

**Item: 10**

**Title:** Finance update report to end of August 2025

<b>Gweithredu / Action required</b>	For information
<b>Amseru / Timing</b>	Routine
<b>Argymhelliaid / Recommendation</b>	That the Board note the finance update for the 5 months to 31 August 2025 and the full year forecast for 2025/26.
<b>Risg / Risk</b>	Reputational and financial risk
<b>Cyllid / Finance</b>	N/A
<b>Amcan Cynllun Corfforaethol / Corporate Plan Objective</b>	To grow and improve as an organisation
<b>Ecwiti, Amrywiaeth a Chynhwysiant / Equity, Diversity &amp; Inclusion</b>	The financial reporting format should be accessible to all to allow for greater understanding of Llais financial reports. Consideration has been given to this.
<b>Cyfathrebu / Communications</b>	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"/>
<b>Cymeradwyaeth / Approval/Clearance</b>	Joanne Bolton, Strategic Director of Operations & Corporate Services
<b>Trafodaethau/ Penderfyniadau Blaenorol / Previous discussions/decisions</b>	Routine reporting at Board meetings.
<b>Awdur/ Cyflwyno / Author/presenting</b>	Joanne Bolton, Strategic Director of Operations & Corporate Services
<b>Dyddiad / Date</b>	24 September 2025

## Cefndir / Background

This paper provides an update on Llais' financial position for the 5 months to 31 August 2025 along with updates on the 2025/26 budget and forecast including engagement with budget holders.

### **2025/26 Welsh Government budget allocation**

In March 2025, the Board approved Llais' 2025/26 Financial Plan. This plan provided a comprehensive overview of forecast income and expenditure, key financial risks, and the resources required to deliver our Annual Plan. 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 plan was based on the 2025/26 budget approved by Senedd Cymru in February 2025. Welsh Government officials confirmed to the Executive Team that the Senedd-approved budget could serve as Llais' initial resource allocation for 2025/26.

Since then, discussions have continued on the final budget allocation.

Senedd Cymru has voted on the first supplementary budget, within which it is confirmed by our partnership team 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.

In addition, it has been informally confirmed that the second supplementary budget will be increased by £36,000 in recognition of the variance between the Agenda for Change 2025/26 cost of living pay award and the modelling assumptions provided by Welsh Government.

Once these matters are finalised, we expect Welsh Government to issue us with a final Grant Offer letter.

Until we receive the Grant Offer letter confirming the expected additional funds of £142,000, this sum will not be reflected in the budget on the ledger and has not been included within the available contingency set out below.

## 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 required to phase their budgets in line with operational plans, which will facilitate earlier identification of variances and support timely decision-making.

Where detailed delivery plans were available, budgets were phased to align with delivery, however due to a number of vacancies across the organisation, it was not possible to fully complete the budgetary phasing exercise. With many roles now filled, meetings are scheduled with budget holders in October 2025 to review half-year accounts and align budgets with actual delivery. This will support a broader reforecasting exercise.

The Director of Finance continues to support budget holders to embed learning, improve ongoing financial management, and inform planning for 2026/27.

### **Medium-term financial planning**

To ensure long-term 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 by the end of October 2025. It will incorporate current year cost projections to support strategic decision-making.

The Welsh Government has advised Arms Length Bodies (ALBs) to model on awarding 2.2% for the 2026/27 cost of living pay award.

However, as previous pay awards exceeded initial guidance, 5.5% Agenda for Change award against 3.7% advised in 2024/25 and 3.6% Agenda for Change award against 3.0% advised in 2025/26, our budget plan for 2026/2027 will model a 3.0% increase for 2026/27 to mitigate risk, especially in light of CPI inflation, which stood at 3.8% in

July 2025.

Our 2026/27 budget request based on this modelling will be submitted to the Welsh Government during quarter 3 of this financial year.

### **Welsh Government 2026/27 budget approach**

Welsh Government has confirmed it is planning to publish one year budgets in October 2025, which will reflect an increase in departmental budgets by inflation. . Key dates are provided below:

- 14 October 2025 - Outline draft budget (high-level allocations for each Cabinet Secretary).
- 3 November 2025 - Detailed draft budget published (expenditure lines).
- 20 January 2026 - The final budget will be published.
- 27 January 2026 – Budget debate and vote.

