

**MAIDSTONE BOROUGH COUNCIL**

**COBTREE MANOR ESTATE COMMITTEE**

**11<sup>TH</sup> JANUARY 2012**

**REPORT OF THE HEAD OF FINANCE & CUSTOMER SERVICES**

**Report prepared by: Paul Holland (Senior Accountant)**

**1 DEALING WITH FUTURE SURPLUSES**

1.1 Issue for Decision

1.1.1 To consider how to deal with future surpluses generated by the operational activities of the Estate.

1.2 Recommendation of the Head of Finance & Customer Services

1.2.1 That the annual surplus is invested with Charifund until the final options for funding the Master Plan are confirmed.

1.3 Reasons for Recommendation

1.3.1 The long term loan to the Council has been fully repaid and the Trust will now receive the full benefit of the annual surplus generated by the activities of the Estate. For the current financial year this is estimated to be £61,100, and for 2012/13 to be £79,320.

1.3.2 At the time of writing this report the funding options for the Master Plan are still being evaluated, and the final decision on this will involve the use of this surplus in some form. The annual surplus figure for 2011/12 will be confirmed in April 2012, and this sum will be due to the Trust from the Council under the current accounting arrangements.

1.3.3 The Trust currently has £1.3m invested with Charifund, a specialist charity investment fund administered by M&G Securities Ltd.

1.3.4 It is recommended that the surplus for 2011/12 is invested with Charifund. There is no minimum deposit and funds can be withdrawn at any time, to be repaid within four working days. The investment will also generate additional income for the Trust whilst it is in the fund.

1.3.5 Once the funding option for the Master Plan is confirmed then a more long term arrangement for dealing with the annual surplus can be put in place.

1.4 Alternative Actions and Why Not Recommended

1.4.1 The surplus could be deposited with the Borough Council, as is the practice with the sale proceeds from the disposal of properties. However the investment in Charifund for 2010/11 generated a return of 5.15% on the capital sum invested and it is unlikely the Borough Council could offer a similarly competitive rate.

1.5 Impact on the Charity's Objectives

1.5.1 The annual surplus will be used to further the long term aims of the Trust.

1.6 Risk Management

1.6.1 Charifund is a specialist charity investment fund that emphasises the security of deposits as one of its main principles. Sums deposited with the Council would be invested in accordance with its Treasury Management Strategy which also stresses the importance of security of deposits.

1.7 Other Implications

Financial	<input checked="" type="checkbox"/>
Staffing	<input type="checkbox"/>
Legal	<input type="checkbox"/>
Social Inclusion	<input type="checkbox"/>
Environmental/Sustainable Development	<input type="checkbox"/>
Community Safety	<input type="checkbox"/>
Human Rights Act	<input type="checkbox"/>
Procurement	<input type="checkbox"/>
Asset Management	<input type="checkbox"/>

1.8 Financial Implications

These are detailed in the report.

<b><u>NO REPORT WILL BE ACCEPTED WITHOUT THIS BOX BEING COMPLETED</u></b>				
Is this a Key Decision?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
If yes, when did it appear in the Forward Plan? _____				
Is this an Urgent Key Decision?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
<u>Reason for Urgency</u>				
Not applicable				