

# Budgets & Reporting to Your Exec

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# 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 Local Parties / Groups 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.

There are other expenses, including regular costs e.g. a website and periodic costs e.g. a members' newsletter.

Then there are the unknown costs - such as an unexpected by-election

# What Information Do You Need?

- 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 (for a non-target “development” Local Party)

<b><u>Income</u></b>	<b><u>Q1</u></b>	<b><u>Q2</u></b>	<b><u>Q3</u></b>	<b><u>Q4</u></b>	<b><u>Total</u></b>
Service fees from HQ/State	100	100	100	100	<b>400</b>
Donations - Standing Orders	420	420	420	420	<b>1,680</b>
Donations - Cllr Tithes	630	630	630	630	<b>2,520</b>
Donations - Other	0	1000	0	0	<b>1,000</b>
Fundraising	200	50	0	100	<b>350</b>
Grants & Other Income	0	50	0	0	<b>50</b>
<b><u>Total Income</u></b>	<b>1,350</b>	<b>2,250</b>	<b>1,150</b>	<b>1,250</b>	<b>6,000</b>

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

## 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	<b>2,380</b>
Add Total Income	1,350	2,250	1,150	1,250	<b>6,000</b>
Less Total Expenses	2,760	3,160	1,060	1,210	<b>8,190</b>
<u>Closing bank balance</u>	<b>970</b>	<b>60</b>	<b>150</b>	<b>190</b>	<b>190</b>



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 the finances are sound, that there is sufficient income and 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 v targets (budget)
- Expenses v Budget
- Bank balance & reserves
- Future costs and highlighting any shortfalls in funding

# Reports to the Executive

## Income & Expenses v Budget/Targets

(Easier to use the same layout as the budget):

	<b>Actual</b> (Jan-April)	<b>Budget</b> (Jan-April)	<b>Variance</b>	<b>Notes</b>
<b>Donations</b>	500	1000	-500	drop in Cllrs tithes
<b>Fundraising</b>	200	100	+100	extra quiz night
<b>Campaigning</b>	500	2000	-1500	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:

<b>Bank balance as at 30 April</b>	<b>£3000</b>
<b>Less bills to pay</b>	<b><u>£-200</u></b>
	<b>£2800</b>
<b>+ Fleet donations to come</b>	<b><u>£ 50</u></b>
<b>Total available</b>	<b>£2850</b>

# 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	£5000
General Election deposit	£ 500
Running Costs May-Dec	£ 500
Expected income May-Dec	£2000
Shortfall	£3000



As always, please email the Compliance Team with any questions:

[compliance@libdems.org.uk](mailto:compliance@libdems.org.uk)