

MAIDSTONE BOROUGH COUNCIL

COBTREE MANOR ESTATE CHARITY COMMITTEE

**MINUTES (PART I) OF THE REMOTE MEETING HELD ON
26 JANUARY 2021**

Present: Councillor Cox (Chairman) and
Councillors Mrs Gooch, Perry and Springett

136. APOLOGIES FOR ABSENCE

There were no apologies for absence.

137. NOTIFICATION OF SUBSTITUTE MEMBERS

There were no Substitute Members.

138. URGENT ITEMS

There were no urgent items.

139. NOTIFICATION OF VISITING MEMBERS

There were no Visiting Members.

140. DISCLOSURES BY MEMBERS AND OFFICERS

There were no disclosures by Members or Officers.

141. DISCLOSURES OF LOBBYING

There were no disclosures of lobbying.

142. EXEMPT ITEMS

RESOLVED:

1. That item 16 (Cobtree Estate Contracts Update) be taken in private as proposed.
2. That item 15 (Minutes (Part II)) of the meeting held on 5 November 2020 be considered in public but the information contained therein should remain private.

143. MINUTES (PARTS I AND II) OF THE MEETING HELD ON 5 NOVEMBER 2020

RESOLVED: That the Minutes (Parts I and II) of the meeting held on 5 November 2020 be approved as a correct record and signed.

144. PRESENTATION OF PETITIONS

There were no petitions.

145. QUESTION AND ANSWER SESSION FOR MEMBERS OF THE PUBLIC

There were no questions from members of the public.

146. QUESTIONS FROM MEMBERS TO THE CHAIRMAN

There were no questions from Members to the Chairman.

147. ACCOUNTS 2019/20

The Senior Finance Manager (Client) introduced his report setting out the audited Report and Financial Statements for the year ended 31 March 2020 for approval prior to submission to the Charity Commission by 31 January 2021.

The Senior Finance Manager (Client) advised the Committee that:

- No major issues had been identified regarding the accounts during the audit and the auditors had indicated that they were happy to issue an unmodified audit opinion.
- Some adjustments had been made to the draft accounts, but none of these had any impact upon the financial resources available to the Charity.
- The total funds of the Charity as shown on the Balance Sheet had reduced from £5.17m to £4.38m, with the Statement of Financial Activities showing a net funds decrease of £785,495 for the year. The two main reasons for this were (a) the reduction in the value of the Charity's investment in Charifund (£192,574 over the course of the year) and (b) a reduction of £620,000 in the value of investment properties.
- There were two parts to the reduction in the value of investment properties. Firstly, there was a £270,000 downward revaluation of the four residential properties on the Estate. Following the revaluations for the 2018/19 accounts where the auditors had suggested a different valuation methodology, there were further discussions and the auditors now accepted that the method used by the Council's valuer was appropriate. The values had been reset taking into account the latest valuation figures. Secondly, following discussions with the auditors, there was a reduction in the value of Tyland Barn from £350,000 to zero reflecting the fact that the property is let on a 125-year lease at a peppercorn rent.
- Accounting adjustments agreed with the auditors after the draft accounts were submitted to them included depreciation of the play area (£115,205) and reclassification of electricity works undertaken as

part of the car park construction as repairs and maintenance rather than capital spend.

- The purpose of the Letter of Representation for 2019/20 was to ask the Committee to confirm some statements relating to the audit and the information supplied to the auditors during their audit.
- The purpose of the Audit Findings Report was to bring to the attention of the Committee various issues that had arisen from the audit, including the status of audit issues raised in previous years. Two of the three issues had been resolved, but the Officers would continue to monitor the remaining one relating to a potential tax liability in respect of car park income and seek professional advice if necessary.

In response to questions:

The Senior Finance Manager (Client) advised the Committee that:

- Although there had been a reduction in the value of Tyland Barn from £350,000 to zero for accounting purposes, there would be a reinstatement valuation for insurance.
- The amounts owed to creditors in 2019/20 included the money owed to the Borough Council in respect of the car park improvement works. Last year's instalment had not been paid at the time of closure of the accounts due to uncertainties about cashflow in the pandemic situation.
- The reduction in financial assets was due to the impact of the pandemic on the value of the Charity's investment in Charifund. However, the value of the investment had now started to recover.
- The increase in financial assets measured at amortised cost reflected the car park improvement loan.

The Democratic Services Officer advised the Committee that:

- Kent County Council was made a party to the 1971 lease between the Cobtree Charity Trust Limited (the lessor) and the Maidstone Borough Council (the lessee) and its consent was needed in relation to certain transactions. It was believed that this was to ensure that the Estate continued to benefit the inhabitants of Maidstone and other members of the public. There were some things that the Charity could do without consent. For example, an agricultural lease of less than 21 years would not require consent. Requests for consent would be made to the appropriate Director at the County Council.

RESOLVED:

1. That the Trustee's Report and Financial Statements for the year ended 2019/20, attached as Appendix 1 to the report of the Senior

Finance Manager (Client), be approved and submitted to the Charity Commission.

2. That the Letter of Representation, attached as Appendix 2 to the report of the Senior Finance Manager (Client), be approved.
3. That the contents of the Audit Findings Report, attached as Appendix 3 to the report of the Senior Finance Manager (Client), be noted.

148. COBTREE MANOR ESTATE FINANCIAL POSITION

The Senior Finance Manager (Client) introduced his report summarising the financial position of the Cobtree Manor Estate as at 31 December 2020. The report covered the Golf Course, Kent Life, the Manor Park and residential properties. The report also included details of the proposed budgets for 2021/22.

