

**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<br>– John Foster |
| <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 30 November 2019 covering the activities at the golf course, Kent Life, the Manor Park and the Café/Visitor Centre. It also includes details of the proposed budgets for 2021, and an update on the Service Level Agreement.

**Purpose of Report**

To update the Committee on the current financial position and any other relevant matters that may impact the financial position of the Trust.

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

1. That the current financial position be noted.
2. That the proposed budgets for 2020/21 are agreed.
3. That the position on the Service Level Agreement is noted.

**Timetable**

| <b>Meeting</b>                 | <b>Date</b>     |
|--------------------------------|-----------------|
| Cobtree Manor Estate Committee | 20 January 2020 |

# Cobtree Manor Estate Financial Position

## 1. 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 as set out when the Council became the Corporate Trustee   | Head of Regeneration & Economic Development                 |
| <b>Cross Cutting Objectives</b>       | The operation of the Estate supports 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 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.  | Leisure Manager   |
| <b>Legal</b>                          | 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.<br>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<br><br>There are no further implications arising from this report. | Team Leader (Corporate Governance), Mid Kent Legal Services |
| <b>Privacy and Data Protection</b>    | There are no specific privacy or data protection issues to address.   | Anna Collier Policy and Information Manager                 |
| <b>Equalities</b>                     | There are no additional implications arising from this report.  | Anna Collier Policy and Information Manager                 |

|                           |  |   |
|---------------------------|--|---|
| <b>Public Health</b>      | There are no additional implications arising from this report. | Public Health Officer                       |
| <b>Crime and Disorder</b> | There are no additional implications arising from this report. | Head of Regeneration & Economic Development |
| <b>Procurement</b>        | There are no additional implications arising from this report. | Head of Regeneration & Economic Development |

## 2. 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.

## 3. CURRENT FINANCIAL POSITION

3.1 The table below summarises the position as at 30<sup>th</sup> November 2019. **Appendix 1** provides a more detailed breakdown of the figures. Whilst the overall budget is unchanged there have been some transfers within the budget heads to reflect the current position.

### 3.1.1 Overall Summary Position:

#### SUMMARY TOTALS

|                        | A                       | B                              | C                               | (B-C)                               |
|------------------------|-------------------------|--------------------------------|---------------------------------|-------------------------------------|
|                        | Budget for Year 2019/20 | Budget to end of November 2019 | Actuals to end of November 2019 | Variance as at end of November 2019 |
| Golf Course            | -£110,390               | -£48,850                       | -£51,077                        | £2,227                              |
| Manor Park             | £105,950                | £89,000                        | £78,610                         | £10,390                             |
| Kent Life              | -£40,840                | -£15,365                       | -£17,905                        | £2,540                              |
| Residential Properties | -£10,640                | -£7,090                        | -£5,787                         | -£1,303                             |
| <b>Totals</b>          | <b>-£55,920</b>         | <b>£17,695</b>                 | <b>£3,841</b>                   | <b>£13,854</b>                      |

The table above shows a positive variance of £13,854 for the Committee at the end of November. The forecast for the year is for an operational

surplus of £55,920, compared to a provisional surplus of £35,596 for 2018/19.

Comments on the individual service areas are as follows:

3.1.2 **Cobtree Golf Course** – There are no issues to report at this stage. Mytime have been invoiced for the first three quarters for 2019/20.

3.1.3 **Cobtree Manor Park** – In overall terms the budget for the park shows an underspend. However, there are some underlying issues:

- Employee Costs – The Apprentice post is still currently vacant. The post will not be filled during this financial year.
- There are some overspends on controlled running costs at this point of the year. As reported to the last meeting of the Committee this relates mainly to electricity, equipment purchases and security costs. These additional costs have been partially offset by a reduced level of spend on repairs and maintenance, along with the budget for the Apprentice post as referenced above

Car park income continues to be high, and the profit share element of the café contract has realised more income than was forecast, and these two areas along with the employee costs underspend have covered the issues arising from the areas discussed above.

3.1.4 **Kent Life** - There are no issues to report at this stage. Planning Solutions have been invoiced for the first instalment due for this year.

3.1.5 **Residential Properties**- There are no issues to report at this stage.

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## 4. BUDGETS 2020/21

4.1 The proposed budgets for 2020/21 are shown at **Appendix 2**. This includes a revised budget for the current year which has been used in the summary table at the start of section 3 of this report.

4.2 To ensure some ongoing consistency the general approach to setting the budgets for 2020/21 was as follows:

- Running costs have been increased by 2% for inflation where applicable.
- Contract income has been increased in line with the agreed schedules.
- Insurance costs have been updated in line with estimated premium increases.
- The recharges from Maidstone Borough Council have been updated following a review of the services provided and a revised schedule is shown at **Appendix 3**.

4.3 In overall terms the projected surplus from operational and investment activities for 2020/21 is £55,440, compared to £55,920 for the current

year. After allowing for investment income and the repayment of the car park construction costs the overall net surplus reduces to £30,790, which is broadly in line with the cashflow projections previously reported to the Committee.

- 4.4 The budget assumes no changes to the current operational or contractual arrangements. There are a number of points to highlight:
- As referenced elsewhere on this agenda the income received from the phone mast on the golf course land has reduced significantly which has meant the projected operational surplus for 2021 has not increased.
  - The Manor Park repair and maintenance budget has been disaggregated to provide new budgets for tree work, vehicle running costs, consultancy and gate locking. The intention had been to deal with gate locking as part of the recent staff restructure but following a review it has been determined that using a security company to undertake this is the most appropriate course of action.
  - The overall revised budget for 2019/20 has not changed but there have been some budget transfers to reflect the current financial position.
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## **5. SERVICE LEVEL AGREEMENT**

- 5.1 Members will recall from the last meeting that the format of the agreement was being reviewed to ensure that it accurately reflects the complex nature of the relationship between the Trust and the various Council departments. This is to ensure that the roles of various officers are clarified sufficiently to ensure that no conflicts of interest will arise in their dealings with Trust matters.
- 5.2 A meeting was held with Mid-Kent Legal Services and having explained the situation they have been asked to redraft the agreement in line with what is outlined in the paragraph above, which they have agreed to do.
- 5.3 Regrettably due to other commitments and the Christmas break the revised draft is not yet complete. The intention is to bring it to the next meeting of the Committee in March.
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## **6. AVAILABLE OPTIONS**

- 6.1 Sections 3 and 5 are for noting only.
- 6.2 For section 4 the Committee could choose to ask for adjustments to be made to the draft budgets.
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## **7. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS**

- 7.1 For section 5 the recommendation is for the budgets to be approved and formally adopted to ensure they are in place for 1<sup>st</sup> April 2020.
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## **8. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION**

- 8.1 Officers will continue to monitor the financial position and take appropriate action where necessary.
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## **9. REPORT APPENDICES**

- Appendix 1: Financial Position as at 30<sup>th</sup> November 2019
  - Appendix 2: Draft budgets 2020/21
  - Appendix 3: Updated recharges from Maidstone Borough Council
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## **10. BACKGROUND PAPERS**

None.