

Item: 07

Title: Finance Report – Month 9 – 2023/24

Gweithredu / Action required	Note
Amseru / Timing	Routine
Argymhelliad / Recommendation	It is recommended that the Board notes the Month 9 Finance Report.
Risg / Risk	<p>Failure to monitor and respond to issues could result in reputational and financial risk/losses. This is linked to the following Corporate Risk:</p> <p>Finance - unplanned expenditure incurred due to uncertainty around demand, weak approval systems or fraud, leading to costs exceeding budget.</p>
Cyllid / Finance	N/A
Amcan Cynllun Corfforaethol / Corporate Plan Objective	Priority 07 – Be a well-run, trusted and ambitious organisation
Cydraddoldeb, amrywiaeth a chynhwysiant / Equity, diversity and inclusion	N/A
Cyfathrebu / Communications	<p>Please tick one of the following boxes if this activity will have an impact on:</p> <p>Internal: our people <input checked="" type="checkbox"/></p> <p>External: our customers/partners/stakeholders <input checked="" type="checkbox"/></p> <p>External: our organisation’s reputation <input checked="" type="checkbox"/></p>

Cymeradwyaeth / Approval/Clearance	This paper has been cleared by the Chief Executive.
Trafodaethau/ Penderfyniadau Blaenorol / Previous discussions/decisions	Routine reports
Awdur/ Cyflwyno / Author/presenting	Alun Lloyd
Dyddiad / Date	15.01.2024

Cefndir / Background

The Llais Financial Plan 2023/24 was formally approved at the July 2023 Board meeting. The purpose of this report is to outline to the Board the financial position as at 31st December 2023 (M9).

The Financial Plan 2023/24 set out how Llais planned to meet the financial duty to ensure that net expenditure does not exceed the net revenue resource budgets. Within that balanced plan the expenditure budgets included £0.207m unallocated budgets.

This finance report details progress with the approved financial plan and performance against the approved plan.

The Board is requested to:

- Note the contents of this report.

Manylion / Detail

Financial plan progress

Following the Financial Plan approval, the Month 6 Finance Report confirmed that further action has been undertaken:

- Budgetary delegation

Budgetary delegation letters have been issued and signed by all budget holders, confirming the budget figures as well as detailing responsibilities and accountabilities for the efficient and effective use of resources.

- Budget updates

The main budget updates, since plan approval, include:

- Pay award funding

Pay budgets had been increased to meet the costs, all delegated pay budgets have been uplifted. This uplift equated to £259k.

- Central budgets changes

As noted in the plan Llais had flexibility in the use of this funding on additional staff posts as its organization structure is finalised. These changes include the following:

- Transfer of translation budget from Finance & Governance to Strategy £138k
- Non recurrent transfer of underspent funds from regions to unallocated funds £180k

In line with the financial forecast section of the Month 6 report further budget changes taken forward include funding additional costs and projects in the following areas:

- Capgemini CRM contract £250k

In working with Welsh Government colleagues it is clear that the funding allocated for this investment is insufficient. This 2023/24 shortfall of £250k will be funded from Llais underspends.

- Projects & agency

In light of the expected staff slippage funds have been allocated toward projects, marketing and governance reviews, as well as using agency staff to cover gaps in the establishment.

Financial performance at Month 9

The detailed financial performance at Month 9 is attached as Annex A to this report.

At month 9 the financial performance to date equates to an underspend of £572k against delegated budgets (this is an increase on the month 6 to date underspend of £531k. The main variances in the performance to date are:

- Pay underspend - £406k

The financial plan included a significant planned increase in number of staff from 79.05 whole time equivalents (WTE) to 113.84. While it was noted that Welsh Government had already reduced new posts funding for expected slippage of 25% (that they assumed start date of 1 July) it was recognised that the actual start dates were expected to be later and that actual slippage would be greater than that assumed by Welsh Government. This slippage on new post appointments is the key driver of pay underspends in 2023/24. As at 31st December 2023 staff in post is 101.25 WTE against the revised budget of 114.44 WTE.

- Travel expenses underspend - £61k

Post Covid the amount of travel undertaken by staff and volunteers has significantly reduced, leading to underspends against all regional teams. At this stage the budgets have not been reset. The travel budget levels for 2024/25 will need to be reviewed as part of the 2024/25 financial planning process.

New posts

As detailed above the funding from Welsh Government assumed 25% slippage on funding, assuming 1 July start dates. As noted in the Month 6 report there was significant slippage on recruitment timelines over the original assumptions, with many new posts due to be filled in the period from November onwards.

While significant number of new posts have been filled, with 7 starting between January and March, 2 posts are not due to be filled until 1 April at the earliest.

Finance and Human Resources teams are closely working together to monitor progress on these new posts as this is one of the key variables in the financial position and in service delivery.

Financial forecast

While the Month 9 financial performance to date reports an underspend of £572k the forecast for year end is for an underspend of £75k. In line with actions reported at Month 6 this forecast is based on Llais absorbing, in 2023/24, additional costs in the following areas:

- 2023/24 Pay Awards £259k
- Capgemini CRM Contract £250k
- Projects & Agency
- Additional Corporate Post

The Head of Finance is meeting with budget holders on a monthly basis to review and update the financial forecast.

The key risk to the financial forecast of £75k underspend is that the underspend could increase. Specifically around the funds that have been allocated toward projects, marketing and governance reviews, as well as in ICT. The focus of the more detailed monthly meetings have been around these specific spend areas, aiming for reassurance on orders raised, delivery dates and spends before 31March 2024.

Cash management

As noted in the Financial Plan there is an additional funding requirement to manage cash within tolerance limits. The funding letter confirms this as:

“Cash grant-in-aid must not be drawn down in advance of need as retaining excessive amounts of cash is an inefficient use of public funding. Any unspent grant-in-aid retained each month and at the end of the year must be kept within 4% and 2% respectively of the total cash grant-in-aid awarded for that year.”

At the end of December the cash balance at the bank was £435k, this equates to 5.6% of the £7,747k compared to the Welsh Government target of 4% (in November

the performance was 4.5%). This was due to expenditure being £115k lower than forecast – includes DHCW SLA not yet agreed £70k and lower AP payments due to Xmas shutdown. The January drawdown has been reduced to take this into account.

The summary December Grant In Aid form, submitted 24 November, requesting cash for December is attached as Annex B.

Recommendations

The Board is requested to:

- Note the contents of this report