

Treasurer's report for 31/1/23 meeting

As financial considerations are relevant to several items on the meeting's agenda, including some that precede my normal treasurer's report, I am circulating this in advance to aid discussion. I apologise for writing at length, but I believe the council is at a crossroads and needs to think long and hard about its future.

Accounts summary and bank situation

The latest accounts have two new cost centres, one covering Oktoberfest trading and the other the Warm Hub. Also added is an asset register, as required by our constitution. The overall picture is very similar to November accounts, with some £98k of available funds.

Sumati's application to become a third signatory to our TSB current account was submitted in early December; last Thursday I enquired about progress and was told they would call back, which does not sound hopeful. Until this is through it is inadvisable to switch the account to the Bank of Scotland. Unlike the BoS, TSB does not offer savings accounts to organisations like ours, so currently our money is not earning interest.

Nevertheless, there is nothing to stop us opening a savings account with BoS in advance of the switch and moving the current account across in due course. I circulated details of the BoS savings options on 7 December; only two councillors (Euan and Paul) responded, neither was keen on the instant access account proposed, because of its unattractive interest rate, a sentiment with which I agree. However, our choice is very limited: we need an account which can be operated online and with two out of three to sign; most banks do not offer this; BoS does, and also has the advantage of a branch in Kelso.

Therefore with some reluctance I propose the following motion:

'That the council open an instant access savings account at BoS and transfer £95k into it'.

Financial strategy

We need to take a strategic look at the YDCC finances.

The council has essentially six income streams:

1: Annual SBC grant

Currently £630pa, this covers operational costs. Of this, £480 goes to the secretary (£40 for each of 11 meetings plus one AGM) and the rest is needed for office sundries, insurance etc. Give or take a few pounds, this is a break-even situation.

2: Reimbursement by SBC of essential spending

Eg meeting room hire and path maintenance. Paid pound for pound, so break-even by definition.

3: Grants for specific projects

Eg Pavilion refurbishment, Warm Hub. Some of these grants are from SBC, others from various public sources. Recently we have been very successful in obtaining grants, but public finances are under exceptional pressure and unlikely to improve in the foreseeable future. It would be naive to assume that these constraints will not filter down to our grant providers.

4: Trading income

Eg tea towels, walks, 50% of the waste collection and (formerly) website advertising. In 21-22 this totalled £679 but it is well down for 22-23: £274 for the first three quarters, equivalent to £366 for the full year. Even if we optimistically assume that the decline is not a trend, and forget the fact that the income is not all profit (we have to buy stock of tea towels etc), we cannot reasonably expect to make more than the average of 21-22 and 22-23, which is £523.

5: Events income

Covid brought a halt to fundraising events for YDCC and they have yet to restart.

6: Donations, eg legacies

We have been fortunate enough to receive two tranches of money from Ms Deans' estate: £8k in 21-22 and 105k in 22-23.

Discussion

If we accept that 1 & 2 simply keep the YDCC show on the road, that 3 is applicable only to major initiatives, that 5 is currently zero and that we would all prefer 6 to be reserved for special items that we could not normally afford, we are left with 4 to fund 'everyday' expenditure – items which the public have come to expect such as Christmas lights, a remembrance wreath, help with a children's party, etc. In round numbers, we have just £500 per year to pay for all this, a figure that is declining while costs are rising.

So we should not be surprised by the fact that we have been using 6 to plug the gap, not just as regards major investments like defibrillators and marquee but also for more everyday items. Christmas alone involved spending over £2100.

After accounting for ringfencing anomalies, at the beginning of 21-22 the council had some £3800 of operational funds. The equivalent figure for 22-23 was £11,500, but as £8000 was a legacy, the base figure was actually little changed. So when the council voted to replace the defibrillators at a cost of £7380, it was effectively spending all our reserves and nearly half of the first tranche of legacy money. Given that by this point a second £105k payment had been received, no one regarded this as an irresponsible decision, even though it meant that from that moment on, the council was operating almost entirely off inherited funds.

I believe that decision was perfectly justifiable: we have kept faith with the public consultation in that the vast majority of the funds remain unspent. We asked what people would like to improve in the village, we did not ask what facilities they wished to maintain – most people would take that as read. So pending the outcome of that consultation it is perfectly reasonable for the council to use some inherited money to replace two facilities which had reached the end of their useful life.

The second facility we replaced was of course the tent. We can argue ad infinitum about whether we bought the right tent at the right time for the right price in the right way, but the village does need a tent from time to time and whatever we had bought, or rented, would have involved legacy spending. As does all but a few hundred pounds of our regular expenditure.

Implications

No one wants to see legacy money spent on everyday items, but that will inevitably continue if we do not increase our income. If we try to live solely on our existing trading income, sooner or later we will find ourselves announcing that we cannot afford Christmas lights this year, or whatever, despite having five-figure sums in the bank. The public simply would not buy this, we would be forced to dip into our reserves whether we liked it or not.

I believe we should restart fundraising events, starting with one in May to celebrate the Coronation. However, this has implications, because fundraising needs facilities, and we are about to decide the fate of two important facilities: the marquee, which this meeting is to consider selling, and the pavilion, the rights to which the council will at this meeting consider giving to a separate Sports & Social Club.

Combined with our existing rights to use the recreation ground, the marquee and pavilion represent an attractive triple package that can be used to advantage not only for village fundraising events but also as a revenue earner in its own right. I urge the council to bear this in mind when making its decisions and not to enter into any arrangement which reduces the village's ability to control its own future.