

Cobtree Manor Estate Financial Position

Final Decision-Maker	Cobtree Manor Estate Charity 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 30 September 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 five year cashflow projection.

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 position on the Service Level Agreement is noted.
3. That the updated loan agreement for the car park works is agreed and formally adopted.
4. That the updated five year cashflow projection be noted.

Timetable

Meeting	Date
Cobtree Manor Estate Charity Committee	6 November 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	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. This update report assists in meeting those requirements There are no further implications arising from this report.	Team Leader (Corporate Governance), Mid Kent Legal Services
Privacy and Data Protection	There are no specific privacy or data protection issues to address.	Anna Collier Policy and Information Manager
Equalities	There are no additional implications arising from this report.	Anna Collier Policy and Information Manager

Public Health	There are no additional implications arising from this report.	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

2.1 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 30th September 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 September 2019	Actuals to end of September 2019	Variance as at end of September 2019
Golf Course	-£102,470	-£53,885	-£55,213	£1,328
Manor Park	£96,010	£57,970	£53,485	£4,485
Kent Life	-£35,960	-£17,980	-£20,828	£2,848
Residential Properties	-£13,500	-£6,750	-£3,498	-£3,252
Totals	-£55,920	-£20,645	-£26,054	£5,409

The table above shows a positive variance of £5,409 for the Committee at the end of September. 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 and second quarters for 2019/20.

3.1.3 **Cobtree Manor Park** – In overall terms the budget for the park shows a small underspend. However, there are a number of underlying issues:

- Employee Costs – The Apprentice post is still currently vacant. The intention is to fill the post in January.
- Electricity – The expenditure for this year includes a number of bills that relate to 2018/19. It appears that these bills came about as a result of an actual meter reading which subsequently led to a restating of previous bills to reflect the actual reading.
- Equipment Purchase – It was necessary to spend a significant sum on replacement play area equipment at the start of the year to ensure that there were sufficient spare parts in place for the summer.
- Professional Services Security – The in-house gate locking arrangement started on 1st October so there should be no further expenditure in this area.

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 have been some works undertaken to Stream Cottages which means there is currently an overspend against the profiled budget, but assuming there are no further major expenditure items the position should be corrected by the end of the year.

4. SERVICE LEVEL AGREEMENT AND CAR PARK LOAN AGREEMENT

4.1 The draft Service Level Agreement that was presented to the last Committee meeting has been updated to take into account comments made by Members. At this stage however officers are continuing to review the document to ensure that it does accurately reflect the complex nature of the relationship between the Trust and the various Council departments. The intention is to bring the final version of the agreement back to the Committee for final approval at the next meeting in January.

4.2 Attached at **Appendix 2** is an updated version of the Loan Agreement between the Trust and the Council that was presented for comment at the last Committee meeting. The document now reflects the comments that were made by Members at that meeting. There was a comment regarding the length of both this document and the Service Level Agreement and having passed that onto legal services their response was that they needed to be this length in order to protect the interests of both parties and ensure that all relevant areas were covered.

- 4.3 It should be noted that the loan agreement is now referred to as a repayment agreement. This reflects the fact that there was no actual loan transaction. The Council have paid for the works and the Trust are now reimbursing them for the costs of the works.
- 4.4 If Members are minded to approve the updated loan agreement, then legal services will draw up the final version for signing by both parties.
-

5. UPDATED FIVE YEAR CASHFLOW PROJECTION

- 5.1 Attached at Appendix 3 is an updated version of the cashflow projection that has been presented previously to the Committee.
- 5.2 The purpose of this version is to update the Committee on proposed future capital expenditure. This reflects a review of the works that was recently undertaken by officers. As and when these works are required it is intended to bring further details and updated costs to the Committee for formal approval.
- 5.3 One point to note is that beyond the five years set out in this projection the existing play area will need to be either replaced or substantially refurbished, and this is likely to be a significant cost.
-

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 further revisions to be made to the draft agreements.
-

7. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 7.1 For section 4 the recommendation is for the updated draft loan agreement to be approved and formally adopted to protect the interests of the Trust in its relationship with the Council.
-

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 30th September 2019.
 - Appendix 2: Draft car park loan agreement and repayment schedule.
 - Appendix 3: Updated cashflow projection.
-

10. **BACKGROUND PAPERS**

None.