

MAIDSTONE BOROUGH COUNCIL

COBTREE MANOR ESTATE CHARITY COMMITTEE

MINUTES OF THE MEETING HELD ON 30 MARCH 2017

Present: Councillor McLoughlin (Chairman) and Councillors Cox and Perry

Also Present: Mr R Hext – Cobtree Charity Trust Limited

38. APOLOGIES FOR ABSENCE

It was noted that apologies for absence had been received from Councillors Mrs Gooch and Mrs Wilson.

39. NOTIFICATION OF SUBSTITUTE MEMBERS

There were no Substitute Members.

40. NOTIFICATION OF VISITING MEMBERS

There were no Visiting Members.

41. DISCLOSURES BY MEMBERS AND OFFICERS

There were no disclosures by Members or Officers.

42. DISCLOSURES OF LOBBYING

There were no disclosures of lobbying.

43. EXEMPT ITEMS

RESOLVED: That the item on Part II of the agenda be taken in private as proposed.

44. MINUTES OF THE MEETING HELD ON 26 JANUARY 2017

RESOLVED: That the Minutes of the meeting held on 26 January 2017 be approved as a correct record and signed subject to the amendment of the second figure on the sixth line of Minute 33 to read £21,730.

45. MATTERS ARISING FROM THE MINUTES OF THE MEETING HELD ON 26 JANUARY 2017

Minute 32 – Cobtree Manor Estate Update Report – Proposed Railway

With regard to the aspirations of the Cobtree Charity Trust Limited for a railway at the Cobtree Manor Estate, the Committee was informed that a

local construction company had confirmed that it would be feasible to build a tunnel under Forstal Road. However, the company would not be able to provide funding towards the cost of the scheme.

It would be necessary to seek the advice of Kent Highways regarding the construction of the tunnel, and Kent Highways might require a commitment to meet the cost of a feasibility study to provide that advice.

The Parks and Leisure Manager undertook to raise the issue informally with Kent Highways in the first instance.

46. EXTERNAL AUDIT MANAGEMENT LETTER 2015/16

The Committee considered the report of the Head of Finance and Business Improvement setting out the Management Letter that had been produced as part of the external audit of the accounts.

The Senior Finance Manager (Client) explained that:

- The Management Letter had been produced by the external auditors and its purpose was to draw the attention of the Committee to various matters that had arisen as a result of the audit.
- The first five sections of the Management Letter provided background information and details of the scope and objectives of the audit and the overall audit strategy. Section 6 provided an update on issues raised in the 2014/15 Management Letter and section 7 detailed recommendations arising from the 2015/16 audit and the management response.
- Arising from the 2014/15 audit, the external auditors had made a recommendation that the Council set up a separate accounting system for the accounts relating to the Cobtree Manor Estate. This was still under consideration. Setting up a new company in the Council's financial ledger could cost the Charity around £10,000 so the possibility of using a smaller separate accounting package was being investigated, and a report would be submitted to a future meeting. The external auditors had also made a recommendation that the Council stop claiming VAT on behalf of the Charity, and set up a separate VAT registration, and this had been done.
- Arising from the 2015/16 audit, the external auditors had made the point that the Café and car parking operations could be considered to be commercial activities for the purpose of taxation, and it was possible that the tax threshold limit might be reached in future financial years. The situation would be monitored closely to see if there was a possibility of reaching the limit. It could be argued that rather than being commercial activities, the Café and car parking operations existed to provide funds to reinvest in the Estate. This point would be investigated further by the Officers, and, if necessary, a report would be submitted to a future meeting to enable the Committee to consider the potential implications.

- In response to questions by Members, the Senior Finance Manager (Client) confirmed that he would:
 - (a) Discuss with the Chairman and the Director of Finance and Business Improvement the most cost effective way to set up a separate accounting system for the accounts relating to the Cobtree Manor Estate;
 - (b) Clarify the projected deficit in respect of the Café as at 31 July 2017 referred to in the external auditor's third recommendation arising from the 2015/16 audit; and
 - (c) Make clear to the external auditors that there is only one car park at the Cobtree Manor Park.

