

Cobtree Manor Estate Financial Position

Final Decision-Maker	Cobtree Manor Estate Committee
Lead Head of Service	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 28 February 2019 covering the activities at the golf course, Kent Life, the Manor Park and the Café/Visitor Centre. These figures include an update on the budgets for 2019/20, including the proposed recharges between the Council and the Trust. It also provides an update on the development of the Service Level Agreement and the 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 budgets (including recharges from the Council to the Trust) for 2019/20 be agreed.
3. That the progress to date with the Service Level Agreement and the separate financial management system be noted.

Timetable

Meeting	Date
Cobtree Manor Estate Committee	9 April 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 28th February 2019. **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 February 2019	Actuals to end of February 2019	Variance as at end of February 2019
Golf Course	-£99,983	-£102,010	-£104,698	£2,688
Manor Park	£95,610	£126,629	£100,144	£26,485
Kent Life	-£34,530	-£4,862	-£8,127	£3,265
Café/Visitor Centre	-£400	£2,844	-£1,025	£3,869
Totals	-£39,303	£22,601	-£13,706	£36,307

The table above shows a positive variance of £36,307 for the Committee at the end of February. 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 all four quarters for 2018/19, and these have all been paid.
- 2.1.3 **Cobtree Manor Park** – There are no new issues to report. Car park income continues to be high, which is off-setting some additional costs that have been incurred and previously reported this year.
- 2.1.4 Capital costs of £25,159 have also been incurred for additional survey and testing work, and project management costs for the car park resurfacing works, as also previously advised. The loan agreement between the Trust and the Council is being finalised and will reflect the wish expressed by the Committee to repay the loan as soon as possible.
- 2.1.5 **Kent Life** - There are no issues to report at this stage. The variation to the contract with Planning Solutions to allow payment by instalments is being finalised and they will be invoiced accordingly.

- 2.1.6 The decision has been made for the proposed works to the Play Barn to be completed in January 2020. Contractors have agreed to hold their prices until January 2020. £10,794 will be required for these works in the 2019/2020 budget, and that is reflected in the figures shown in the next section of this report.
- 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 rental payments that are due and these have been paid, but as previously reported the invoices for recharged staff costs remain in dispute and are therefore still unpaid.

3. BUDGETS 2019/20

- 3.1 The draft budgets were presented to the last meeting of the Committee, and the detailed figures are also shown as part of **Appendix 1**. They have now been reviewed and an updated summary of the revised figures is shown in the table below.

	Budget for Year 2018/19	Draft Budget for Year 2019/20
Golf Course	-£99,983	-£101,370
Manor Park	£95,610	£108,590
Kent Life	-£34,530	-£33,860
Café/Visitor Centre	-£400	-£29,280
Totals	-£39,303	-£55,920

- 3.2 There are two main changes from the figures presented previously. Firstly, the Manor Park budgets have been adjusted to reflect the new staff structure and associated savings that were agreed by the Committee at the last meeting, and secondly draft figures for the recharges from the Council to the Trust have now been included. These will be incorporated into the Service Level Agreement (SLA) that is being drafted. The intention is to bring this to the next full meeting of the Committee for further consideration.
- 3.3 The proposed recharges are detailed at **Appendix 2**. Where appropriate officers were asked to provide an estimate of the time they spend annually dealing with Trust matters, and an hourly rate covering their salary (including national insurance and pensions) and overheads has been calculated. In some instances where the service is provided on an ad hoc basis it was decided that another approach would be more appropriate, and this is indicated where one has been used.
- 3.4 The recharges have been apportioned across the four service areas, mainly on the basis of turnover. The exceptions are Human Resources, ICT and Parking Services which have been allocated 100% to the park; and Procurement which has been apportioned on the basis of contract

values.

- 3.5 The intention is that the SLA will incorporate a mechanism that will allow for adjustments at the end of the financial year where actual time spent on Trust activities is significantly different from the estimated figure.

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 The system has now been installed and implementation work has begun, however due to staff absence and resourcing issues within the finance team progress with that work has fallen behind and the system will not be in place for 1st April 2019 as had been planned. The intention now is to continue to use the existing Agresso system until the Sage implementation is complete and then transfer all 2019/20 transactions that have arisen up to that point across to Sage.
- 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	Leisure Manager

	risk if the facilities are operated poorly. This is addressed in the annual risk management report.	
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	<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>	Team Leader (Corporate Governance), Mid Kent Legal Services
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.	
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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 28th February 2019
 - Appendix 2: Draft Recharges for 2019/20
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9. **BACKGROUND PAPERS**

None.