

Cobtree Manor Estate Financial Position

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

Executive Summary

The report summarises the current financial position of the Estate covering the activities at the golf course, Kent Life, the Manor Park and the residential properties. It also includes an updated 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 updated cashflow projection be noted.

Timetable

Meeting	Date
Cobtree Manor Estate Committee	24 July 2024

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	Director of Finance, Resources & Business Improvement
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.	Director of Finance, Resources & Business Improvement
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>	Senior Legal Advisor – Corporate Governance MKLS
Information Governance	The recommendations do not impact personal information (as defined in UK GDPR and Data Protection Act 2018) the Council processes.	Senior Information Governance Officer

Equalities	The recommendations are for noting and do not propose a change in service therefore will not require an equalities impact assessment	Equalities and Communities Officer
Public Health	There are no additional implications arising from this report.	Leisure Manager
Crime and Disorder	There are no additional implications arising from this report.	Director of Finance, Resources & Business Improvement
Procurement	There are no additional implications arising from this report.	Director of Finance, Resources & Business Improvement
Biodiversity & Climate Change	The implications of this report on biodiversity and climate change have been considered and there are no implications on biodiversity and climate change. A pending decarbonisation study recommendations aims to support areas of the Cobtree Manor Estate to reduce costs from energy consumption, insulate, find low carbon heating solutions, and seek renewable energy options which will save costs in the longer term.	Leisure Manager

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. As these are charitable funds there is a need for robust management and monitoring of the budget.

3. CURRENT FINANCIAL POSITION

- 3.1 The table below summarises the financial position of the Estate as at 30th June 2024. **Appendix 1** provides a more detailed breakdown of the figures.

3.1.1 Overall Summary Position:

Provisional Actuals 2023/24		Approved Budget for Year 2024/25	Profiled Revised Budget as at 30th June 2024	Actuals as at 30th June 2024	Variance: Underspend (+) Overspend (-)
	Golf Course				
£44,434	Expenditure	£23,940	£5,985	£5,583	£402
-£89,554	Income	-£60,240	-£15,060	-£15,000	-£60
-£45,120	Net Expenditure (+)/Income (-)	-£36,300	-£9,075	-£9,417	£342
	Manor Park				
£274,747	Expenditure	£264,780	£65,695	£60,948	£4,747
-£173,041	Income	-£181,080	-£34,993	-£34,966	-£27
£101,706	Net Expenditure (+)/Income (-)	£83,700	£30,702	£25,982	£4,720
	Kent Life				
£18,604	Expenditure	£18,580	£4,645	£8,618	-£3,973
-£73,133	Income	-£76,130	-£38,065	-£38,065	£0
-£54,529	Net Expenditure (+)/Income (-)	-£57,550	-£33,420	-£29,447	-£3,973
	Residential Properties				
£19,386	Expenditure	£17,460	£4,365	£3,742	£623
-£32,530	Income	-£30,000	-£7,500	-£7,500	£0
-£13,144	Net Expenditure (+)/Income (-)	-£12,540	-£3,135	-£3,758	£623
-£11,087	Operational Total	-£22,690	-£14,928	-£16,640	£1,712
-£62,141	Investment Income	-£40,000	-£10,000	-£10,796	£796
£3,149	Interest Paid	£1,119	£0	£0	£0
£66,505	Car Park Repayment	£68,531	£0	£0	£0
-£3,575	Total for the Year	£6,960	-£24,928	-£27,436	£2,508
	Net Expenditure (+)/Income (-)				

3.2 The current position shows a small surplus of £2,508 for the year to date. There is a budgeted deficit for the year of £6,960. There are no significant issues to report, but the following points should be noted:

- This is the first full year of the new golf course contract. Income from this contract is significantly less than the previous contract, which is one of the main reasons behind the small projected deficit this year.
- Income from car parking at the Manor Park is slightly down against the budgeted figure, but this is offset by additional rental income from the café and an underspend against the Parks Management budget. The reduced car park income is a reflection of a small fall in visitor numbers to date this year.
- The spend against the Kent Life budget includes the £5,000 cost of a dilapidations assessment that was required to be undertaken.
- The spend against the residential properties budgets includes a charge of £1,140 from Maidstone Property Holdings (MPH) for the costs of a structural engineering assessment at Garden Cottage, which MPH manage on behalf of the Cobtree Estate. This was due reports of subsidence at the property, and underpinning works may be required once investigations are complete.

4. **CASHFLOW PROJECTION**

4.1 An updated cashflow projection for the next 10 years is attached at **Appendix 2**. The key messages/assumptions are as follows:

- Running costs have been increased annually by 5%, and savings of £25,000 (to be identified) have been built into projection.
 - The projected golf course income reflects the nature of the new contract. We receive a base rent each year with a turnover percentage paid in addition. Clearly there is a risk associated with this should turnover be lower than anticipated, but the contractor has a track record of hitting their turnover targets at other sites, so this does provide some assurance going forward. As detailed in the Cobtree Estate Update report, numbers of rounds at the course are already at the highest level for some years within the first 12 months of the new operator's tenure.
 - There are some capital works required in the next two years, which means that the Estate will operate at a deficit over that period, but the amount of the bank balance reflects the fact that previous surpluses have been retained to cover future capital expenditure.
 - It should be noted that a new play area will be required at some point in the future, and at present the Estate does not have enough of its own funds for this. Officers will look at funding options and present these to the committee in due course.
 - In overall terms the Estate will continue to operate at a small surplus for most of the period, and these surpluses will be retained to continue to fund any further capital expenditure that may be required.
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5. **AVAILABLE OPTIONS**

5.1 Sections 3 and 4 - for noting only.

6. **PREFERRED OPTIONS AND REASONS FOR RECOMMENDATIONS**

6.1 Section 3 and 4 - for noting only.

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

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

8. **REPORT APPENDICES**

- Appendix 1: Financial Position
- Appendix 2: Cashflow Projection

9. **BACKGROUND PAPERS**

None.