

From: compliance@libdems.org.uk

Date: Wed, 14 Feb 2024

Subject: Compliance Training Day 14 - Dealing with Branches

COMPLIANCE
AND DATA
PROTECTION

Liberal
Democrats

Dear Chair / Treasurer, week 2 of the training programme concludes with managing the ***Branches*** of a Local / Regional / State Party.

Dealing with Branches



Branch of Region / Branch of State

These are Local Parties that have been suspended, typically due to not having a Chair and/or Treasurer. Since they are registered with the Electoral Commission as 'accounting units' of the Party, someone has to look after them, therefore it falls upon the Region in England or the State in Scotland and Wales.

The Regional / State Party gains control of the bank account and takes on the responsibility for compliance and producing year-end accounts.

Branches of Local Parties

This guide focuses on the branches of Local Parties.

In many locations, branches are being abolished, primarily to improve compliance reporting and to eliminate extra committee meetings. Some have set-up **Campaign Teams** who coordinate activity in an area; these teams can be more proactive, agile and act under the authority granted to them by the Local Party Executive.

Such teams don't need AGMs, elected officers or Annual Accounts as they are about getting things done, not the administration of an organisation.



Rights for Local Branches to Exist

Branches can only exist if the Local Party has adopted the branches section within their Constitution.

Branches are always subject to the authority of the Local Party; this is because under laws governing political parties, they technically don't have an identity separate to that of the Local Party for compliance purposes.

The Local Party Chair and Treasurer are responsible for compliance of the branches - the job might be delegated to branch officers, however it's the Local Party Officers who remain responsible.

Each branch needs to:

- have an AGM
- elect its own officers
- send representatives of the branch to Local Party Executive meetings.



Branches Without Bank Accounts

If the version of branches adopted is one without bank accounts, then any branch money is managed within the finances of the Local Party.

The branch still needs to have executive meetings, have an AGM and elect officers (but won't have a branch Treasurer).

This is like a Campaign Team, except it has administrative duties beyond campaigning and the members of the branch elect the officers instead of the Local Party Executive appointing them.

Branches with Bank Accounts

- **Responsibility**

As the Local Party Treasurer and Chair are responsible for all finances and compliance, this includes any branch activity. There must be appropriate policies and safeguards in place to ensure that branches report to them and don't do anything that will get them into trouble.

Branches cannot incur debts, so they can't borrow money; have an overdraft / credit card or do anything that will mean the Local Party has to pick up the bill later.

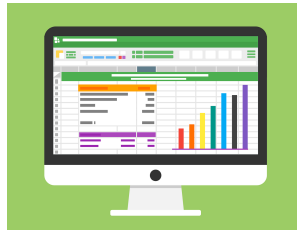
In England only, the new model local party constitution is now in force which has removed the right for a branch to hold money separately from the Local Party and removed the role of branch treasurer. All funds are Local Party funds, however the Local Party can still earmark funds for use in a branch area if they so wish. A copy of the Constitution is available [here](#).



- **Donations and Gifts**

Donations and gifts received by a branch need to be reported on Lighthouse as if they were received by the Local Party. The Local Party Treasurer should get a monthly report of donations and gifts from each branch. When I was a Local Party Treasurer, I asked for all branch donations over £50 - that was some time ago now, so £100 is a better figure nowadays.

If a donor makes a donation or gift on the same day to more than one bank account, including different branches, the Local Party Treasurer needs to add these together and report the total amount received from that donor as if they made one donation to the Local Party. For example, a council group gives £300 to one branch and £350 to another branch on the same day - a single donation of £650 is to be reported for the Local Party.



- **Annual Accounts**

Branches with bank accounts also need to produce Year-End accounts, get them approved by the branch Executive and inspected by an independent inspector. The accounts and inspector's report are then presented at the branch AGM.

The branch accounts have to be incorporated into the Local Party Year-End Accounts. As the Local Party must send their accounts to HQ by **15th March**, I recommend that a Local Party treasurer insists that branches send their approved year-end account to them by February at the latest.

In the Local Party accounts, all you report for a branch are:

- total branch income
- total branch expenditure
- assets, bank, liabilities and reserves

Transfers between a Local Party and a branch are to be reported in the accounts as "*internal transfers*." They are also part of branch income or expenditure in the Local Party accounts figures of the Annual Accounts.

If you have any further questions about branches, please contact compliance@libdems.org.uk.

Best wishes,



Lloyd Harris
Compliance Projects Officer
Liberal Democrats

You can find resources from the recent Treasurer Training Day by clicking here:

View Resources →

And you can view all the emails from the February Compliance Challenge so far by clicking here:

View previous emails →

You are receiving this email as you are listed as an Officer of an accounting unit for the Liberal Democrats.

As these emails contain details of your legal responsibilities as part of this role you are not able to opt out of these emails from our Compliance Team. If you think there has been an error and you shouldn't have received this email, please contact compliance@libdems.org.uk.

Published and promoted by Mike Dixon on behalf of the [Liberal Democrats](https://www.liberal-democrats.org.uk), 1 Vincent Square, London, SW1P 2PN.