree Manor Estate

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### Notes to the Financial Statements For the Year Ended 31 March 2019

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#### 20. Reconciliation of net movement in funds to net cash flow from operating activities

	2019 £	2018 £
Net income/(expenditure) for the year (as per Statement of Financial Activities)	76,633	(72,747)
<b>Adjustment for:</b>		
Depreciation and amortisation charges	18,353	18,353
(Losses)/gains on investments	(6,615)	17,922
Dividends, interest and rents from investments	(45,607)	(42,566)
Increase in debtors	(12,659)	(17,211)
(Decrease)/increase in creditors	(188,640)	96,249
<b>Net cash used in operating activities</b>	<b>(158,535)</b>	<b>-</b>

#### 21. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash in hand	110,011	222,939
<b>Total</b>	<b>110,011</b>	<b>222,939</b>

#### 22. Related party transactions

Maidstone Borough Council (MBC) is the Corporate Trustee of the Charity.

MBC owns part of the land upon which the golf course is built. The accounting arrangements between MBC and the charity are that MBC is responsible for all receipts and payments for both the golf course and the Manor Park. At the end of each financial year the income and expenditure relating to Cobtree Manor Estate is shown in the Charity's accounts.

For the golf course 7/9ths of the total revenue is transferred to the trust accounts, reflecting the split of land ownership. The remaining 2/9ths are shown in the accounts of the Council.

The Statement of Financial Activities includes income of £210,445 (2018: £157,159) in relation to operating the estate in accordance with this arrangement, as broken down below.

	2019 £	2018 £
Golf club revenue	120,167	92,605
Will trust income	41,526	35,663
Rental income	48,752	28,891
	<b>210,445</b>	<b>157,159</b>

Expenditure reflected through the Statement of Financial Activities includes operating costs in relation to income streams above.

As disclosed in note 8, MBC employs staff whose roles exist solely for the benefit of the Charity, and hence the cost of their employment is shown within staff costs. In total, staff costs include £108,310 (2018: £174,186) of recharged employment costs.

During the year MBC provided various other services to the Charity, which have been included within 'other fees and services' in charitable expenses. During the year total recharges of £90,919 (2018: £131,675) were made for these services.

At 31 March 2019 the Charity owed £264,716 (2018: £188,293) to Maidstone Borough Council.

#### 23. Controlling party

The Charity is under the control of the Corporate Trustee, Maidstone Borough Council.

**24. Taxation**

Cobtree Manor Estate is a registered charity and is therefore potentially exempt from taxation on its income and gains as the charity falls within the definition of a charitable trust as defined in Part 1, Schedule 6 of the Finance Act 2010. No tax charge has arisen during the year.

UHY Hacker Young,  
Thames House,  
Roman Square,  
Sittingbourne,  
Kent. ME10 4BJ

Dear Sirs,

This representation letter is provided in connection with your audit of the financial statements of Cobtree Manor Estate for the year ended 31 March 2019. We note that your audit was performed for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the result and financial position of Cobtree Manor Estate in accordance with the UK Generally Accepted Accounting Practice financial reporting framework.

We confirm to the best of our knowledge and belief, the following representations made to you in connection with your audit of this entity's financial statements:-

**1. General**

We acknowledge as trustees our responsibility under the Charities Act 2011 for preparing financial statements, which give a true and fair view of the financial position of Cobtree Manor Estate as of 31 March 2019, and of the result of its operations for the year then ended, and for making accurate representations to you. The financial statements are free of material misstatements, including omissions. We confirm that we have held prior discussion with you to ensure that there is complete agreement on the meaning of all confirmations that we are making to you.

We have made available to you all the accounting records necessary for your audit, including books of account, supporting documentation and all minutes of meetings of shareholders and the board of trustees. All the entity's transactions have been reflected in the accounting records produced to you. We have not withheld any information, the knowledge of which could cause you to take a materially different view in your report.

All relevant access to persons within the charity has been made available to you for the purpose of your audit.

We acknowledge our responsibility for the design and implementation of internal control procedures to prevent and detect fraud and error, and have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

We are not aware of any irregularities involving either management, employees with a significant role in internal control, former employees, analysts, regulators or anyone else where those irregularities could have a material effect on the financial statements.

**2. Non-audit services**

We understand that, under the Financial Reporting Council Ethical Standards, the provision of audit and non-audit services to us by yourselves gives rise to a potential threat to independence. This includes the preparation of the statutory financial statements and corporation tax computations. We confirm that you have explained to us the threats and the safeguards that you have put in place to address the potential self-review threat.

