

**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
<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 30th September 2017 covering the activities at the golf course, Kent Life, the Manor Park and the Café/Visitor Centre, and updates the Committee on the progress made in establishing a separate financial management system.

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

1. That the current financial position is noted.
2. That final approval to progress with a stand-alone financial management system is delegated to the Chairman in consultation with the Director of Finance & Business Improvement.

**Timetable**

<b>Meeting</b>	<b>Date</b>
Cobtree Manor Estate Committee	19 October 2017

# Cobtree Manor Estate Financial Position

## 1. 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.
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## 2. CURRENT FINANCIAL POSITION

- 2.1 **Appendix A** shows a summary of the current financial position as at 30th September 2017, along with the full year budgets, and this section outlines the position for each of the areas of activity:

- 2.1.1 **Cobtree Golf Course** –The new contract with Mytime commenced on 1<sup>st</sup> April 2017. Responsibility for utility payments now rests with Mytime, as reflected in the reduction in running costs. Mytime have been invoiced for the contract sum due for 2017/18.
- 2.1.2 **Cobtree Manor Park** – Car parking income is continuing to exceed the forecasted sums, although there have been some additional maintenance costs incurred. There are no other issues to report at this stage.
- 2.1.3 **Kent Life** - There are no issues with regards to the Kent Life attraction.
- 2.1.4 **Café/Visitor Centre** –The current operational position discussed in more detail in the Cobtree Visitor Centre Report elsewhere on this agenda. However the café is currently performing significantly better than the budgeted figures.
- 2.2 **Overall position** - The current budget forecast for the end of the year is forecasting that the estate activities would show an overall deficit position of £43,680 for the year. Taking into account the forecast estimated investment income of £50,000 it would project resources increasing by £6,320 for 2017/18. However it should be noted that with the café currently performing better than the budgeted figures then the forecast deficit position for the estate activities should be reduced and could possibly show a surplus. As Members will be aware management of the café will shortly be passed to an external contractor so the budgets will need to be adjusted to reflect this.
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## 3. COBTREE ACCOUNTING SYSTEM

- 3.1 Members were updated at the July meeting on the progress made on establishing a separate financial management system for the Trust as

recommended by the external auditors.

- 3.2 An indicative quotation of £12,000 has been received to set up a separate system for Cobtree within the Council's existing financial management system (Agresso). The quote covers installation and set-up of both the system and associated invoicing and payment systems that need to run alongside it. There would then be an annual maintenance cost of £1,400 per annum for the invoicing and payment systems.
  - 3.3 An alternative stand-alone system (Sage) was considered. This is a cloud-based system hosted by Sage. The cost of this system is £1,500 per annum, with training costs of £345. The system can be set up in-house, but if external assistance was required this would be at a cost of £1,195.
  - 3.4 Whilst it provides similar functionality the main disadvantage of Sage is that in comparison to Agresso it does not provide an ideal solution for authorising and retaining copies of invoices.
  - 3.5 The cost of the Agresso solution could be reduced by reducing the functionality of the system, for example leaving out the facility to make payments via the BACS system. However this would increase the amount of time finance staff would have to spend processing Cobtree payments, and this would be reflected in an increased recharge to the Trust.
  - 3.6 It is proposed at this stage that the set-up of the Agresso system is progressed, subject to a firm quotation being received. It is recommended that final approval to progress be delegated to the Chairman in consultation with the Director of Finance & Business Improvement.
  - 3.7 Whilst this is a significant cost it would provide a robust ongoing solution to the problems encountered using the current arrangements. Given that the financial position of the Trust going forward is more certain the cost would not impact adversely on the operations of the Trust.
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#### **4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS**

- 4.1 It is recommended that:
    - i) The Committee note the contents of this report as this is good financial management practice.
    - ii) The set-up of the Agresso system is progressed, with the final decision on proceeding delegated to the Chairman in consultation with the Director of Finance & Business Improvement. The establishment of a stand-alone financial management system would enable the finances of the Trust be managed in a more efficient and effective way.
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## **5. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION**

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

## **6. CROSS-CUTTING ISSUES AND IMPLICATIONS**

<b>Issue</b>	<b>Implications</b>	<b>Sign-off</b>
<b>Impact on Corporate Priorities</b>	The operation of the Estate directly supports the objects of the Trust and 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 new 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.	
<b>Legal</b>	There are no additional implications arising from this report.	Team Leader (Contracts and Commissioning)
<b>Privacy and Data Protection</b>	There are no additional implications arising from this report.	
<b>Equalities</b>	There are no additional implications arising from this report.	
<b>Crime and Disorder</b>	There are no additional implications arising from this report.	
<b>Procurement</b>	There are no additional implications arising from this report.	

## **7. REPORT APPENDICES**

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

- Appendix 1: Financial Position Summary 2017/18
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## **8. BACKGROUND PAPERS**

None.