

Cobtree Manor Estate Financial Position

Final Decision-Maker	Cobtree Manor Estate Committee
Lead Head of Service	Head of Regeneration & Economic Development - Dawn Hudd
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 2018 covering the activities at the golf course, Kent Life, the Manor Park and the Café/Visitor Centre. It also provides an update on the development of a separate financial management system for 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 separate financial management system be noted.

Timetable

Meeting	Date
Cobtree Manor Estate Committee	7 November 2018

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.

2. CURRENT FINANCIAL POSITION

2.1 The table below summarises the position as at 30th September 2018. **Appendix 1** provides a more detailed breakdown of the figures.

2.1.1 Overall Summary Position:

SUMMARY TOTALS

	Budget for Year 2018/19	Budget to end of September 2018	Actuals to end of September 2018	Variance as at end of September 2018
Golf Course	-£100,046	-£52,084	-£52,874	£790
Manor Park	£94,650	£56,647	£53,619	£3,028
Kent Life	-£34,690	£16,155	£13,313	£2,842
Café/Visitor Centre	£11,380	£12,180	£11,738	£442
Totals	-£28,706	£32,898	£25,797	£7,101

Comments on the individual service areas are as follows:

- 2.1.2 **Cobtree Golf Course** – There are no issues to report at this stage. Mytime have been invoiced for the first two quarters for 2018/19. The first invoice has been paid, at the time of writing this report the second quarter one was still outstanding.
- 2.1.3 **Cobtree Manor Park** – Car park income continues to be high, which is off-setting some additional costs that have been incurred this year. The main ones are £2,500 contribution the committee agreed in respect of the railway feasibility study, and additional security costs of £2,336 that have been incurred following the break-ins at the site this year. Capital costs of £11,750 have also been incurred for additional survey and testing work for the car park resurfacing works, as discussed at the last meeting of the Committee.
- 2.1.4 **Kent Life** - There are no issues to report at this stage. Planning Solutions have now been invoiced for the first instalment of their 2018/19 fee, although at the time of writing this report it had not been paid.
- 2.1.5 Following a report undertaken on the condition of the Play Barn at Kent Life it has been found that works will be required to deal with a beetle infestation that was discovered during the survey. The nature of the

works to be undertaken will necessitate that the Barn be closed for one or two weeks. At the time of writing this report a quotation for the cost of the works is being finalised, and if available this will be verbally reported to Members at the meeting.

- 2.1.6 **Café/Visitor Centre** – Responsibility for running the facility passed to DAGT in mid-April, so the budgets reflect the short time that it continued to run as an in-house operation. DAGT have been invoiced for the first two quarters, although at the time of writing this report two quarters of the rent has been paid only the staff costs is under dispute and the first revenue percentage share that we are due has not been paid.
- 2.2 At the last meeting of the Committee the position regarding VAT was clarified. As was outlined the Trust is liable for paying VAT on certain transactions due to the nature of the contract arrangements that are now in place. Based on an analysis of costs incurred last year and to date this year the forecast VAT liability will be £15,000, and budgets of £5,000 have been established for the golf course, Manor Park and Kent Life headings.

3. FINANCIAL MANAGEMENT SYSTEM

- 3.1 Members will be aware of the ongoing recommendation from the external auditors that the Trust have its own financial management system separate to that of the Council. The system that was identified as being most suitable was the Sage accounting package. This section of the report provides an update on progress to date.
- 3.2 At the last meeting of the Committee it was mentioned that revised costings were being sought for the Agresso system, which is the Council's financial management system. At the same time the costings for Sage were also reviewed and updated. The results of this were as follows:

	Sage	Agresso
Implementation Costs	£2,360	£2,740
Ongoing annual cost per annum	£1,800	£1,400

These costings include indicative staff costs for the implementation phase that were not included in the initial report to the committee in September 2017. For information the costs of Sage referenced in that report were implementation costs of £1,500 and annual costs per annum of £1,500. The same costings for Agresso in the same report were £12,000 and £1,400 respectively.

- 3.3 Although the costings are now closer than previously reported Sage is still considered to be the preferred solution. The main advantage is that having a different system to the Council will also make it clear that Cobtree is a separate entity in its own right. It will also be a more robust ongoing solution as the Trust will not be dependent on the Council's financial systems.

- 3.4 Following discussions with Sage and the Council's IT team there is now an indicative implementation date for the system of January 2019.
- 3.5 Regular updates will continue to be provided to future Trust meetings.

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 It is recommended that the Committee note the contents of this report as this is good financial management practice.

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

Issue	Implications	Sign-off
Impact on Corporate Priorities	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
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 them estate.	Senior Finance Manager (Client)
Staffing	There are no additional implications arising from this report.	
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.	Team Leader (Corporate Governance), Mid Kent Legal Services

	<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>The position regarding VAT payable by the Trust is set out in the body of the report.</p> <p>There are no further implications arising from this report.</p>	
Privacy and Data Protection	There are no specific privacy or data protection issues to address.	Team Leader (Corporate Governance), Mid Kent Legal Services
Equalities	There are no additional implications arising from this report.	
Crime and Disorder	There are no additional implications arising from this report.	
Procurement	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 as at 30th September 2018

8. BACKGROUND PAPERS

None.