We confirm that we have discussed the draft accounts and final journals and agree to inclusion of the (attached) journals in the final accounts (see Appendix I).

We have also reviewed the unadjusted audit differences listed in Appendix II and confirm that we have not made adjustments for these since we believe that the effects of the uncorrected misstatements, both individually and in aggregate, are immaterial to the financial statements taken as a whole.

**3. Commitments, contingencies and liabilities**

We have recorded or disclosed, as appropriate, all liabilities, both actual and contingent, and have disclosed in the financial statements all guarantees that we have given to third parties. We do not know of any substantial liabilities, contingent liabilities of capital commitments, of a material amount, other than those disclosed in the financial statements.

**4. Litigation**

There is no litigation in progress or pending (other than to recover debts).

**5. Transactions and arrangements with officers and related parties**

We confirm that we are aware that a related party of the charity is a person or organisation which either (directly or indirectly) controls, has joint control of, or significantly influences the charity or vice versa and as a result will include: trustees/directors, other key management, close family and other business interests of the previous.

We confirm that all related party relationships and transactions have been accounted for and disclosed in accordance with the applicable financial reporting framework.

**6. Post Balance Sheet Events**

No other events or transactions have occurred, or are pending, which could either have a material effect on the financial statements or which are of such significance in relation to the entity's affairs that they should either require adjustment or be disclosed in the financial statements, or notes thereto, in order to avoid giving a misleading view of the entity's financial position.

## 7. Laws and Regulations

We are not aware of any events which involve possible or actual instances of non-compliance with those laws and regulations which provide a legal framework within which the entity conducts its business. The entity has complied with all aspects of contractual agreements and the requirements of regulatory authorities that, in either case, could, in the event of non-compliance, have a material effect on the financial statements.

## 8. Future Plans

We have no plans or intentions that may materially alter the carrying value and where relevant the fair value measurements or classification of assets and liabilities reflected in the financial statements.

## 9. Accounting estimates

Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

## 10. Fixed assets

We confirm that the following land and buildings shown in the accounts are owned by the charity and that we believe the carrying valuations are appropriate:

<b>Long-term leasehold properties:</b>	<b>£</b>	<b>Comments</b>
Cobtree Manor Golf Course	777,777	(being 7/9 <sup>th</sup> of the £1m valuation by Harrisons in April '19)
Cobtree Play Area	765,471	
Cobtree Café/Visitor Centre	250,000	(based on Harrisons valuation in April '19)
Kent Life Attraction	700,000	(based on Harrisons valuation April '19)
Cobtree Manor Park Car Park	301,224	
	<b>2,794,472</b>	

<b>Investment properties:</b>	<b>£</b>	<b>Comments</b>
Garden Cottage	350,000	Based on estimated market value
2 Stream Cottages	310,000	
3 Stream Cottages	310,000	
4 Stream Cottages	310,000	
Gate Lodge	350,000	
Tyland Farm	-	Based on an Existing Use Value basis and the 125 year lease with a peppercorn rent
	<b>1,630,000</b>	



# 11. **Going Concern**

We confirm that having considered our expectations, intentions and projections for the twelve months following the date of this letter, and the availability of unrestricted reserves, we are not aware of any matters that would suggest that the charity will not continue as a going concern.

In particular we confirm that whilst the year-end loan balance owing to Maidstone Borough Council is £301,224, it is our understanding that there will be no call on this loan within the twelve months from the date of this letter.

We confirm to the best of our knowledge and belief that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully,

.....  
Name and Signature

On behalf of the Cobtree Manor Estate Committee

Date:

## APPENDIX I – AGREED ADJUSTMENTS INCLUDED IN THE FINANCIAL STATEMENTS

The following adjustments were discussed and agreed with you, and the impact on net income is shown below:

	Effect on 2019 net income £
Revaluation included incorrectly (already reflected in 2018)	154,806
Investment property revaluation	35,000
Reversal of system error	7,057
	<hr/>
	196,863
	<hr/>
<b>Reconciliation between draft accounts presented for audit and final accounts</b>	
Net loss per original accounts	(62,240)
UHY adjustments above	196,863
	<hr/>
<b>Net movement in funds per Statement of Financial Activities</b>	<b>134,623</b>
	<hr/>

## APPENDIX II – UNADJUSTED AUDIT DIFFERENCES NOT INCLUDED IN THE FINANCIAL STATEMENTS

### Unadjusted audit differences

Increase in audit accrual	(505)
Capitalisation of CCTV equipment	9,800
<b>Impact of unadjusted audit differences</b>	<b><u>9,295</u></b>

# Audit findings report

for the year ended 31 March 2019 for

## Cobtree Manor Estate

74

Prepared by: Allan Hickie, Audit Partner

Date of issue: 7 January 2020



# 1. Introduction

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# 1. Introduction

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This report has been prepared for Maidstone Borough Council, which acts as the corporate trustee of Cobtree Manor Estate (“Cobtree”), to bring attention to those charged with governance various matters arising from the audit of the charity for the year ended 31 March 2019.

