

Cobtree Manor Estate Financial Position

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

Executive Summary

The report summarises the current financial position of the Estate as at 31 May 2019 covering the activities at the golf course, Kent Life, the Manor Park and the Café/Visitor Centre. It also includes updates on the Service Level Agreement, the car park loan agreement and the new financial management system.

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 progress to date with the Service Level Agreement is noted.
3. That the proposed repayment term for the car park works loan is agreed.
4. That the progress to date with the new financial management system is noted.

Timetable

Meeting	Date
Cobtree Manor Estate Charity Committee	11 July 2019

Cobtree Manor Estate Financial Position

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	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
Cross Cutting Objectives	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
Risk Management	There is a potential reputational risk if the facilities are operated poorly. This is addressed in the annual risk management report.	Leisure Manager
Financial	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 the estate.	Senior Finance Manager (Client)
Staffing	There are no additional implications arising from this report.	Leisure Manager
Legal	<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
Privacy and Data Protection	There are no specific privacy or data protection issues to address.	Team Leader (Corporate Governance), Mid Kent Legal Services
Equalities	No impact identified as a result of the recommendations set out in this report.	Equalities and

		Corporate Policy Officer
Public Health	There are no additional implications arising from this report.	Senior Public Health Officer
Crime and Disorder	There are no additional implications arising from this report.	Head of Regeneration & Economic Development
Procurement	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 31st May 2019. **Appendix 1** provides a more detailed breakdown of the figures.

3.1.1 Overall Summary Position:

SUMMARY TOTALS

	A	B	C	(B-C)	
	Budget for Year 2019/20	Budget to end of May 2019	Actuals to end of May 2019	Variance as at end of May 2019	Provisional Outturn 2018/19
Golf Course	-£101,370	-£34,192	-£34,604	£321	-£103,437
Manor Park	£108,590	£24,765	£19,573	£5,192	£99,656
Kent Life	-£33,860	£6,218	£2,835	£3,383	-£38,476
Café/Visitor Centre	-£29,280	-£6,547	-£8,054	£1,507	£6,661
Totals	-£55,920	-£9,755	-£20,250	£10,403	-£35,596

The table above shows a positive variance of £10,403 for the Committee at the end of May. 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 quarter for 2019/20, and this has been paid.
- 3.1.3 **Cobtree Manor Park** –Car park income continues to be high. The variance in employee costs is due to the new Apprentice post still being vacant. There is a small overspend in controlled running costs where the new arrangements for locking the gates are not yet fully in place, so the services of the security firm are still being used. This is due to the new team not being in place to cover all the hours. The contract with the security firm has been cancelled and will end in September.
- 3.1.4 **Kent Life** - There are no issues to report at this stage.
- 3.1.5 **Café/Visitor Centre** – Responsibility for running the facility passed to DAGT in April 2018, and as has previously been reported to the Committee there have been on-going discussions with them regarding invoices sent for staffing costs. Whilst there has been some progress on this matter there are still a number of outstanding invoices, and the Leisure Manager will provide a verbal update to the meeting on the latest position.
- 3.2 Future budget reports will show a separate heading for the residential properties, and the residual budgets for the café/visitor centre will be incorporated into the Manor Park budget.
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4. SERVICE LEVEL AGREEMENT

- 4.1 Attached at **Appendix 2** is a draft version of the Service Level Agreement between the Trust and the Council. This has been drawn up by the Council's legal services team using a standard template. The intention at this stage is to give the Committee an early opportunity to consider the issues to be addressed by the Service Level Agreement and make any relevant comments. It has not been formally considered by the Council so the contents should not be taken as representing a formal Council position on any of the matters contained within the draft. Subject to the Committee's comments and other issues that may be raised it is then planned to bring the Agreement back for formal adoption by the Committee to the scheduled meeting in September.
- 4.2 The time allocations that were reported to the Committee have also been reviewed with a view to minimising the VAT liability, and updated figures are also attached as part of **Appendix 2**.
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5. LOAN AGREEMENT – CAR PARK RESURFACING WORKS

- 5.1 The final cost of the works was £320,643. This breaks down as £289,803 for the works themselves and £30,840 for other project management costs.
- 5.2 As has been previously discussed the cost of these works will be funded by a loan from the Borough Council. A draft loan agreement has been drawn

up and a copy is attached at **Appendix 3**, along with a repayment schedule.

- 5.3 The Committee has previously expressed a wish to repay the loan in the shortest possible period. The cashflow projection that has been reported to the Committee in the past has been updated and attached at **Appendix 4**.
- 5.4 The projection shows the loan being repaid over 5 years. It would be possible to repay the loan over a shorter period, but this could lead to cashflow issues should the need to fund any further unexpected costs arise. It should also be noted that the projection does not take into account any implications from proceeding with the proposed railway project. It would therefore seem prudent to spread the repayments over 5 years to maintain adequate resources for any other costs.
- 5.5 As indicated on the projection there is further capital expenditure that needs to be funded. In light of the recent building issues at Kent Life officers will be undertaking a review of the Trust's assets and this may lead to the need for further expenditure being identified.
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6. FINANCIAL MANAGEMENT SYSTEM

- 6.1 The new system went live on 1st July 2019. This was slightly later than indicated at the last meeting due to the Council's year-end accounts closedown being slightly more complicated than in previous years.
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7. AVAILABLE OPTIONS

- 7.1 Sections 3, 4 and 6 are for noting only.
- 7.2 For section 5 the Committee could choose to repay the loan over a shorter period than the proposal of 5 years.
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8. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 8.1 For section 5 the recommendation is for the loan to be repaid over 5 years as this will enable the Trust to maintain a cashflow that will allow for any future unexpected costs to be funded adequately.
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9. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 9.1 Officers will continue to monitor the financial position and take appropriate action where necessary.
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10. **REPORT APPENDICES**

- Appendix 1: Financial Position and Draft Budgets as at 31st May 2019
 - Appendix 2: Draft Service Level Agreement and revised time allocations.
 - Appendix 3: Draft car park loan agreement and repayment schedule.
 - Appendix 4: Updated cashflow projection.
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11. **BACKGROUND PAPERS**

None.