

**Cobtree Manor Estate Financial Position**

<b>Final Decision-Maker</b>	Cobtree Manor Estate Committee
<b>Lead Head of Service</b>	Director of Finance & Business Improvement – Mark Green
<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 covering the activities at the golf course, Kent Life, the Manor Park and the residential properties.

There is also an update on the Committee’s request to review the investments held.

**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 officers draw up draft investment objectives and investigate alternative investment options with a view to bringing these back to the Committee to make a final decision.

**Timetable**

<b>Meeting</b>	<b>Date</b>
Cobtree Manor Estate Committee	10 March 2022

# 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 the estate.	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>	Contracts and Commissioning Team Leader, Mid Kent Legal Services
<b>Privacy and Data Protection</b>	There are no specific privacy or data protection issues to address.	Policy and Information Manager

<b>Equalities</b>	There are no additional implications arising from this report.	Equalities and Communities Officer
<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
<b>Biodiversity &amp; Climate Change</b>	The implications of this report on biodiversity and climate change have been considered and there are no implications on biodiversity and climate change.	Biodiversity and Climate Change Manager

## 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. Covid-19 has presented a significant risk to the finances and operations of the estate, emphasising the need for robust management and monitoring of the budget.

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## 3. CURRENT FINANCIAL POSITION

- 3.1 The table below summarises the financial position of the Estate as at 31<sup>st</sup> January 2022. **Appendix 1** provides a more detailed breakdown of the figures.

### 3.1.1 Overall Summary Position:

#### SUMMARY TOTALS

	Revised Budget for Year 2021/22	Profiled Budget as at 31st January 2021	Actuals as at 31st January 2021	Variance: Underspend (-) Overspend (+)
<b>Golf Course</b>				
Expenditure	£70,930	£40,485	£36,615	-£3,870
Income	-£169,240	-£126,750	-£104,413	£22,337
Net Expenditure (+)/Income (-)	-£98,310	-£86,265	-£67,798	£18,467
<b>Manor Park</b>				
Expenditure	£262,590	£203,383	£202,256	-£1,127
Income	-£184,080	-£115,964	-£150,578	-£34,614
Net Expenditure (+)/Income (-)	£78,510	£87,419	£51,678	-£35,741
<b>Kent Life</b>				
Expenditure	£21,050	£17,542	£17,243	-£299
Income	-£73,600	-£36,800	-£36,800	£0
Net Expenditure (+)/Income (-)	-£52,550	-£19,258	-£19,557	-£299
<b>Residential Properties</b>				
Expenditure	£13,040	£10,867	£10,516	-£351
Income	-£20,000	-£16,667	-£16,223	£444
Net Expenditure (+)/Income (-)	-£6,960	-£5,800	-£5,707	£93
<b>Operational Total</b>	<b>-£79,310</b>	<b>-£23,904</b>	<b>-£41,384</b>	<b>-£17,480</b>
Investment Income	-£40,000	-£33,333	-£27,508	£5,825
Car Park Repayment	£69,650	£0	£0	£0
<b>Total for the Year</b>	<b>-£49,660</b>	<b>-£57,237</b>	<b>-£68,892</b>	<b>-£11,655</b>
Net Expenditure (+)/Income (-)				

3.2 The current position shows a surplus of £68,892 for the year to date. There are no significant issues to report, but the following points should be noted:

- There should be a slight increase on the forecast year-end surplus of £49,660, assuming there are no unanticipated major items of expenditure.
  - Car parking income continues to be high, and a further £8,920 has now been received for parking charges from the organisers of the Christmas lights event.
  - There has been one significant item of expenditure. This was £8,813 on play area parts that were needed to ensure that the equipment remains fit for ongoing use.
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#### **4. INVESTMENT OPTIONS**

- 4.1 Members have requested that the investment of the permanent endowment with Charifund be reviewed and that options for investing all or some of the sum elsewhere be identified.
- 4.2 The current value of the investment with Charifund is £847,564, compared to the figure of £890,739 reported to the last Committee meeting. The value of the investment in December 2019 was £930,938. This fall is likely to be a reflection of the reaction of the financial markets to the ongoing situation in Ukraine.
- 4.3 The Council's treasury management advisors have said that whilst they don't specifically advise on charitable funds, they would be willing to provide some guidance once any potentially suitable funds have been identified. They did suggest that checks should be made to see if there are any limits or restraints on what types of investments can be made.
- 4.4 A review of the available documentation has been undertaken and there are no specific references to investments in any of those. As part of this exercise Members may wish to establish some more formal investment objectives, something that is suggested as good practice in the Charity Commission guidance on investments.

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/857987/CC14\\_new.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/857987/CC14_new.pdf)

- 4.5 The above document provides the following summary on setting objectives:  

“In simple terms, a charity needs to be clear about what it wants to do, how it intends to do it and what the timescale for delivery will be. These considerations will govern how it decides what its investment objective will be. If a charity is permanently endowed, it will need to consider balancing capital growth and income return in order for the charity to meet its aims and its beneficiaries' current and future needs.”
- 4.6 Should Members wish so some draft objectives can be drawn up for consideration and investment options that meet those objectives can be presented alongside those.

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#### **5. AVAILABLE OPTIONS**

- 5.1 Section 3 - for noting only.
  - 5.2 Section 4 - the Committee could decide not to adopt any investment objectives.
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## **6. PREFERRED OPTIONS AND REASONS FOR RECOMMENDATIONS**

6.1 Section 3 - for noting only.

6.2 Section 4 – investment objectives are drawn up as this is considered to be good practice for charities.

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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
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## **9. BACKGROUND PAPERS**

None.