Our audit procedures, which have been designed to enable us to express an opinion on the financial statements, have included an examination of the transactions and controls thereon of the charity.

The work we have done was not primarily directed towards identifying weaknesses in the charity’s accounting systems, other than those that would affect our audit opinion, nor to the detection of fraud. We have, however, designed our audit procedures in such a way that we felt would increase our chance of detecting any fraud.

We have included in this report only those matters that have come to our attention as a result of our normal audit procedures and, consequently, our comments should not be regarded as a comprehensive record of all weaknesses that may exist or improvements that could be made.

This report is to be regarded as confidential to the corporate trustee and is intended only for use by them, and their finance staff. No responsibility is accepted to any other person in respect of the whole or part of its contents. Before this report, or any part of it, is disclosed to a third party our written consent must be obtained.

The report is designed to include useful recommendations that may help improve performance and avoid weaknesses that could result in material loss to the charity or misstatement of the financial statements and other financial data.

## Roles and Responsibilities

The corporate trustee is responsible for the preparation of the financial statements and for making available to us all of the information and explanations we consider necessary. Therefore, it is essential that the corporate trustee confirms that our understanding of all of the matters referred to in this report are appropriate, having regard to their knowledge of the particular circumstances.

## 2. Overview

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### Audit Status and overall opinion

We set out below the current status of the audit and our timetable to completion.

We have substantially completed our work, and intend to issue an unmodified audit opinion, subject to the corporate trustee approving the financial statements and any other minor outstanding items listed below being received and/or completed.

The follow matters are outstanding at the date of this report:

- Final review and approval by you of the final financial statements;
- Agreement of the final financial statements, including the Trustees' Annual Report, to the latest draft;
- Post balance sheet events review to the date of signing the financial statements, including review of latest minutes and management accounts;
- Receipt of signed letter of audit representations.



## 2. Overview

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### Independence and ethical standards

We have not identified any potential threats to our independence as auditors. Please see Section 3 for further details.

### Audit scope and objectives

We set out the scope and objectives of our audit. See Section 4.

### Overall audit strategy

We set out our overall audit approach. See Section 5.

### Key audit and accounting issues

We have obtained sufficient, appropriate audit evidence for the significant issues and risks identified during our audit.

During our audit we found no instances of fraud.

### Recommendations

We are required to report to you on the significant deficiencies we found in internal controls during the course of our audit, along with any other deficiencies identified.





## 2. Overview

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### Misstatements and adjustments to the accounts

It is considered good practice to inform you of any material misstatements within the financial statements presented for audit that have been discovered during the audit. A material misstatement is one where the auditors believe that the misstatement is such as to affect the reader's understanding of the accounts. Materiality is considered in relation to the value of the misstatement and also its context and nature.

The adjustments agreed with you during the course of our audit are shown in Appendix I.

It is generally not practicable to make accounts completely accurate because judgements need to be made and it is difficult to obtain 100% of information about all transactions. Our role is to ensure that deviations from complete accuracy are not material to the reader of the accounts. Any unadjusted audit differences are included in Appendix II.

### Going concern

The corporate trustee needs to give consideration to the level of reserves maintained, and consider going concern for the period up to at least 31 January 2020, being an estimate of 12 months from the anticipated date of approval of the accounts, and ensure they agree with the assessment. The corporate trustee has confirmed that the financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the charity's needs. Our review supports the going concern status of the charity.

### Thanks

We would like to take this opportunity to thank Maidstone Borough Council for the assistance afforded to us during the course of the audit.



### 3. Independence

Under current UK Ethical Standards we are required as auditors to confirm our independence to “those charged with governance” i.e. the corporate trustee.

Our internal procedures are designed to ensure that all partners and professional staff are aware of relationships that may be considered to bear on our objectivity and independence as auditors.

The procedures require that audit engagement partners are made aware of any matters which may reasonably be thought to bear on the firm’s independence and the objectivity of the audit engagement partner and the audit staff. This document considers such matters in the context of our audit for the year ended 31 March 2019.

