

Item: 9

Title: Finance update report to end of June 2025

Gweithredu / Action required	For information
Amseru / Timing	Routine
Argymhelliaid / Recommendation	That the Board note the finance update for the 3 months to 30 June 2025 and the full year forecast for 2025/26.
Risg / Risk	Reputational and financial risk
Cyllid / Finance	N/A
Amcan Cynllun Corfforaethol / Corporate Plan Objective	To grow and improve as an organisation
Ecwiti, Amrywiaeth a Chynhwysiant / Equity, Diversity & Inclusion	The financial reporting format should be accessible to all to allow for greater understanding of Llais financial reports. Consideration has been given to this.
Cyfathrebu / Communications	Please tick one of the following boxes if this activity will have an impact on: Internal: our people <input checked="" type="checkbox"/> External: our customers/partners/stakeholders <input checked="" type="checkbox"/> External: our organisation's reputation <input checked="" type="checkbox"/>
Cymeradwyaeth / Approval/Clearance	Joanne Bolton, Strategic Director of Operations & Corporate Services
Trafodaethau/ Penderfyniadau Blaenorol / Previous discussions/decisions	N/A
Awdur/ Cyflwyno / Author/presenting	Katie Holliday Director of Finance/ Joanne Bolton, Strategic Director of Operations & Corporate Services
Dyddiad / Date	28 July 2025
Cefndir / Background	

This paper provides an update on Llais' financial position for the 3 months to 30 June 2025 along with an update on the 2025/26 budget and forecast including an update on engagement with budget holders.

2025/26 Welsh Government budget allocation

In March 2025, the Board considered a paper detailing Llais' 2025/26 Financial Plan. This document provided a comprehensive overview of forecast income and expenditure, key financial risks, and the resources required to support delivery of the Annual Plan.

The plan was based on the budget approved by Senedd Cymru in February 2025. Welsh Government officials have since confirmed to the Executive Team that the Senedd-approved budget can serve as Llais' initial resource allocation for 2025/26.

The Board approved the 2025/26 budget at its March 2025 meeting. An overview of the budget is provided in Annex A, which outlines the allocations at both the regional level and across All-Wales activities.

The Welsh Government has confirmed that the formal allocation letter will be issued shortly.

Senedd Cymru, has voted on the first supplementary budget, within which it is confirmed that Llais will be provided with an extra £96,000 of funding in recognition of the impact of the increase in employer's national insurance costs for 2025/26. As Llais has yet to be formally informed of the provision of this additional budget by the Welsh Government, it has not yet been reflected in the budget on the ledger.

Since the budget has been voted on by Senedd Cymru, for planning purposes, it can be assumed that Llais has been provided with revenue resource budget of £8,391,000 for 2025/26, which includes the £96,000.

Manylion / Detail

2025/26 Finance update

The Finance Team has worked with budget holders to implement a new internal reporting framework, aimed at strengthening budgetary

control across the organisation. Budget holders are now required to phase their budgets in alignment with the operational plan, which will facilitate earlier identification of variances and support timely decision-making.

Due to a number of vacancies across the organisation, it has not yet been possible to complete the budgetary phasing exercise. However, it is anticipated that this exercise will be completed by the end of September 2025.

The Director of Finance will continue to work with and support budget holders to ensure that learning is embedded, to improve ongoing budgetary management.

This scrutiny and engagement with budget holders has resulted in some reforecasting.

Medium-Term financial planning

To ensure financial sustainability, any proposals for new permanent posts or long-term contractual commitments must be offset by recurrent savings. This is necessary to avoid the risk of over-committing resources beyond the available budget.

A medium-term financial plan for 2026/27 and 2027/28 will be developed. This will incorporate current-year cost projections to support longer-term strategic decision-making.

Llais' 2026/27 budget request will be submitted to the Welsh Government during Q3 of this year.

Contingency budget

As of 30 June 2025, Llais employed:

- 105 staff members (excluding Board and Audit & Risk Assurance Committee members)
- 95.84 Full-Time Equivalents (FTE) against a full establishment of 106.44.

The Voluntary Early Release Scheme exercise has resulted in a

£276,281 forecast underspend in staffing costs compared to the Board-approved budget (Annex A). This underspend has been released to the contingency budget and subsequently allocated to the delivery of Llais' annual plan by the Executive Team.

At the end of June 2025, the contingency budget was £46,000.

There are a number of variances between the June 2025 year-end forecast and the original Board-approved budget (Annex A). These are primarily due to the finalisation of detailed work programmes following the March 2025 Board meeting.

The Executive Team will continue to regularly review the contingency budget to ensure it is deployed toward a targeted and effective work programme. As part of the budget management process, the Executive Team also reviews and approves any virements from the contingency budget to other areas.

2025/26 office moves

In May, the Board provisionally approved an office move from Cimla Hospital to Baglan Bay Innovation Centre, subject to positive staff engagement. A virement of £22,500 from the contingency budget was approved to support this move.