During the discussion, it was suggested and agreed that consideration be given to increasing car parking charges at Cobtree Manor Park, possibly as part of a package linked to use of the Café.

RESOLVED:

1. That the contents of the Management Letter and the action proposed by the Officers in response be noted.
2. That a report be submitted to a future meeting of the Committee examining the options for increasing car parking charges at the Cobtree Manor Park, possibly as part of a package linked to use of the Café.

47. **COBTREE MANOR ESTATE - CONTINGENCY AND RESERVES REPORT**

The Committee considered the report of the Director of Finance and Business Improvement concerning the establishment of an acceptable minimum level of reserves to be held going forward to meet ongoing commitments and unexpected events.

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

- In recent years the financial resources of the Charity had been under considerable pressure mainly due to the reduction in the value of the Golf Course contract and the opening of the Visitor Centre/Café which had been operating at a loss to date. However, the financial position of the Charity was now starting to improve and over the next ten years, it was projected that surpluses totalling £1.4m could be generated. These surpluses could be set aside in order to:
 1. Establish sufficient funds for ongoing equipment replacement and capital expenditure;
 2. Re-invest in the permanent endowment to replace the funds withdrawn to fund the Master Plan; and
 3. Have sufficient funds in place to meet the costs of unexpected events.

- A draft five year capital programme had been drawn up which indicated that around £0.4m would need to be allocated for a number of schemes, the most significant being the redesign and resurfacing of the car park at the Manor Park.
- It was proposed that a further report be brought back to a future meeting of the Committee to enable decisions to be made regarding the establishment of reserves and the amounts to be set aside to cover the three areas identified above.

In response to questions, the Officers confirmed that the contract for the operation and management of the Kent Life attraction and the new Golf Course contract included directors' guarantees or performance bonds which protected the Charity's position. The Senior Finance Manager (Client) undertook to provide details of rechargeable costs, including management costs, as a separate line in the financial projections for the Cobtree Manor Park.

RESOLVED: That the report be noted and that a further report be submitted to a future meeting of the Committee regarding the establishment of reserves and the allocation of reserves for specific purposes.

48. COBTREE MANOR ESTATE UPDATE MARCH 2017

The Committee considered the report of the Head of Regeneration and Economic Development providing an update on the operation of the Estate since the last meeting in January 2017.

The Parks and Leisure Manager explained, inter alia, that:

- The estimated cost of re-surfacing the existing car park at Cobtree Manor Park with tarmac, including the installation of the required drainage and kerbs, was £296,000. As part of the project, consideration would be given to how the layout and appearance of the car park might be improved.
- Confirmation had been received that the scheme to connect the River Medway cycle path with the Cobtree Manor Park and the road crossing could now go ahead.

It was suggested and agreed that a report be submitted to a future meeting of the Committee setting out options for the re-surfacing and re-configuration of the car park at the Cobtree Manor Park in materials sympathetic to the parkland setting; the report to incorporate (a) proposals for improving the path through the woodland and the treatment of the pedestrian and cycle accesses to the Manor Park and (b) proposals for increasing car parking charges at Cobtree Manor Park, possibly as part of a package linked to use of the Café, as discussed previously.

RESOLVED:

1. That the report be noted.
2. That a report be submitted to a future meeting of the Committee setting out options for the re-surfacing and re-configuration of the car park at the Cobtree Manor Park in materials sympathetic to the parkland setting; the report to incorporate (a) proposals for improving the path through the woodland and the treatment of the pedestrian and cycle accesses to the Manor Park and (b) proposals for increasing car parking charges at Cobtree Manor Park, possibly as part of a package linked to use of the Café, as discussed previously.