In addition to performing the statutory audit, we also provide the following non-audit services:

Service	Possible threat	Safeguards
Preparation of the statutory financial statements from your underlying records and trial balance	Self-review	<p>The process is largely a mechanical one, taking your financial results and putting them into statutory accounts which comply with the relevant legislation and financial reporting standards.</p> <p>All adjustments identified will be discussed with finance staff at Maidstone Borough Council (the corporate trustee), who are qualified accountants, and will be agree with them.</p>



## 4. Audit scope and objectives

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Our statutory audit of the financial statements is carried out in accordance with International Standards on Auditing (UK) of the statutory financial statements, with the aim of forming an opinion whether:

The financial statements give a true and fair view of the state of the charity's affairs as at 31 March 2019 and of the result for the year then ended.

The financial statements have been properly prepared in accordance with UK GAAP.

The financial statements have been prepared in accordance with the requirements of the Charity SORP.

The information given in the Trustees' Report for the financial year is consistent with the financial statements.

The charity has kept adequate accounting records.

The financial statements are in agreement with the accounting records and returns.

Other information contained in the annual report is not consistent with the audited financial statements.

Certain disclosures of trustees' remuneration specified by law are not made.

We have not received all the information and explanations we require for our audit.



## 5. Overall audit strategy

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### Risk-based audit

We performed a risk-based audit, focussing our work on key audit areas. We began by developing an understanding of the charity's activities and the specific risks it faces. We held an initial planning meeting with key management and finance staff to ascertain management's own view of potential audit risk, and to gain an understanding of the activities. We have also developed an in depth understanding of the accounting systems and controls so that we may ensure their adequacy as a basis for the preparation of the financial statements, and that proper accounting records have been maintained.

Our audit procedures were carried out, and then we ensured the presentation and disclosure in the accounts meet all the necessary requirements.

### Significant risks

As part of our audit procedures we are required to consider the significant risks that require special audit attention.

Auditing Standards require us to consider:

- Whether there is a risk of fraud;
- Whether the risk is related to recent significant economic, accounting or other developments and, therefore, requires specific attention;
- The complexity of transactions;
- Whether the risk involves significant transactions with related parties;
- The degree of subjectivity in the measurement of financial information related to the risk, especially those measurements involving a wide range of measurement uncertainty; and
- Whether the risk involves significant transactions that are outside the normal course of business for the entity, or that otherwise appear to be unusual.



## 5. Overall audit strategy

The identified significant audit risks were communicated to you in our audit planning report issued before our main fieldwork began. We now note the work performed and conclusions drawn on the following pages:

Significant risk	Explanation of the risk	Audit work performed	Conclusion
<b>Revenue recognition</b> (mandatory risk) 83	<p>The auditor's responsibility is to conduct the audit on the basis that there is an assumption that revenue recognition is a fraud risk.</p> <p>Work is therefore required to ensure that all income is recognised appropriately and in line with the charity's accounting policies and the charity SORP.</p> <p>We are also required to confirm that income has been correctly classified between restricted and unrestricted funds.</p>	<p>Obtain an understanding of all sources of income, and any contracts or terms &amp; conditions attached.</p> <p>Sample testing income, verifying to supporting documentation to ensure income has been recognised in the correct period.</p> <p>Cut off testing around the period-end to ensure all income is included in the relevant period.</p> <p>Review to ensure that income has been correctly classified between restricted and unrestricted funds, reviewing any terms and conditions etc.</p> <p>Analytical review.</p>	<p>Nothing has come to our attention to suggest there is any fraud risk associated with revenue recognition, however we have made some general comments and recommendations relating to income from the café and car park meters in section 7 of this report.</p>



## 5. Overall audit strategy

Significant risk	Explanation of the risk	Audit work performed	Conclusion
<b>Management override</b>  (mandatory risk)          84	<p>The corporate trustee and other management have the primary responsibility for the detection of fraud, as an extension of their role in preventing fraudulent activity. The Corporate trustee should ensure a sound system of internal controls is in operation to support these, and other, objectives.</p> <p>Auditing Standards presume a significant risk of management override of the system of internal controls, because management can often find themselves in a unique position where they could potentially override routine day to day financial controls.</p> <p>Our audit is designed to provide reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error.</p> <p>We are not responsible for preventing fraud or corruption, although our audit may serve to act as a deterrent.</p>	<p>Management often find themselves in a unique position where potentially could override routine day to day financial controls.</p> <p>Our audit considers this risk and we adapt our procedures accordingly.</p> <p>During our audit we considered the possibility of manipulation of financial results, for example through the use of journals or management estimates, such as provisions and accruals.</p>	<p>Our audit procedures have not identified any instances of management override.</p>





