

Cobtree Manor Estate Financial Position

Final Decision-Maker	Cobtree Manor Estate Committee
Lead Head of Service	Director of Finance & Regeneration – Mark Green
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 31 December 2020 covering the activities at the golf course, Kent Life, the Manor Park and the residential properties. Details of the proposed budgets for 2021/22 are also included.

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 2021/22 are agreed.

Timetable

Meeting	Date
Cobtree Manor Estate Committee	26 January 2021

Cobtree Manor Estate Financial Position

1. 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 as set out when the Council became the Corporate Trustee	Head of Regeneration & Economic Development
Cross Cutting Objectives	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
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 the 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)
Staffing	There are no additional implications arising from this report.	Leisure Manager
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>	Principal Solicitor (Corporate Governance), Mid Kent Legal Services
Privacy and Data Protection	There are no specific privacy or data protection issues to address.	Anna Collier Policy and Information Manager

Equalities	There are no additional implications arising from this report.	Anna Collier Policy and Information Manager
Public Health	There are no additional implications arising from this report.	Public Health Officer
Crime and Disorder	There are no additional implications arising from this report.	Head of Regeneration & Economic Development
Procurement	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 31st December 2020. **Appendix 1** provides a more detailed breakdown of the figures.

3.1.1 Overall Summary Position:

SUMMARY TOTALS

	Approved Budget for Year 2020/21	Revised Budget for Year 2020/21	Budget to end of December	Actuals to end of December 2020	Forecast Outturn 2020/21
Golf Course	-£107,610	-£89,120	-£56,938	-£64,878	-£80,000
Manor Park	£103,830	£109,830	£102,117	£57,944	£85,000
Kent Life	-£42,920	-£24,390	£4,873	£5,848	-£24,000
Residential Properties	-£10,230	-£10,230	-£7,673	-£9,844	-£10,000
Operational Total	-£56,930	-£13,910	£42,379	-£10,930	-£29,000
Investment Income	-£45,000	-£45,000	-£33,750	-£29,708	-£40,000
Car Park Repayment	£69,650	£69,650	£0	£0	£69,950
Total for the Year	-£32,280	£10,740	£8,629	-£40,638	£950

- 3.2 The figures above include the value of invoices sent to the contractors who provide services on the estate (less the agreed reliefs). This assumes they will be paid but of course as Members should be aware there are some ongoing issues related to the closures due to Covid-19 earlier this year, which means a number of invoices still remain unpaid.
- 3.3 Discussions with contractors to resolve these issues are ongoing, and an update on the current position is set out in the Estate Update Report elsewhere on this agenda. In the meantime, officers continue to monitor the financial position and are restricting expenditure where possible to essential items only. Car park income has continued to recover very strongly and is now exceeding the original target despite the closure of the park in the spring.
- 3.4 Other than the contract situation there are no other significant issues with the budget. The profiled budget at the end of December shows a surplus of £11,000 on the operational activities, primarily relating to the Manor Park. The year-end forecast shows an operational surplus of £29,000. However, after taking into account investment income and the car park repayment there is a break-even position compared to the projected deficit of £11,000 but of course this is assuming all the outstanding invoices are paid.
- 3.5 Given the situation with contract income there have been some concerns around the cashflow position, and the position continues to be closely monitored to ensure that there are sufficient resources in place to meet ongoing commitments. The Director of Finance & Business Improvement has been made aware of the situation.
- 3.6 Members have also requested an ongoing update on the Charifund investment. The value of the investment has recovered strongly and currently stands at £769,426, compared to the value of £679,274 in September. However, this is still significantly lower than the value of £930,938 in January 2020. Updates will continue to be provided to future meetings as part of this report.
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4. **BUDGETS 2021/22**

- 4.1 The proposed budgets for 2021/22 are shown at **Appendix 2**. To ensure some consistency the general approach to setting the budgets was as follows:
- Running costs have been increased by inflation where applicable. (2% for general running costs and 5% for gas and electricity)
 - Contract income has been increased in line with the agreed schedules, although as noted earlier in this report this could be subject to change depending on the outcome of discussions with the contractors.
 - 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**.

- 4.2 The budgets reflect the new management arrangement for the park as previously agreed by the Committee, and this will come into effect from 1st April 2021. The staff will be managed by the Maidstone Borough Council Depot Operations section and the staffing budgets have been replaced by a management fee of £130,000 payable to the Council. A small overtime budget has been retained to provide some flexibility for any additional work that may be required.
- 4.3 The electronic gates have now been fitted at the park which means the security budget is no longer required. A small portion has been retained to cover maintenance costs, and the remainder has been transferred along with some other savings to a new budget to establish a Covid Recovery Fund of £20,000. The purpose of this fund is to provide for any Covid-related costs that may be incurred that had not otherwise been budgeted for.
- 4.4 The repairs and maintenance budgets in the park have been reviewed and adjusted and re-named as hard landscaping. This also now includes the equipment purchase and maintenance budgets.
- 4.5 In overall terms the projected surplus from operational activities for 2021/22 is £79,000 compared to the budgeted surplus of £14,000 for 2020/21. After allowing for investment income and the repayment of the car park construction costs the overall net surplus reduced to £50,000. However, as referenced earlier in the report this is subject to possible changes in contract income which could reduce the surplus.
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5. AVAILABLE OPTIONS

- 5.1 Sections 3 is for noting only.
- 5.2 For section 4 the Committee could ask for adjustments to be made to the draft budgets.
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6. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 6.1 For section 4 the recommendation is for the budgets to be approved and formally adopted to ensure they are in place for 1st April 2021.
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7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 7.1 Officers will continue to monitor the financial position and take appropriate action where necessary.
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8. **REPORT APPENDICES**

- Appendix 1: Financial Position as at 31st December 2020
 - Appendix 2: Draft Budgets 2021/22
 - Appendix 3: Updated recharges from Maidstone Borough Council
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9. **BACKGROUND PAPERS**

None.