

# **UNISON North West Region**

## **Branch Treasurers Convention**

### **Budgeting in Branches**

#### **What is a budget**

A plan expressed in money, prepared and approved prior to the budget period.

#### **What is budgetary control**

The establishment of budgets relating the responsibilities of executives to the requirements of a policy, and the continuous comparison of actual with budgeted results, either to secure by individual action the objectives of that policy or to provide a basis for its revision.

#### **The process comprises planning and control as its main functions.**

**Functions that underpin the budgetary control cycle include:**

- ?? planning
- ?? co-ordinating
- ?? authorising & delegating
- ?? evaluation of performance & control
- ?? communicating
- ?? motivating

## **Planning**

### **Overriding consideration**

#### **UNISON's four objectives & priorities for 2003 / 2005**

The branch should ensure that its activities are consistent with the four objectives, which are

- ?? building recruitment & organisation
- ?? improving negotiations & representation services to members
- ?? campaigning, influencing & promoting UNISON
- ?? building an efficient & effective union

#### **Who should be involved in setting the budget?**

- ?? the branch committee
- ?? other branch officers
- ?? some branches may have a finance sub committee

#### **What needs to be considered?**

##### **?? the expenditure for the next year which may include**

administration cost

honoraria

conferences – national delegate, service groups, self organised groups

meeting expenses – branch committee

other sundry meetings

annual general meeting expenses

publicity – general & recruitment / retention of members

education

donations & affiliations

sports & social

other anticipated expenses

transfers to dedicated funds, i.e. premises fund, industrial action funds, etc

Some of these are rule book commitments and as such should always be considered as a priority for branch funds

?? **the income for next year**

branch funding

interest from bank & building society deposits

income from socials

?? **the branch reserve policy**

does the branch have a policy on transferring money into general reserves?

**What happens when the budgeted expenditure is more than the budgeted income**

?? the budget may have to be scaled back

?? the branch reserves may have to be used to balance the books

**How should we do it?**

?? by experience gained in previous years

?? from forecasts / thinking about the future

**How about trying zero based budgeting?**

“we have always done it that way .....

?? we often base budgets on what we spent in the past – and it would be foolish to ignore our experience

?? there are times when we have no past experience to go on – when we contemplate a completely new event or type of activity

?? in this case we have to use “zero based budgeting” and create a budget from scratch

Why not occasionally look at all spending like this. It may provide a fresh approach and lead to new ideas as well as saving money.

**Do we need to be 100% accurate?**

No, you are estimating for the year ahead, but the more accurate you are the better

## **Co-ordinating**

The branch treasurers should co-ordinate the budget process then submit it to the branch committee for approval.

## **Authorising & delegating**

Once the branch committee have approved the budget then the various officers / spending committees have the authority to go ahead and spend in line with this approved budget, subject to the expenditure being within the national & branch rules

## **Evaluation of performance & control**

When the budget has been agreed we need to compare the actual performance with the budget.

- ?? Income, is it in line with budget if not why not
- is the branch funding less than expected ?
  - is the amount of interest received from bank & building society deposits less than expected ?
  - is the amount collected for social events less than expected ?

?? Expenditure, is it in line with the budget or not

Using budgets to control branch finances

- ?? Based on “management by exception”- concentrate on what’s going wrong not those things that are going according to plan
- ?? Where a number of people (like a branch committee) share financial responsibility budgets are an effective way of keeping control
- ?? Income and expenditure is compared to the budget. When things are going according to plan, no action is required
- ?? Where income is lower or costs higher than planned, action may have to be taken

## **Communicating**

How often should we report?

- ?? large branches may need monthly reports, smaller ones quarterly
- ?? how much detail – enough but not too much, think about the time needed to do the report
- ?? budgetary control is for your benefit sooner may be better than latter even if this means some of the figures are not 100% accurate

?? report to the officer responsible for the budget i.e. education officer, and the branch committee.

?? the report to the officer may be in more detail than the report to the branch committee.

?? keep the report simple.

### **Motivating**

?? if people are to feel motivated they must be involved in the planning stages

## **Branch experiences**

Which branches prepare budgets?

How do they do it –?

?? is it done by the branch treasurer or are other branch officers involved?

Experiences –

?? good or bad

?? co-operation (or lack of ) from other branch officers

How do you report and how often -

?? monthly or quarterly

?? to branch committee / branch officers

?? does a report go to the branch at the annual general meeting

Which branches have experienced financial problems (large or small) during a year and how has the branch reacted?

?? reduced budgeted expenditure for the balance of the year

?? used money from reserves