## 5. Overall audit strategy

Significant risk	Explanation of the risk	Audit work performed	Conclusion
<b>Non-depreciation of freehold buildings</b>  85	<p>Where the accounting policy is not to depreciate it is necessary to complete an annual impairment review to consider the carrying value of the buildings.</p> <p>Due to the absence of depreciation there is a risk that the carrying value of the property is overstated.</p> <p>If this were to be the case funds will also be overstated.</p>	<p>Review and analysis of any impairment review undertaken.</p>	<p>An impairment review was carried out by the valuers on behalf of the charity.</p> <p>From our own impairment review carried out, the non-depreciation of freehold buildings appears appropriate.</p>



## 6. Status of audit issues raised in prior years



This section updates you on the status of the issues your previous auditors brought to your attention last year, and confirms whether any further action is required.

	Brought forward issue / observation	Risk rating prior year	Previous solution suggested	Follow up comments, including whether further action required	New risk / priority rating
1.	<p><b>General charity records.</b>  <b>This issue was first raised in the 2014/15 audit as a Red/High Priority Point</b></p> <p>In 2014/15 we commented on the significant difficulty we had during the audit trying to agree the amounts included in the accounts and as a result had to spend a considerable amount of time reworking the 2015 accounts to a position where we were comfortable with the figures.</p> <p>We advised that the lack of a clear audit trail was mainly down to the fact that the charity's records are so intrinsically linked to MBC records, and because the accounts are effectively created from the council ledger and spreadsheets.</p> <p>This issue was downgraded to Medium in 2015/16 and has remained at this level since then because although the records have not yet been separated out, the records supporting the balance owing to MBC have been much clearer.</p>	 Med	<p>Since 2014/15 we have recommended that MBC set up the charity's own accounting records, either using spreadsheets or, perhaps more ideally, using accounting software.</p> <p>This would enable MBC to record the double entry of all transactions which relate to the charity, even if the transaction goes through the MBC bank account.</p> <p>To do this a MBC loan/intercompany account would need to be set up in the charity's records and every time a CME transaction goes through the MBC bank account then an entry can be made to the loan account, with a corresponding debit to expenditure or credit to income.</p> <p>If something similar is set up in MBC then, as a double check, the two loan accounts should always agree.</p>	<p>The records have still not been set up separately for the charity.</p> <p>MBC are working towards separate accounting records and assessing appropriate accounting software. Cost considerations are also part of this process.</p> <p>The accounts preparation process was improved this year and the accounting records supported the figures. We do, however, continue to recommend that completely separate records are established for the charity.</p> <p>Paul Holland informed us that a decision has been made to use Sage from July 2019. Therefore, the risk rating has been changed to low and if this is implemented in 2019/20, this point will be resolved.</p>	 Low








## 6. Status of audit issues raised in prior years

	Brought forward issue / observation	Risk rating prior year	Previous solution suggested	Follow up comments, including whether further action required	New risk / priority rating
2.	<p><b>Potential tax on commercial trading</b>  <b>Issue first raised in the 2015/16 audit</b></p> <p>We commented on the significant income first generated during the 2015/16 year from two new income streams (the café and car parking) which could be seen to be commercial trading.</p> <p>We commented that information made available suggested that the café function has operated at a loss for the period from opening in August 2015 to 31 March 2016.</p> <p>With few costs associated with the car park the profit from the car park is likely to be close to the income figure of £26k.</p> <p>Income from both sources was expected to be substantially higher for the first full year of operation through to 31 March 2017, and so we highlighted the risk that the charity could find itself with a tax liability for 2016/17 (noting that any losses for 2015/16 should be available to offset against some of these profits).</p>	 Low	<p>We had previously pointed out this potential tax issue (in an email from Brian Carey on 12 February 2017).</p> <p>We commented that whilst HMRC had never asked for a tax return to be completed, probably on the basis that the income from the golf course – historically the main source of income – was being applied for charitable purposes, the changes in the type and scale of income received by the trust going forward means this may need to be raised with HMRC.</p> <p>We recommended that the tax position of the charity is given some immediate thought.</p>	<p><b>Follow up comment from 2018 audit:</b>  Both café and car park income remained at similar levels for 2017/18, with both operating at a deficit. Based on this any tax implications seem unlikely, and we note that the café has now been transferred to an external contractor (on 17 April 2019).</p> <p><b>Follow up comment for 2019 audit:</b>  The café was transferred to an external provider in 2019 and therefore this is no longer an issue.</p> <p>Car park income has increased to £96k from £89k last year due to increased visitor numbers.</p> <p>The relevant expenditure needs to be monitored to ensure a large surplus is not being made on the activity, in case of any tax implications.</p>	




