

## **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 – 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 31 July 2020 covering the activities at the golf course, Kent Life, the Manor Park and the Café/Visitor Centre.

### **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.

### **Timetable**

<b>Meeting</b>	<b>Date</b>
Cobtree Manor Estate Committee	10 September 2020

# Cobtree Manor Estate Financial Position

## 1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
<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. This risk is currently heightened by the impact of the ongoing Covid-19 situation on the operations of the estate, particularly in relations to the various contractors.	Senior Finance Manager (Client)
<b>Staffing</b>	There are no additional implications arising from this report.	Leisure Manager
<b>Legal</b>	<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
<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

2.1 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 current Covid-19 situation is presenting a significant risk to the finances and operations of the estate, emphasising the need for robust management and monitoring of the budget.

## 3. CURRENT FINANCIAL POSITION

3.1 The table below summarises the position as at 31<sup>st</sup> July 2020. **Appendix 1** provides a more detailed breakdown of the figures.

### 3.1.1 Overall Summary Position:

#### SUMMARY TOTALS

	<b>Approved Budget for Year 2020/21</b>	<b>Revised Budget for Year 2020/21</b>	<b>Budget to end of July 2020</b>	<b>Actuals to end of July 2020</b>	<b>Forecast Outturn 2020/21</b>
Golf Course	-£107,610	-£89,120	-£8,688	£12,949	-£89,120
Manor Park	£103,830	£109,830	£61,739	£42,447	£90,220
Kent Life	-£42,920	-£24,390	-£8,132	£6,858	-£24,390
Residential Properties	-£10,230	-£10,230	-£3,410	-£7,526	-£10,230
<b>Operational Total</b>	<b>-£56,930</b>	<b>-£13,910</b>	<b>£41,509</b>	<b>£54,728</b>	<b>-£33,520</b>
Investment Income	-£45,000	-£45,000	-£11,250	-£10,650	-£40,000
Car Park Repayment	£69,650	£69,650	£0	£0	£69,950
<b>Total for the Year</b>	<b>-£32,280</b>	<b>£10,740</b>	<b>£30,259</b>	<b>£44,078</b>	<b>-£3,570</b>

- 3.2 Members will already be aware from the last Committee meeting of the potentially serious financial issues that are being experienced by the operating contractors at the golf course, Kent Life and the café. At the meeting, a number of reliefs to contract payments were agreed and the approved budget for the year has been adjusted to reflect this.
  - 3.3 Clearly this a somewhat fluid situation and the final outcome with regards to the contracts may not been known for several months. In the meantime, officers are closely monitoring the financial position and restricting expenditure where possible to essential items only. In addition, further savings have been made by leaving the apprentice post vacant, and by reducing the working patterns of one of the Ranger posts from 5 days to 4 days a week at their request for work life balance reasons. More detail on the specific contract situations is included in the estate update report.
  - 3.4 We are now in the summer season where a large proportion of the annual expenditure is incurred, particularly at the park, but this is being helped by a strong recovery from car park income, which is now back at the level we would normally expect at this time of the year.
  - 3.5 Given the impact that the Covid-19 situation has had on the financial markets there has been an initial reduction in the returns on the Charifund investment. It remains to be seen how quickly the market recovers. The investment held was valued at £930,938 at 31<sup>st</sup> December 2019 but fell dramatically to a value of £670,148 at 31<sup>st</sup> March 2020. However as at 25<sup>th</sup> August 2020 it had recovered somewhat to a value of £704,018.
  - 3.6 Based on the position at the time of writing this report the forecast shows a small deficit at the end of the year, although of course we are only in the early part of the year and as previously mentioned the current situation is fluid, and if there have been any significant developments between the release of this report and the date of the meeting a verbal update will be given.
  - 3.7 The forecast does however assume that we will receive all the contract income that we are due. To date there have been no payments received from any of the contractors.
  - 3.8 Given the situation with contract income there are some concerns around the cashflow position, but the position is being closely monitored and discussions are ongoing with the Director of Finance & Business Improvement to ensure that there are sufficient resources in place to meeting any ongoing commitments.
  - 3.9 Some essential capital spend items had already been approved this year. The operational savings achieved mean these spend items can be absorbed within this year's revenue budget. The electric gates deliver an immediate saving in the monthly security costs. The play area repairs were necessary for child health and safety. The utility vehicle, approved on 18 March 2020, was put on order. Officers have tried to reverse this order but that is not proving possible. Officers are exploring placing it on immediate resale through the same supplier.
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#### 4. **AVAILABLE OPTIONS**

4.1 Section 3 is for noting only.

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#### 5. **PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS**

5.1 Section 3 is for noting only.

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#### 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.

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#### 7. **REPORT APPENDICES**

- Appendix 1: Financial Position as at 31<sup>st</sup> July 2020
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#### 8. **BACKGROUND PAPERS**

None.