

# **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 <u>regular costs</u> e.g. a website and <u>periodic costs</u> e.g. a members' newsletter.

Then there are the <u>unknown costs</u> - 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 <u>electoral cycle</u> so it is good practice to prepare your budget on a similar basis.

Budgeting on a <u>quarterly basis</u> is ideal:

 $\rightarrow$  **Jan-Mar:** in March you give the first tranche of election campaign money to your election agent.

 $\rightarrow$  **Apr-Jun:** elections are in May and the final election bills need to be paid soon after by the agent.

 $\rightarrow$  **Jul-Sep** + **Oct-Dec:** preparing for future elections, AGM, etc.



#### **Example Budget 1** (for a non-target "development" Local Party)

Income	<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	1000	0	0	1,000
Fundraising	200	50	0	100	350
Grants & Other Income	0	50	0	0	50
Total Income	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
Total Expenses	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
Closing bank balance	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.

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.

#### **Basic reports**

- Income & Fundraising v targets (budget)
- Expenses v Budget
- Bank balance & reserves
- Future costs and highlighting any shortfalls in funding

#### **Income & Expenses v Budget/Targets**

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

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

#### **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:

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

#### **Future Commitments**

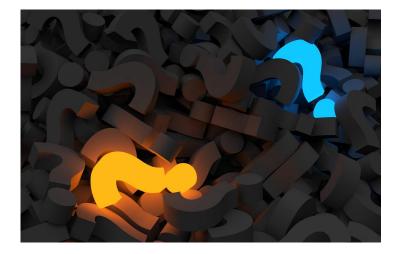
These would be budgeted for expenditure and other commitments the executive or committees like the campaign committee have requested.

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: <u>compliance@libdems.org.uk</u>