## 6. Status of audit issues raised in prior years

	Brought forward issue / observation	Risk rating prior year	Previous solution suggested	Follow up comments, including whether further action required	New risk / priority rating
3.	<p><b>Fixed assets.</b>  <b>Issue first raised in the 2014/15 audit</b></p> <p>It was noted during our fixed assets testing that an impairment review had not been carried out. Where the accounting policy is not to depreciate it is necessary to complete an annual impairment review to consider the carrying value of the buildings.</p>	 Low	<p>In order to ensure that the carrying value of the property is not overstated, it is important that the charity carries out an annual impairment review.</p> <p>This should be done in advance of the audit fieldwork.</p>	<p>An impairment review was undertaken by the valuers on behalf of the charity</p> <p>There were no downwards revaluations in the year and no impairment indicators.</p>	<b>Resolved</b>
4.	<p><b>Accounting records</b></p> <p>The till receipts and other accounting records supporting the café income for the year were not made available to us until nearly 3m after our main fieldwork visit.</p>	 Low	<p>The café records themselves will not be an issue now that the café operation has been transferred out of the charity, but in general please ensure that all accounting records are available at the time of the fieldwork visit.</p>	<p>Most of the information requested during the audit was made available to us in a timely manner.</p> <p>However, some items were not received until three months after the audit.</p>	



## 6. Status of audit issues raised in prior years

	Brought forward issue / observation	Risk rating prior year	Previous solution suggested	Follow up comments, including whether further action required	New risk / priority rating
5.	<p><b>Café sales and VAT</b></p> <p>The café till rolls include a mix of standard and zero rated supplies.</p> <p>On the accounts system all café income has been posted net of 20% VAT which does not take into accounts some of the sales being zero rated per the till rolls.</p> <p>∞ The majority of sales per the till receipts reviewed have been processed as zero rated supplies, which suggests that sales may be understated. Based on the sample reviewed we estimated that sales be understated by c. £36k.</p> <p>On discussing this with you further we understand that a decision had been made from the outset to record all café sales as standard rated supplies because it would be difficult to police whether customers were actually taking the cold food sales away from the premises to consume, a pre-requisite for zero rating. However for some reason the till entries did not follow the expected treatment, and included a mix of standard and zero rated sales.</p>	 <p>Low</p>	<p>The issue here therefore seems to be the till set up. VAT has potentially been declared unnecessarily on some sales, but you were aware of this and had agreed to proceed on this basis due to the practicalities of policing where the consumption of cold food sales occurs.</p> <p>This has been listed as a Low priority point merely because with the café transferring to an external operator shortly after the year end there are only a couple of weeks in the 2019/19 any issue here is academic as of the date of this report.</p> <p>Therefore if you remain content with the way all sales have been treated as standard rated there is no further recommendation or necessary action.</p>	<p>As the café has been transferred to an external provider and the trustees are content with the sales being treated as standard rated, this point has been resolved.</p>	<p><b>Resolved</b></p>



## 7. Recommendations for the current year

### Significant deficiencies in internal control

We are required to report to you, in writing, significant deficiencies in internal control that we have identified during the audit. These matters are limited to those which we have concluded are of sufficient importance to merit being reported to you. As the purpose of the audit is for us to express an opinion on the charity's financial statements, you will appreciate that our audit cannot necessarily be expected to disclose all matters that may be of interest to you and, as a result, the matters reported may not be the only ones which exist. As part of our work, we considered internal control relevant to the preparation of the financial statements such that we were able to design appropriate audit procedures. This work was not for the purpose of expressing an opinion on the effectiveness of internal control.

**We confirm that we have not identified any significant deficiencies in internal control during the 2019 audit.**

We are also required to communicate other significant audit findings such:

- where we consider a significant accounting practice, that is acceptable under the applicable financial reporting framework, not to be most appropriate in the particular circumstances of the entity;
- significant difficulties, if any, encountered during the audit; or
- other matters, if any, arising from the audit that, in our professional judgement, are significant to the oversight of the financial reporting process are communicated to those charged with governance.

