

MAIDSTONE BOROUGH COUNCIL

COBTREE MANOR ESTATE CHARITY COMMITTEE

MINUTES OF THE MEETING HELD ON 25 JANUARY 2022

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

47. APOLOGIES FOR ABSENCE

It was noted that apologies for absence had been received from Councillor Kimmance.

48. NOTIFICATION OF SUBSTITUTE MEMBERS

There were no Substitute Members.

49. URGENT ITEMS

There were no urgent items.

50. NOTIFICATION OF VISITING MEMBERS

There were no Visiting Members.

51. DISCLOSURES BY MEMBERS AND OFFICERS

There were no disclosures by Members or Officers.

52. DISCLOSURES OF LOBBYING

There were no disclosures of lobbying.

53. EXEMPT ITEMS

RESOLVED: That the Minutes (Part II) of the meeting held on 4 November 2021 be considered in public but the information contained therein should remain private.

54. MINUTES (PARTS I AND II) OF THE MEETING HELD ON 4 NOVEMBER 2021

RESOLVED: That the Minutes (Parts I and II) of the meeting held on 4 November 2021 be approved as a correct record and signed.

55. PRESENTATION OF PETITIONS

There were no petitions.

56. QUESTION AND ANSWER SESSION FOR MEMBERS OF THE PUBLIC

There were no questions from members of the public.

57. QUESTIONS FROM MEMBERS TO THE CHAIRMAN

There were no questions from Members to the Chairman.

58. ACCOUNTS 2020/21

The Senior Finance Manager (Client) introduced his report setting out the Report and Financial Statements for the year ended 31 March 2021 for approval prior to submission to the Charity Commission by 31 January 2022.

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

- The audit of the Report and Financial Statements was now complete, and an unmodified audit opinion would be issued.
- The audit had been undertaken by UHY Hacker Young, the Charity's external auditors.
- No major issues had arisen regarding the accounts following the audit. Some amendments were made to the draft accounts that were submitted for audit and there was also a small number of unadjusted misstatements. These were shown in the Audit Findings Report and had no impact upon the financial resources available to the Charity.
- There were references to 2019 in the Annual Report that needed to be removed and this would be done before the final version was submitted to the Charity Commission.
- The total funds of the Charity as shown on the Balance Sheet had decreased slightly from £4.40m to £4.38m, with the Statement of Financial Activities (SOFA) showing a net funds decrease of £58,688 for the year.
- On the Balance Sheet, the main movement was a reduction in the value of tangible assets of £0.16m. This was mainly due to the annual depreciation charge and was partially offset by an increase in the value of the Charifund investment. There was also an increase in the debtors and creditors balances due to monies owed by contractors and to the Borough Council respectively at the Balance Sheet date.
- On the SOFA, there was a small reduction in income received from investments, including the Will Trust Fund. There was also an increase in expenditure, mainly on repairs and maintenance, but this was partially offset by reductions in salaries and other fees and services. The additional repairs and maintenance spend included some significant one-off items such as the installation of new automatic gates and new play equipment and other play area repairs.

- The Audit Findings Report summarised the accounting adjustments agreed with the external auditors following the audit of the accounts. There was an adjustment to the Will Trust Fund income as the amount received was less than had been accrued for initially in the accounts and an adjustment to the loan interest due on the car park works. There were no new recommendations arising from the audit for 2020/21 and there were no outstanding issues from previous years.
- The purpose of the Letter of Representation for 2020/21 was to ask the Committee to confirm some statements relating to the audit and the information supplied to the external auditors during their audit.

In response to questions:

- The Leisure Manager advised the Committee that the fluctuation in the number of rounds played at the Cobtree Golf Course over the last twelve years, as referenced in the Annual Report, reflected trends within the sport nationally.
- The Senior Finance Manager (Client) undertook to seek clarification from the External Auditors regarding the effective date for revisions to key auditing standards referred to in the Audit Findings Report and circulate details to all Members of the Committee.

RESOLVED:

1. That subject to the removal of some references to 2019 in the Report, the Report and Financial Statements for 2020/21, 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.

59. 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 2021. The report covered the Golf Course, Kent Life, the Manor Park and residential properties. The report also included details of the proposed budgets for 2022/23 and an update on Members' request that a review be undertaken of the investment of the Charity's permanent endowment with Charifund, including alternative investment options and the possible use of permanent endowment funds to repay the balance of the money borrowed from the Borough Council for the car park improvement works.

Financial Position

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

- Following feedback from Members at the last meeting, the summary table had been redesigned to highlight more clearly whether variances were positive or negative.
- The position as at 31 December 2021 was a surplus of £23,167 for the year to date.
- Budgets had been reallocated to cover some of the previously reported overspends, but the overall budget had not changed with a surplus of £49,660 still forecast. The £20,000 budget for Covid recovery had now been reallocated to the Golf Course to be used for a feasibility study. The reallocations meant that at present there were no new significant budget variances.

It was suggested and agreed that in response to rising energy costs, consideration be given to the installation of renewables at the Cobtree Manor Estate.

Budgets 2022/23

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

- The general approach to setting the budgets for 2022/23 was to increase running costs by inflation (2%) where applicable; increase contract income in line with the agreed schedules; update insurance costs in line with estimated premium increases; and update recharges from the Borough Council following a review of the services provided.
- In overall terms the projected surplus from operational activities was budgeted to be £74,970 compared to £79,310 for 2021/22. After allowing for investment income and the car park construction cost repayments, the overall net surplus would be £45,320.

