

Cobtree Manor Estate Financial Position

Final Decision-Maker	Cobtree Manor Estate Committee
Lead Head of Service	Interim 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 November 2018 covering the activities at the golf course, Kent Life, the Manor Park and the Café/Visitor Centre. These figures include details of the draft budgets for 2019/20. 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 draft budgets for 2019/20 be agreed.
3. That the progress to date with the separate financial management system be noted.

Timetable

Meeting	Date
Cobtree Manor Estate Committee	17 January 2019

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 November 2018. **Appendix 1** provides a more detailed breakdown of the figures.

2.1.1 Overall Summary Position:

SUMMARY TOTALS

	A	B	C	(B-C)
	Budget for Year 2018/19	Budget to end of November 2018	Actuals to end of November 2018	Variance as at end of November 2018
Golf Course	-£100,046	-£78,087	-£79,352	£1,265
Manor Park	£94,650	£81,258	£68,358	£12,900
Kent Life	-£34,690	-£11,962	-£14,841	£2,879
Café/Visitor Centre	£11,730	£15,362	-£4,776	£20,138
Totals	-£28,356	£6,572	-£30,611	£37,182

In the table above a credit figure for the budget and actuals columns represents income, so at the end of November the operations of the estate are showing a surplus of £37,182 against the projected budget of £6,572.

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. These have been paid, and the invoice will be raised shortly for the third quarter.
- 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. As previously advised the main ones are the £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. The variance on the equipment maintenance budget relates to repair costs for the car parking pay and display machines.

- 2.1.4 Capital costs of £11,750 have also been incurred for additional survey and testing work for the car park resurfacing works, as also previously advised.
- 2.1.5 **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. This is because of a contract amendment to allow payment by two instalments that is currently being finalised.
- 2.1.6 As previously advised works are required to the Play Barn to deal with a beetle infestation. The costs and timing of these works have yet to be finalised.
- 2.1.7 **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 rental, and whilst they have paid the second quarter the first quarter is in dispute over the number of days it should cover. There is also an invoice for casual staff costs that is currently in dispute. The favourable variance for the Visitor Centre reflects the fact that DAGT income has not yet been reflected in the budget. This will be corrected in the next quarter's report.
- 2.2 Members previously requested clarification on the position regarding VAT on internal recharges. Having spoken to the Council's VAT Officer he has confirmed that this is still classified as the supply of a service to the Trust and as such is subject to VAT where applicable.

3. DRAFT BUDGETS 2019/20

- 3.1 Members requested that these be brought before the Committee, and the detailed figures are also shown as part of **Appendix 1**. A summary of them is shown in the table below.

	Budget for Year 2018/19	Draft Budget for Year 2019/20
Golf Course	-£100,046	-£103,720
Manor Park	£94,650	£89,700
Kent Life	-£34,690	-£39,160
Café/Visitor Centre	£11,730	-£1,250
Totals	-£28,356	-£54,430

- 3.2 Where appropriate inflation at a rate of 2% has been applied to the controlled running costs budgets. The exception to this is gas and electricity budgets which have been increased by 10% and 11% respectively. These rates are the same ones the Borough Council has been using for its budgets for 2019/20.

3.3 At the time of writing this report the figures for rechargeable costs for 2019/20 had not been finalised, so the figures for 2018/19 are shown. However, it is planned that the Service Level Agreement between the Trust and the Borough Council will be in place for 2019/20, and that will be the subject of a separate report to the Committee at a future meeting.

3.4 The following points should also be noted:

- Staffing budgets reflect any increments due and a 2% inflation increase.
- The budget for car parking income has been increased to £90,000. This reflects the levels of income received last year and the year to date and the increase in charges that will come into effect when the resurfacing works are completed.
- The insurance premium at Kent Life has risen due to an increase in the insurance valuation for the site. The premium for the café/visitor centre is now included in the Manor Park budget as the building is jointly occupied by both the contractor and Cobtree staff. Now the café is being operated by an external contractor there has been an increase in the premium as it is now insured under the commercial properties policy rather than the general property policy. This policy comes with a lower excess and therefore premiums are generally higher.
- The budgets for the golf course and Kent Life include the revised contract sums due from the operators for 2019/20.

4. FINANCIAL MANAGEMENT SYSTEM

4.1 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.

4.2 Sage are planning to be on-site to commence implementation in the second week of January, so it is still anticipated that the system will be in place for 1st April 2019 at the latest.

4.3 Regular updates will continue to be provided to future Trust meetings.

5. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

5.1 It is recommended that the Committee note the contents of this report, and agree the draft budgets as this is good financial management practice.

6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

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

7. 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 operational cost is more than predicted or it fails 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. 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	Team Leader (Corporate Governance), Mid Kent Legal Services

	requirements The position regarding VAT payable by the Trust is set out in the body of the report. There are no further implications arising from this report.	
Privacy and Data Protection	There are no specific privacy or data protection issues to address.	Team Leader (Corporate Governance), Mid Kent Legal Services
Equalities	No impact identified.	Equalities and Corporate Policy Officer
Crime and Disorder	There are no additional implications arising from this report.	
Procurement	There are no additional implications arising from this report.	

8. REPORT APPENDICES

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

- Appendix 1: Financial Position and Draft Budgets as at 30th November 2018
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9. BACKGROUND PAPERS

None.