

Cobtree Manor Estate Financial Position

Final Decision-Maker	Cobtree Manor Estate Committee
Lead Head of Service	Director of Finance, Resources & Business Improvement – 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 covering the activities at the golf course, Kent Life, the Manor Park and the residential properties. Details for the proposed draft budgets for 2023/24 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 2023/24 are agreed.
3. That the update on the audit of the 2021/22 accounts is noted.

Timetable

Meeting	Date
Cobtree Manor Estate Committee	25 January 2023

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	Director of Finance, Resources & Business Improvement
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.	Director of Finance, Resources & Business Improvement
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.	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>	Contracts and Commissioning Team Leader, Mid Kent Legal Services
Information Governance	The recommendations do not impact personal information (as defined in UK GDPR and Data Protection Act 2018) the Council processes.	Senior Information Governance Officer

Equalities	The recommendations do not propose a change in service therefore will not require an equalities impact assessment	Equalities and Communities Officer
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.	Director of Finance, Resources & Business Improvement
Procurement	There are no additional implications arising from this report.	Director of Finance, Resources & Business Improvement
Biodiversity & Climate Change	The implications of this report on biodiversity and climate change have been considered and there are no implications on biodiversity and climate change. A pending decarbonisation study recommendations aims to support areas of the Cobtree Manor Estate to reduce costs from energy consumption, insulate, find low carbon heating solutions, and seek renewable energy options which will save costs in the longer term.	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 and uncertainty around future contracts present 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 financial position of the Estate as at 30th November 2022. **Appendix 1** provides a more detailed breakdown of the figures.

	Budget for Year 2022/23	Profiled Budget as at 31st August 2022	Actuals as at 31st August 2022	Variance: Underspend (-) Overspend (+)
Golf Course				
Expenditure	£48,860	£32,573	£25,385	-£7,188
Income	-£139,350	-£69,715	-£64,946	£4,769
Net Expenditure (+)/Income (-)	-£90,490	-£37,142	-£39,561	-£2,419
Manor Park				
Expenditure	£259,260	£169,213	£163,293	-£5,920
Income	-£189,080	-£104,491	-£104,521	-£30
Net Expenditure (+)/Income (-)	£70,180	£64,722	£58,772	-£5,950
Kent Life				
Expenditure	£29,890	£19,927	£14,847	-£5,080
Income	-£70,730	-£35,365	-£35,867	-£502
Net Expenditure (+)/Income (-)	-£40,840	-£15,438	-£21,020	-£5,582
Residential Properties				
Expenditure	£16,180	£10,787	£1,903	-£8,884
Income	-£30,000	-£20,000	-£17,340	£2,660
Net Expenditure (+)/Income (-)	-£13,820	-£9,213	-£15,437	-£6,224
Operational Total	-£74,970	£2,929	-£17,246	-£20,175
Investment Income	-£40,000	-£26,667	-£26,293	£374
Car Park Repayment	£69,650	£69,650	£69,647	-£3
Total for the Year	-£45,320	£45,912	£26,108	-£19,804
Net Expenditure (+)/Income (-)				

3.1.1 Overall Summary Position:

SUMMARY TOTALS

3.2 The current position shows a surplus of £19,804 for the year to date. There are no significant issues to report, but the following points should be noted:

- There has been spend of £14,180 for consultancy work relating to the procurement of the new golf course contract.
- Car parking income is slightly down against the budgeted figure, but this is partially offset by additional income from the café and overall, the budgets for the Manor Park are slightly underspent.
- As reported previously Mytime will be invoiced for £80,000 for rental payments due, with an initial £21,736 for performance based on trading in the early part of the financial year. Given the positive trading position so far this year it is hoped that another significant performance-based sum can be realised.

4. BUDGETS 2023/24

4.1 The proposed budgets for 2023/24 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 (5%) where applicable.
- Contract income has been increased in line with the agreed schedules.

- Insurance costs have been updated in line with estimated premium increases, which are likely to be 15% due to an increase in premiums.
 - 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 In overall terms the projected surplus from operational activities for 2023/24 is budgeted to be £35,210 compared to the budgeted surplus of £74,970 for 2022/23. After allowing for investment income and the repayment of the car park construction costs the overall net surplus will be £5,560.
- 4.3 The main reason for the reduction in the surplus is the uncertainty around what the value of the new golf course contract will be. The budgeted figure for 2022/23 is £139,110, but the budget allowed for in 2023/24 is shown as £100,000, which is used to show a break-even position for the estate.
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5. **AUDIT OF THE 2021/22 COBTREE ESTATE ACCOUNTS**

- 5.1 It was the intention to bring the audited accounts for 2021/22 to this meeting for approval. However, there is an outstanding issue with regards to the Balance Sheet that is still being investigated. This is a technical point that has no impact on the resources of the Estate.
- 5.2 Should this issue be resolved the report to approve the accounts will be brought as an urgent item (subject to the approval of the Chairman). The deadline for submission of the audited accounts is 31st January 2023, and should the issue not be resolved in time this deadline may be missed. Whilst this would clearly be very disappointing there would be no financial penalty for this.
- 5.3 If the deadline is missed the intention will be to bring the audited accounts to the next meeting of the Committee in April for approval.
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6. **AVAILABLE OPTIONS**

- 6.1 Section 3 - for noting only.
- 6.2 Section 4 - the Committee could ask for adjustments to be made to the draft budgets.
- 6.3 Section 5 – for noting only.
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7. **PREFERRED OPTIONS AND REASONS FOR RECOMMENDATIONS**

- 7.1 Section 3 - for noting only.

7.2 Section 4 – that the budget is approved and formally adopted so that it is in place for 1st April 2023.

7.3 Section 5 – for noting only.

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.

9. REPORT APPENDICES

- Appendix 1: Financial Position
- Appendix 2: Draft Budget 2023/24
- Appendix 3: Draft Maidstone BC Staff Recharges 2023/24

10. BACKGROUND PAPERS

None.