49. COBTREE MANOR PARK VISITOR CENTRE/CAFÉ UPDATE - MARCH 2017

The Committee considered the report of the Head of Regeneration and Economic Development setting out details of the performance of the Cobtree Manor Park Visitor Centre/Café since it opened in August 2015.

The Parks and Leisure Manager explained, inter alia, that:

- A number of changes would be made in April to enhance the customer experience whilst improving business in the Café. These included:

Changing the menu during holidays and weekends to food that could be served straight away - this would greatly reduce waiting times, enable the Café to operate with fewer staff and mean fewer lines had to be stocked.

Trialling the use of quality recyclable tableware at busy times rather than crockery and cutlery - this would reduce the amount of time that staff spent collecting and cleaning crockery and cutlery, and enable the number of staff required to be reduced. More bins would be installed and signage would be erected to encourage customers to use them.

Moving the counter forward on a trial basis to enable customers to collect food, drinks and ice cream on their way to the till – this would make for a much smoother operation.

- It was proposed to install a service hatch in the window next to the main entrance door. This would give a second point of sale for ice cream and drinks and a separate, faster moving queue, resulting in increased income. The Committee was asked to approve expenditure of not more than £5,000 to enable the service hatch to be installed.
- The Council would be undertaking a tendering exercise to find an external operator for its Cafés in Mote Park and the Maidstone Museum. Including the Cobtree Café in the invitation to tender would provide the opportunity to test the market for an external operator and assess the potential income from such an arrangement against the current operational performance.

In response to questions by Members, the Parks and Leisure Manager confirmed that in Table 1 giving a breakdown of the month on month Visitor Centre/Café costs and income from when the facility opened to the current time, the total staff cost in August 2015 should read £8,111 and the total outcome should be minus £31,984.

Members expressed reservations about the proposed move to recyclable tableware at busy times, but were mindful of issues associated with the capacity of the kitchen and the length of queues. It was suggested that, as an alternative, a trial be arranged for two weeks at busy times over the Easter break using recyclable tableware for customers eating outside, and that feedback be obtained. The outcome of the trial would be reported to a meeting of the Committee at the end of April 2017.

RESOLVED:

1. That the report be noted.
2. That agreement be given to the inclusion of the Cobtree Manor Park Café in an invitation to tender for an external operator for the Council's various catering outlets, reserving the right to not appoint if the Committee decides to continue operation of the Café in-house.
3. That a report be submitted to a future meeting of the Committee on the results of the tender exercise to enable a decision to be made on the future operation of the Cobtree Manor Park Café.
4. That agreement be given to the installation of a server hatch at the Cobtree Manor Park Café at a cost not exceeding £5,000.
5. That a trial be arranged for two weeks at busy times over the Easter break using recyclable tableware for customers eating outside, and that feedback be obtained.
6. That the outcome of the trial be reported to a meeting of the Committee at the end of April 2017 to enable a decision to be made on the tableware to be used at the Cobtree Manor Park Café.

50. **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**

Exempt Report of the Head of
Regeneration and Economic
Development – Cobtree Manor
Estate Financial Position

3 – Financial/Business Affairs

51. COBTREE MANOR ESTATE FINANCIAL POSITION

The Committee considered the exempt report of the Head of Regeneration and Economic Development summarising the financial position of the Cobtree Manor Estate as at 28 February 2017. The report, covering the activities at the Golf Course, the Kent Life attraction, the Manor Park and the Visitor Centre/Café, also included a forecast year end outturn position. It was noted that it was still forecast that the Estate would operate at a deficit for 2016/17. However, it was anticipated that the Estate would start to generate an annual operational surplus going forward from 2017/18.

The Senior Finance Manager (Client) explained that the funding of £30,000, previously agreed in principle for a new road crossing outside the entrance to the Manor Park to enable the River Medway Cycle Path scheme to link up with the Park, had not been included in this report, but there were sufficient funds available to meet this commitment as required.

RESOLVED: That the current financial position and forecast outturn be noted.

52. DURATION OF MEETING

3.40 p.m. to 5.05 p.m.