

Budgets & Reporting to Your Executive

A Treasurer's guide to preparing
budgets and reporting to your Exec



COMPLIANCE AND DATA PROTECTION

What is a Budget?

A budget is a forecast of what is most likely to happen in the future.

It isn't meant to be an accurate prediction but a guide to measure your financial expectations against your actual figures.

It is also a tool to help you plan when you need money and how much you need to raise.



Why Have a Budget?

All party organisations should have a budget. Planning ahead prevents you being surprised by problems and running out of money.

Our biggest cost is campaigning, not just during the regulated election period but also the pre-election campaigning that sets you up for a victory. Very few places can win a seat on just the five weeks of an election with no activity beforehand.

Other expenses include **regular costs** e.g. a website and **periodic costs** e.g. a members' newsletter. Then there's **unknown costs** - such as an unexpected by-election.



What Information Do You Need?

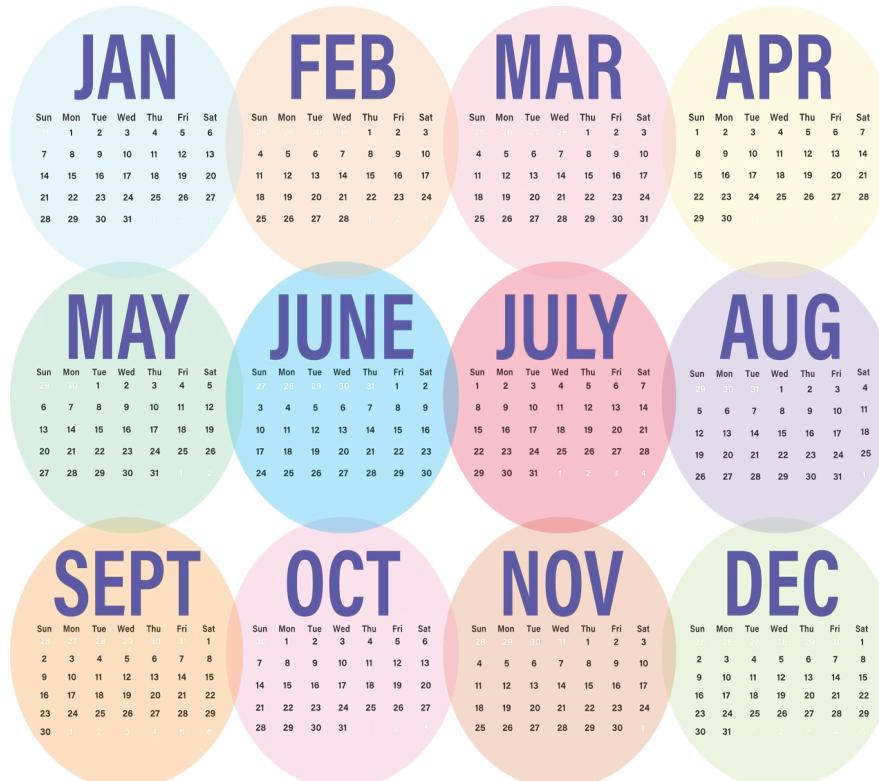
- The previous year's accounts
- Commitments made by the Executive
- Campaigning objectives
- Membership development plans
- Fundraising plans

Budget Period

Local party cash flows tend to follow the electoral cycle so it is good practice to prepare your budget on a similar basis.

Budgeting on a **quarterly basis** is ideal:

- Jan-Mar - in March you give the first tranche of election campaign money to your election agent
- Apr-Jun - elections are in May and the final election bills need to be paid soon after by the agent
- Jul-Sep + Oct-Dec: preparing for future elections, AGM, etc



Example Budget 1 (non-target “development” Local Party)

<u>Income</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Total</u>
Service fees from HQ/State	100	100	100	100	400
Donations - Standing Orders	420	420	420	420	1,680
Donations - Cllr Tithes	630	630	630	630	2,520
Donations - Other	0	1,000	0	0	1,000
Fundraising	200	50	0	100	350
Grants & Other Income	0	50	0	0	50
<u>Total Income</u>	1,350	2,250	1,150	1,250	6,000

Example Budget 2

<u>Expenses</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Total</u>
Premises & Office Costs	0	0	0	0	0
Membership & Meeting Costs	50	50	50	50	200
Staff Costs	0	0	0	0	0
Fundraising Costs	100	0	0	50	150
Campaign Costs - Website/Social Media	60	60	60	60	240
Campaign Costs - Literature	2,000	1,000	1,000	1,000	5,000
Campaign Costs - Election Agent	500	2,000	-100	0	2,400
Campaign Costs - Other	0	0	0	0	0
Other Expenses	50	50	50	50	200
<u>Total Expenses</u>	2,760	3,160	1,060	1,210	8,190

Example Budget 3

<u>Reserves</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Total</u>
Opening Bank Balance	2,380	970	60	150	2,380
Add Total Income	1,350	2,250	1,150	1,250	6,000
Less Total Expenses	2,760	3,160	1,060	1,210	8,190
<u>Closing bank balance</u>	970	60	150	190	190

You will notice that the expenses are more than the income and this Local Party is only just staying afloat. This is a cause for concern as a small increase in costs can wipe out the bank balance. Therefore the Local Party should be looking to increase donations and fundraising to ensure they have more in reserves and a larger “buffer” to pay for elections.



Reports to the Executive

The Executive Committee is collectively responsible for the running of the Local Party and therefore has responsibility for checking that:

- the finances are sound
- there is sufficient income
- the expenditure is on track

Therefore the Treasurer is responsible for keeping them informed and answering their questions.

The following is the minimum you should present at Executive Committee meetings.

Reports to the Executive

Basic reports

- Income & Fundraising vs Targets (Budget)
- Expenses vs Budget
- Bank balance & reserves
- Future costs and highlighting any shortfalls in funding

Reports to the Executive

Income & Expenses vs Budget / Targets

(Easier to use the same layout as the budget)

	Actual (Jan-Apr)	Budget (Jan-Apr)	Variance	Notes
Donations	500	1,000	- 500	drop in Cllr tithes
Fundraising	200	100	+ 100	extra quiz night
Campaigning	500	2,000	- 1,500	Behind with leaflets etc

Reports to the Executive

Bank and Reserves

For most Local Parties, the bank balance is the reserves - some will have assets and liabilities.

So a report would something like this:

<i>Bank balance as at 30 April</i>	<i>£3,000</i>
<i>Less bills to pay</i>	<i><u>£ -200</u></i>
	<i>£2,800</i>
<i>+ Fleet donations to come</i>	<i><u>£ 50</u></i>
<i>Total available</i>	<i>£2,850</i>

Reports to the Executive

Future Commitments

These would be budgeted for expenditure and other commitments the Executive or committees like the Campaign Committee have requested.

Example:

General Election costs £5,000

General Election deposit £ 500

Running Costs May-Dec £ 500

Expected income May-Dec £2,000

Shortfall £3,000

Further Help

Please email the Compliance Team with any questions:

compliance@libdems.org.uk