It is not expected that this relocation will result in significant cost savings in the short term. The drive for a move was due to our landlord's request to vacate our existing premises, which are also outdated and not fit for purpose. Finding new premises has been a challenge due to a lack of suitable sites. Whilst there is not a cost saving compared to our existing office, this would be difficult to achieve with any site, following our assessment of several sites.

There are no current plans for further office moves in 2025/26.

Capital budget

A request has been submitted to the Welsh Government for £30,000 in capital funding to support leasehold improvement works at the, above noted, new Neath Port Talbot & Swansea office, Baglan Bay Innovation Centre. These works include partitioning of office space and related electrical installations.

Other income

Llais has secured additional funding of £173,000 over 3 years from Tenovus to fund a dedicated cancer complaints advocate role. This partnership enhances Llais' capacity to support individuals affected by cancer across Wales.

To date, £46,000 has been requested and received from Tenovus to fund this post.

This expenditure is included in the updated 2025/26 forecast, as reflected in Annex A and B.

Analysis of significant areas of variance of expenditure against budget

Annex B provides a detailed breakdown of expenditure to the end of June 2025, compared to the phased budget for the same period. The sections below provide additional information on the most significant variances and associated management activities.

- **Staff costs**

The staff budgets for 2025/26 include employer pension costs at a rate of 14.38% for all staff. However, a number of staff have opted out of the pension scheme, resulting in an underspend of £13,000 against budget to date.

From July 2025 onwards, pension costs for these staff will be removed from the forecast, increasing the contingency budget by £52,000. However, there is a risk that these individuals may opt back into the pension scheme later in the year, which would place pressure on the contingency budget.

A separate maternity contingency of £9,000 remains unallocated and is

currently profiled in Quarter 1 to support potential maternity-related costs.

Other staff-related variances have arisen due to:

- Agency costs being phased equally over the year, whereas temporary staff are paid for actual hours worked under Llais' flexible working arrangements.
- Reduced pay periods for staff on sickness absence.
- Other staff costs

In line with early discussions held with the Director of People and Organisational Development, the recruitment advertising budget has been phased for the start of the year. Following revised recruitment timelines, the budget will be reprofiled to align with posts expected to be advertised in July and August 2025. A £5,000 underspend is currently reported and the full-year budget is expected to remain sufficient.

The training budget, which has been phased evenly across the year, currently shows a £10,000 underspend. This will be reviewed and re-profiled following the appointment of the new People and Organisational Development Manager, who joined on 16 July, and will lead on developing an organisational learning and development plan.

Travel and subsistence costs are also underspent by £15,000 across both regional and national teams. These budgets were evenly phased over the year, but recent discussions with budget holders have resulted in an agreement to reprofile these lines to reflect expected activity through to year-end. This will help ensure that any underspend can be reallocated effectively.

As Llais builds up historic expenditure data within the finance ledger, it will become possible to profile these budgets more accurately in future years.

- Digital, Data and Technology

The Digital, Data and Technology budget includes provision for software licences, website hosting, network support, and a contingency for ad-hoc IT support and peripheral purchases.

The current underspend is primarily due to:

- Unused contingency support days within the network support budget.
- Fewer-than-expected software licences purchased to date.

An ongoing review of Llais' digital infrastructure may lead to further investment during the year. Therefore, this budget will remain in place and be reviewed regularly in line with the organisation's developing IT Strategy and Plan.

- Professional Fees

This budget includes necessary costs to ensure legal and statutory compliance, including audit, legal, and translation services.

The underspend to date is mainly due to translation and legal budgets being phased evenly over the year. These lines will be reviewed at the end of September 2025 to assess their adequacy. Any projected underspend at that point will be reallocated to contingency, where appropriate.

- Specific programmes

Recruitment within the Communications & Insights team was completed in late June. The team has been asked to review and re-phase its budget to align with actual and planned expenditure. This will support timely identification of any future variances and ensure resources are directed toward delivering the agreed work programme.

Cash management

In April 2025, the Welsh Government provided Llais with an additional £382,000 in Grant in Aid to cover payments made to former employees under the 2024/25 Voluntary Early Release Scheme (VERS). This funding is separate from the first cash drawdown of £1,680,000, which has been allocated to support operational activities during the 2025/26

financial year.

Following discussions with Welsh Government colleagues during 2024/25, Llais now receives cash funding on a quarterly basis, rather than monthly.

The second tranche of funding for 2025/26 was requested in early July 2025 and has been received.

Summary

Llais remains in a stable financial position as of the end of quarter 1 2025/26.

The organisation has continued to realise staffing-related savings, which have supported reallocation of resources to priority areas. While variances have arisen due to changes in phasing, staffing vacancies, and one-off costs, these are being closely monitored and actively managed.

The Finance Team will continue to work with budget holders to refine forecasts and ensure budgets remain aligned with operational delivery plans.

Recommendations

The Board is asked to note the contents of this report.