**We have nothing to bring to your attention in respect of the three bullet points above.**



## 7. Recommendations for the current year

### Other deficiencies in internal control

We also bring to your attention other deficiencies that came to our attention during our work, again along with our recommendations, and your own response:



High

**High risk/priority.** Potential for significant impact on operational performance, a major failure of your internal control processes and/ or imminent risk to charitable funds. Action needs to be taken to ensure this risk is managed.



Med

**Medium risk/priority.** Less significant failure of internal control processes or the other bullet points listed under High Risk, but where the finding would have only a moderate impact.



Low

**Low risk/priority.** Low level concern. Minor issues relating to immaterial items or more isolated failures where little on-going risk arises.



**Advisory only.** This point has been raised merely to bring something to your attention, for example to highlight areas of inefficiencies or good practice, or forthcoming changes in legislation.

	Priority	Area	Observation	Recommendations
91	 Med	Basis of investment property valuations	<p>It has come to our attention this year that the valuations of the investment properties conducted by Harrison's are valued on the Existing Use Value (EUV) basis used by Maidstone Borough Council.</p> <p>The EUV is acceptable under the IFRS accounting standard to which MBC prepares its financial statements, however the charity prepared accounts under FRS 102 and this standard requires investment properties to be valued at fair value. Fair value does not reflect or allow the assumption within the EUV approach that the properties can be used for the foreseeable future only for their existing use.</p> <p>The EUV valuations, based on the market rent yield, are therefore considerably below the market value sales prices that would be a good basis for fair value.</p> <p>The investment properties have therefore been uplifted in value at 31 March 2019 and an explanation of the approach has been included in the accounts.</p> <p>The Tyland Barn (Farm) property continues to be carried at £nil based on an EUV approach since no other information is available, and this is disclosed in note 12 of the financial statements.</p>	Harrison's should be asked to value the investment properties at a fair value basis ahead of the 31 March 2020 year end.



## Appendix I - Agreed accounting adjustments

The following adjustments have been made to the financial statements, with your management's agreement:

	Effect on 2019 net income £
Revaluation included incorrectly (already reflected in 2018)	154,806
Investment property revaluation	805,000
Reversal of system error re repairs and maintenance invoice	7,057
Adjustment to Will Trust income	11,276
Write off MyTime debtor	(9,266)
	<u>968,873</u>
<b>Reconciliation between draft accounts presented for audit and final accounts</b>	
Net deficit/reduction in funds per original accounts	(62,240)
UHY adjustments above	968,873
	<u>906,633</u>
<b>Net movement in funds per Statement of Financial Activities</b>	



# Appendix II – Unadjusted audit differences

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We are required to bring to your attention any unadjusted audit differences:

**Unadjusted audit differences**

Increase in audit accrual	(505)
Capitalisation of CCTV equipment	9,800
<b>Impact of unadjusted audit differences</b>	<b>9,295</b>



# Agenda Item 16

## Cobtree Manor Estate Committee

20 January 2020

### Appointment of External Auditors

<b>Final Decision-Maker</b>	Cobtree Manor Estate Committee
<b>Lead Head of Service</b>	Head of Regeneration & Economic Development – John Foster
<b>Lead Officer and Report Author</b>	Paul Holland, Senior Finance Manager (Client)
<b>Classification</b>	Public
<b>Wards affected</b>	Boxley

#### Executive Summary

The appointment of the current auditors to the Trust (UHY Hacker Young) has now expired and following the last meeting this report addresses the points that were raised and makes recommendations regarding future audit services.

#### Purpose of Report

To appoint external auditors for the Trust.

#### This report makes the following recommendations to this Committee:

1. That UHY Hacker Young are appointed external auditors to the Charity for the financial year 2019/20.
2. That quotes are sought for the provision of external audit services for a period of two years from 2020/21.