Financial Position

The Senior Finance Manager (Client) advised the Committee that:

- The figures set out in the summary totals included the value of invoices sent to the contractors providing services at the Estate, less the agreed contract reliefs. It was assumed that these invoices would be paid, but ongoing issues relating to the closures due to COVID-19 meant that some invoices remained unpaid. Discussions with the contractors to resolve these issues were ongoing and, in the meantime, the Officers were continuing to monitor the financial position to ensure that there were sufficient resources in place to meet ongoing commitments and restricting expenditure where possible to essential items only.
- Other than the contract situation, there were no other significant issues with the budget. Car park income had continued to recover strongly and was now exceeding the original target. The year-end forecast showed an operational surplus of £29,000. After taking into account investment income and the car park loan repayment, there was a break-even position compared to the projected deficit of £11,000, assuming payment of all outstanding invoices.
- The value of the Charity's investment in Charifund had recovered strongly and currently stood at £769,426, compared to the value of £679,274 in September 2020. However, this was still considerably lower than the value of £930,938 in January 2020. Further updates would be provided at future meetings of the Committee.

Budgets 2021/22

The Senior Finance Manager (Client) advised the Committee that:

- The general approach to setting the budgets for 2021/22 was to increase running costs by the rate of inflation where applicable;

increase contract income in line with the agreed schedules although this could be subject to change depending on the outcome of the discussions with the contractors; update insurance costs in line with estimated premium increases; and update recharges from the Borough Council following a review of the services provided.

- The budgets reflected the new management arrangements for the Cobtree Manor Park which would come into effect from 1 April 2021.
- The electronic gates had now been fitted which meant that the security budget was no longer required. A small amount had been retained to cover maintenance costs, but the remainder had been transferred with some other savings to establish a one-off COVID Recovery Fund to provide for any COVID related costs that might be incurred that had not otherwise been budgeted for.
- The repairs and maintenance budgets in the Park had been reviewed and adjusted and renamed as hard landscaping. It also included the equipment purchase and maintenance budgets.
- In overall terms, the projected surplus from operational activities for 2021/22 was £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, this was subject to the contract situation being resolved and could change.

In response to questions, the Senior Finance Manager (Client) explained that in terms of Recharges, the draft charge for services provided by Parks and Leisure reflected the increase in time spent on matters relating to the Cobtree Manor Estate.

The Committee thanked the Senior Finance Manager (Client) and his team for their work in managing the accounts and also acknowledged the work of the Leisure Manager and the Cobtree Park Manager in containing expenditure.

RESOLVED:

1. That the financial position of the Cobtree Manor Estate as at 31 December 2020 be noted.
2. That the proposed budgets for 2021/22, as set out in the report of the Senior Finance Manager (Client), be approved.

149. COBTREE ESTATE UPDATE

The Leisure Manager presented his report providing an update on activities at the Cobtree Manor Estate since the last meeting of the Committee in November 2020. It was noted that:

Cobtree Manor Park

The Manor Park continued to be very busy. Car park income at the end of Quarter 3 was £94,695 compared to the budget of £40,195.

The winter tree works were nearly complete, and the play area repairs were being progressed.

The previously agreed changes to the Traffic Regulation Order in force in the car park at the Manor Park had been implemented, limiting a vehicle stay in the car park to six hours. The terms and conditions for permit holders had been updated in line with the new Regulations and the daily stay for a permit holder was also six hours.

The work to integrate the Manor Park staff into a new Parks and Open Spaces staffing structure was progressing in line with the timetable.

Cobtree Golf Course

Following the imposition of a third national lockdown, the Golf Course was now closed. Planning applications had been submitted by the operator for a new access road in connection with the Golf Course improvement works.

Kent Life

Kent Life had closed following the imposition of the Tier 4 restrictions. The operator had applied for an Additional Restrictions Grant, but there was no update on the outcome of the application at present.

Cobtree Café

Cobtree Café was operating on a take-away basis.

Elephant House

The situation regarding the works required at the Elephant House would be kept under review, but the building could not be used by anyone at present due to the COVID-19 restrictions.

Residential Properties

One of the properties was now vacant and the Leisure Manager was exploring the options for its future use with the Housing Services team.

In response to a question, the Leisure Manager advised the Committee that comments received from Golf Club members were being sent to the operator through the Club Committee and Club Captain so as not to undermine the democratic process.

The Committee thanked the Leisure Manager and his colleagues for their work in managing the Cobtree Manor Estate and the associated contractual issues at this difficult time.

RESOLVED: That the update on the activities at the Cobtree Manor Estate since the last meeting of the Committee in November 2020 be noted.

EXCLUSION OF THE PUBLIC FROM THE MEETING

RESOLVED: That the public be excluded from the meeting for the following item of business because of the likely disclosure of exempt information for the reason specified, having applied the Public Interest Test:

**Head of Schedule 12A and
Brief Description**

Cobtree Estate Contracts Update 3 – Financial/Business Affairs

150. COBTREE ESTATE CONTRACTS UPDATE

The Leisure Manager introduced his report providing an update on the contractual discussions with the operators of the Cobtree Manor Estate venues and facilities. It was noted that the operators were given contract relief by the Committee in June 2020 to ensure service continuity during and after the COVID-19 pandemic. There were ongoing issues relating to the closure of the venues and facilities due to COVID-19 which meant that a number of invoices remained unpaid.

The Committee gave instructions to the Officers as to the way to proceed in the circumstances including the development of financial resilience plans to protect the interests of the Charity going forward.

151. DURATION OF MEETING

2.00 p.m. to 3.20 p.m.