In response to questions by Members, the Senior Finance Manager (Client) said that he would look further into the reasons for the increase in premises insurance for Kent Life, including whether any claims had been made.

Investment Options

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

- At the last meeting, Members requested a review of the investment of the Charity's permanent endowment with Charifund, including alternative investment options.
- The current value of the investment with Charifund was £890,740, compared to the figure of £860,945 reported to the last meeting. The value of the investment in December 2019 was £930,938.
- Charifund was a specialist investment fund aimed specifically at the charity sector. The fund aimed to provide an annual yield above that

available from the FTSE All-Share Index; an income stream that increased every year; and a level of capital growth, net of the Ongoing Charge Figure, that is higher than inflation over any ten-year period, as measured by the UK Retail Prices Index. There was no guarantee that the fund would achieve its objectives and investors might not get back the original amount they invested.

- There were alternative funds that followed broadly similar principles and the Council's Treasury Management advisors had been asked to assist in identifying suitable alternatives.
- Consideration could be given to a fund with an ethical investment policy and a decision would be needed as to whether the permanent endowment should be split into two or more funds. A list of suitable alternative funds with performance data would be presented to the next meeting to enable a final decision to be made.

Repayment of Car Park Loan

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

- At the last meeting, Members requested that the option of using permanent endowment funds to repay the balance of the money borrowed from the Borough Council for the car park improvement works be investigated.
- The use of permanent endowment funds required the permission of the Charity Commission, and it might be necessary to repay funds withdrawn previously for the new play area and park enhancement works. This had not happened due to other financial pressures.
- Withdrawal of permanent endowment funds would reduce the level of investment income received. There were currently three years left to repay the cost of the car park works and the interest element of that was £9,364. The loss of investment income over the same period could be £28,362 which was greater than the interest due to the Council. However, despite the loss of investment income, having repaid the loan, more funds would be available for possible capital investment that would protect income streams.
- Alternative options included using the bank balance to pay off the loan or deferring a decision to retain flexibility when considering the funding arrangements for future capital projects.

Members indicated that their preference was to defer a decision at this stage.

RESOLVED:

1. That the financial position of the Cobtree Manor Estate as at 31 December 2021 be noted.

2. That in response to rising energy costs, consideration be given to the installation of renewables at the Cobtree Manor Estate.
3. That the proposed budgets for 2022/23, as set out in Appendix 2 to the report of the Senior Finance Manager (Client), be agreed.
4. That the Officers be requested to investigate alternative options for the investment of the Charity's permanent endowment, including funds with ethical investment policies and the possibility of splitting the endowment into two or more funds, and to report these back to a future meeting of the Committee to enable a final decision to be made.
5. That consideration of the options for repaying the balance of the money borrowed from the Borough Council for the car park improvement works be deferred to a future meeting.

60. COBTREE ESTATE UPDATE

The Leisure Manager introduced his report providing an update on activities at the Cobtree Manor Estate since the last meeting of the Committee in November 2021. It was noted that:

Cobtree Manor Park

- Car park income at the end of quarter 3 stood at £89,315, which was a positive variance of around £11,000 against the revised budget.
- The winter lights trail in December 2021 had proved to be a great success for the Manor Park and the Borough. 24,934 people had visited the Glow event over 17 days, generating £9,987 in additional car park income. Feedback from the debrief meeting to be held with the events company could be reported to the Committee.
- The volunteer workforce would be in the Manor Park that day planting around 2,000 hedgerow saplings around some key borders and along sections of the bridleway. The opportunity to establish a new orchard at Kent Life was being investigated.

Cobtree Golf Course

- November 2021 had been a successful month at the Golf Course, more profitable than November 2019 which was pre-Covid. A drainage project to improve playing conditions on the 1st, 2nd, 9th, 12th and 18th holes had been completed.

Kent Life

- The site was now in its winter maintenance period and would re-open for the February half term.

- The Cobtree Shed Group had moved to its new base at Kent Life and was working with staff at the Manor Park to remove equipment from the Elephant House.

Cobtree Café

- Further repairs were required to the paths outside the toilets and would be undertaken soon.

Members congratulated the Officers and the events company on the success of the Glow event and asked for a debrief in due course, including investigation of other festive attractions such as a Father Christmas.

During the discussion, it was pointed out that the Chairman, Vice-Chairman and Officers had met with representatives of the Cobtree Charity Trust Limited the previous day. At that meeting, the Trustees had indicated that they were keen to pursue the possibility of relocating the carriages currently housed in the Carriage Museum to the Cobtree Manor Estate.

RESOLVED: That subject to the points raised in the discussion, the update on activities at the Cobtree Manor Estate since the last meeting of the Committee in November 2021 be noted.

61. KENT LIFE ARTEFACTS

The Leisure Manager introduced his report outlining the options for cataloguing the Kent Life collection of artefacts. It was noted that the cost of creating a basic inventory could be more than £25,000.

RESOLVED: That consideration of this matter be deferred to seek legal advice regarding the Charity's obligations and responsibilities in relation to the Kent Life collection of artefacts, including the management, maintenance, conservation and possible disposal of artefacts.

62. DURATION OF MEETING

2.10 p.m. to 3.15 p.m.

Note: This meeting was not webcast due to a technical fault.