#### Timetable

<b>Meeting</b>	<b>Date</b>
Cobtree Manor Estate Committee	20 January 2020



## Cobtree Manor Estate Financial Position

### 1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<b>Impact on Corporate Priorities</b>	The operation of the Estate directly supports the objects of the Trust as set out when the Council became the Corporate Trustee	Head of Regeneration & Economic Development
<b>Cross Cutting Objectives</b>	The operation of the Estate supports the Council's strategic objective to ensure there are good leisure and cultural attractions in the Borough.	Head of Regeneration & Economic Development
<b>Risk Management</b>	There is a potential reputational risk if the annual accounts are not prepared correctly and in accordance with recommended best practice.	Leisure Manager
<b>Financial</b>	There is a financial risk to the Trust if the operations cost more than predicted or fail to generate sufficient income to cover the costs of running them estate.	Senior Finance Manager (Client)
<b>Staffing</b>	There are no additional implications arising from this report.	Leisure Manager
<b>Legal</b>	Under the Council's Constitution the Committee as Corporate Trustee is responsible for all matters relating to the Charity with the exception of daily management. Law applicable to charities in England and Wales requires the trustee to prepare financial statements for each financial year which give a true and fair view of the Charity's financial activities during the year and of its financial position at the end of the year. There is no statutory requirement for an external audit, but the Charity has previously decided that external auditing should be undertaken. There are no further implications arising from this report.	Team Leader (Corporate Governance), Mid Kent Legal Services
<b>Privacy and Data Protection</b>	There are no specific privacy or data protection issues to address.	Team Leader (Corporate Governance), Mid Kent Legal Services

<b>Equalities</b>	There are no implications arising from this report.	Equalities and Corporate Policy Officer
<b>Public Health</b>	There are no additional implications arising from this report.	Public Health Officer
<b>Crime and Disorder</b>	There are no additional implications arising from this report.	Head of Regeneration & Economic Development
<b>Procurement</b>	There are no additional implications arising from this report.	Head of Regeneration & Economic Development

## 2. INTRODUCTION AND BACKGROUND

- 1.1 External audit services are currently provided by a local company, UHY Hacker Young (UHY), who were previously appointed for a 2 year term covering the financial years 2017/18 and 2018/19.
- 1.2 At the last meeting of the Trust the decision to reappoint UHY was deferred as the Committee raised a number of questions that are dealt with below.

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## 3. BREAKDOWN OF CURRENT FEE

- 3.1 As previously advised UHY quoted fees of £5,410 plus VAT for 2019/20 and £5,545 plus VAT for 2020/21. The Committee requested a breakdown of the fee and UHY have supplied the following information. They have stressed that these splits are indicative but are a reasonable approximation of the estimated costs for the various phases of the audit.

	<b>£</b>	
Accounts preparation	1,350	Preparing the accounts document
Audit planning	1,200	Pre-audit preparation
On site fieldwork	1,650	Based on 5 "man days" on site (2 staff)
Manager completion	1,000	Approx. 10 hours for detailed review and discuss/resolve queries
Partner completion	1,000	Final review of the accounts
<b>Total Costs</b>	<b>6,200</b>	

- 3.2 The total costs shown are more than the fee quoted and UHY have advised that they do not generally recharge the full cost of the audit to the Trust.
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#### **4. PROCUREMENT REQUIREMENTS**

- 4.1 Procurement regulations require three written quotes in advances where the cost of the service is greater than £10,000. In this instance as the total of the fees cumulatively is £10,955 then quotes should be sought. However, having discussed this with the Procurement Manager he has spoken to the Director of Finance & Business Improvement who has indicated he would be prepared to sign a contract waiver form as the total sum is not significantly in excess of £10,000. This would enable UHY to be reappointed for a further period should the Committee be minded to do so.
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#### **5. INDEPENDENT EXAMINATION**

- 5.1 Under the current statutory audit thresholds for charities where there is no requirement for an external audit, an independent examination would suffice. This is a simpler form of scrutiny than an audit but it would still provide an assurance that the accounts have been the subject of an independent review. However the Charity has previously taken the decision that it would like an external audit to be undertaken.
- 5.2 The Charity Commission guidance indicates that the following thresholds are applicable to determine whether an audit is required. The trustees will usually be able to choose an independent examination instead of an audit if the charity's gross income is:
- more than £25,000, but not more than £1 million, provided that
  - if its gross income is more than £250,000, its gross assets (fixed assets plus current assets) are £3.26 million or less
- 5.3 As the Charity had gross income of £0.462 million and gross assets of £5.47 million on the 2018/19 Balance Sheet then the thresholds for independent examination has been exceeded and an audit is required.
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#### **6. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS**

- 1.3 It is recommended that UHY Hacker Young are appointed as external auditors to the Charity for 2019/20, as there would not be sufficient time to make alternative arrangements for the current year, and the Director of Finance & Business Improvement is prepared to sign a contract waiver form.
- 1.4 That quotes are subsequently sought in line with Maidstone BC procurement rules for the provision of external audit services for 2020/21 and 2021/22.
-

**7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION**

- 1.5 If the recommendation is agreed UHY Hacker Young will be formally requested to provide external audit services for 2019/20, and the process of seeking quotes for future audit services will begin.
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**8. REPORT APPENDICES**

- None.
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**9. BACKGROUND PAPERS**

None.