

Cobtree Manor Estate Committee

20 July 2017

Is the final decision on the recommendations in this report to be made at this meeting?

Yes

Cobtree Manor Estate Financial Position

Final Decision-Maker	Cobtree Manor Estate Committee
Lead Head of Service	Head of Regeneration & Economic Development
Lead Officer and Report Author	Paul Holland, Senior Finance Manager (Client)
Classification	Public
Wards affected	Boxley

This report makes the following recommendations to this Committee:

1. That the current financial position is noted.

This report relates to the following corporate priorities:

- Keeping Maidstone Borough an attractive place for all – ensuring that there are good leisure and cultural attractions.

Timetable

Meeting	Date
Cobtree Manor Estate Committee	20 th July 2017

Cobtree Manor Estate Financial Position

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The report summarises the 2016/17 year end outturn and the current financial position of the Estate as at 31st May 2017 covering the activities at the golf course, Kent Life, the Manor Park and the Café/Visitor Centre.
 - 1.2 It also updated Members on the position regarding a separate accounting system for the Trust accounts.
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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 last few years have seen a number of significant financial pressures and issues, and it is important for the future of the Estate that these are addressed and monitored.
 - 2.2 The main pressures and issues have been as follows:
 - A reduction in the value of the golf course contract, and the recent re-tendering exercise.
 - The additional costs arising from the operation of the golf course over the autumn and winter months.
 - Some continuing issues around the operation of the café/visitor centre.
 - The introduction of car parking charges at the Manor Park.
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3. 2016/17 OUTTURN

- 3.1 **Appendix A** summarises the outturn position for 2016/17.
- 3.2 The outturn position is broadly in line with that forecast at previous meetings of the Committee during 2016/17. There was a net operating deficit of £77,254 on the activities of the Estate, which is reduced to £31,448 when the investment income of £45,806 is taken into account. This reflects the following factors that were outlined in more detail in the March report:
 - The end of the golf course contract in September 2016 and the subsequent agreement to pay Mytime a fee of £50,000 to keep the course open from that point until the end of March 2017.
 - Some continuing issues with the café/visitor centre which have meant that it has operated at a deficit this year.
- 3.3 The issues at the golf course and the café/visitor centre were partially offset by the contract fee received for the operation of the Kent Life attraction, and car parking income which has substantially reduced the operating costs

of the Manor Park.

- 3.4 There are sufficient resources set aside to meet the deficit, and as outlined in the next section of this report it is forecast that the operating activities of the Estate will produce a surplus for 2017/18 and beyond then.
 - 3.5 The accounts for 2016/17 will be audited shortly and brought to the Committee for formal approval in due course.
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4. **CURRENT FINANCIAL POSITION**

- 4.1 **Appendix B** shows a summary of the current financial position as at 31st May 2017, along with the full year budgets, and this section outlines the position for each of the areas of activity:
 - 4.1.1 **Cobtree Golf Course** –The new contract with Mytime commenced on 1st April 2017. Responsibility for utility payments now rests with Mytime, as reflected in the reduction in running costs.
 - 4.1.2 **Cobtree Manor Park** – Car parking income is continuing to exceed the forecasted sums. There are no other issues to report at this stage.
 - 4.1.3 **Kent Life** - There are no issues with regards to the Kent Life attraction.
 - 4.1.4 **Café/Visitor Centre** –The underlying operational issues are discussed in more detail in the Cobtree Estate Update Report elsewhere on this agenda.
 - 4.1.5 **Overall position** - The forecast for the end of the current year is that the estate activities will show a small surplus position of £1,123. Taking into account the forecast estimated investment income of £50,000 it is projected that resources will increase by £51,123 for 2017/18.
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5. **COBTREE ACCOUNTING SYSTEM**

- 5.1 Members will recall that in their Management Letter the external auditors have recommended that the accounts of the Trust should be maintained in its own financial management system. At present they are part of the Council's system and are extracted from this using a spreadsheet-based method at the end of the financial year.
- 5.2 The most appropriate approach would be to set up a separate company within the Council's existing financial management system. Officers from the finance team did review a different stand-alone system for another project, but this failed to meet a number of requirements particularly around payment authorisation and information held, so it was felt this would not be an appropriate system.
- 5.3 The intention is to have a new system set up ready to be used from 1st April 2018. There would be costs associated with this, and it is proposed

that a report outlining these be brought to the September meeting of the Committee.

6. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 6.1 It is recommended that the Committee note the contents of this report as this is good financial management practice, and that a further report be brought on the final outturn position for 2016/17 when this is confirmed.

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.

8. 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 and 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.	Parks & Leisure Manager
Financial	There is a financial risk to the Trust if the new operations cost more than predicted or fail to generate sufficient surplus to cover the reduction in the value of the golf course contract.	Senior Finance Manager (Client)
Staffing	There are no additional implications arising from this report.	
Legal	There are no additional implications arising from this report.	Interim Deputy Head of Legal Partnership
Equality Impact Needs	There are no additional	

Assessment	implications arising from this report.	
Environmental/Sustainable Development	There are no additional implications arising from this report.	
Community Safety	There are no additional implications arising from this report.	
Human Rights Act	There are no additional implications arising from this report.	
Procurement	There are no additional implications arising from this report.	
Asset Management	There are no additional implications arising from this report.	

9. REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

- Appendix A: Financial Position Summary 2016/17
- Appendix B: Financial Position Summary 2017/18

10. BACKGROUND PAPERS

None.