This earlier publication is welcomed as it will better support our planning and decision making for 2026/27.

### **Contingency budget**

As of 31 August 2025, we employed 106 staff. Taking into account part time working, this equated to 98.84 full-time equivalents (FTE) against a full establishment of 106.44.

As of 31 August 2025, the contingency budget was £88,000, excluding the additional £142,000 not yet formally confirmed.

There are a number of variances between the August 2025 year-end forecast and the Board-approved budget (Annex A), which are primarily due to vacancies that have arisen as a result of the Voluntary Early Release exercise and 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 2025, the Board provisionally approved an office move for the Neath Port Talbot regional team from Cimla Hospital to Baglan Bay Innovation Centre (BBIC), subject to staff feedback. The feedback from staff was positive, and so subject to agreement of the final lease, the move is scheduled to take place on 22 September 2025.

A virement of £47,500 from the contingency budget has been approved to support this move, allowing for the relocation of IT infrastructure, new furniture and solicitor fees.

## **Capital budget**

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

We been informed by Welsh Government colleagues that capital budget is currently unavailable to support the leasehold improvement works. However, if capital budget becomes available later in the financial year, it may be possible for us to access these funds. Contractor quotes will be obtained in anticipation of late-stage approval.

It has been requested that if this funding cannot be provided in 2025/26, then the provision of the funding is considered during the Welsh Government's 2026/27 budgeting round.

## **Other income**

Llais has secured additional funding of £173,000 over three 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 budget variances**

Annex B presents detailed expenditure to end of August 2025 compared to the phased budget estimate. A current underspend of £183,000 has been identified, with key variances outlined below:

### ○ **Direct staff costs**

Other staff-related variances have arisen due to several issues such as:

- Variances between budgeted and actual dates for new starters and leavers, a maternity contingency to support potential maternity-related costs being over profiled in Q1 and reduced pay periods for staff sick absence.

There are 12 posts that are currently filled via agency. This creates a variance from original estimates due to several factors, including:

- Agency costs are phased equally over a workers recruitment period, whereas agency workers are paid for actual hours worked under Llais' flexible working arrangements.
- Annual leave over summer.

During September, staffing budgets will be reviewed and rephased with any variances being released to the contingency, with a further review being undertaken in October after half yearly meetings with budget holders.

### ○ **Other staff costs**

The recruitment advertising budget is phased from the start of the year however delayed recruitment timelines means that budget will be reprofiled. Whilst £9,000 of the annual budget remains, it will not be released to contingency due to the unpredictable nature of staff turnover and recruitment.

Learning expenditure is £9,000 under budget. There is a prioritised approach to organisational learning in place, which includes individual requests, learning needs identified from internal and external review

activity, and learning to support delivery of new activities/ways of working. The phasing of the budget will be reviewed to ensure that it is more closely aligned with our developing organisational level learning and development strategy and plans

Travel and subsistence costs are also underspent by £15,000 across both regional and national teams. These budgets were initially 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 and effectively utilised.

As Llais builds up more robust financial data, 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, cyber resilience 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, leading to an expenditure variance of £10,000 against budget.
- Fewer-than-expected software licences purchased to date and upon receipt invoices have not been increased to reflect inflation compared to prior year costs, this has resulted to a variance of £11,000.

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 Digital 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**

In September 2025, the Strategy, Communications & Insights team reviewed and re-phased its budget to better align with actual and planned expenditure.

This review will support timely identification of any future variances and ensure resources are directed toward delivering the agreed work programme.

### **Cash management**

In April 2025, we received 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 was in addition to 2025/26 Grant in Aid.

Following discussions with Welsh Government, we now receive cash funding on a quarterly basis rather than monthly. The 3<sup>rd</sup> tranche of funding for 2025/26 will be requested in October 2025.

### **Summary**

Llais remains in a stable financial position as it approaches the end of Quarter 2 of 2025/26. Our organisation continues to operate within its approved budget envelope, supported by active budget management and strong engagement with budget holders. Staffing-related savings have enabled the reallocation of resources to priority areas, and the implementation of a new financial reporting framework is improving oversight and control.

While variances have arisen due to changes in budget phasing, temporary vacancies, and one-off costs, these are being closely monitored and managed.



The current contingency budget of £87,000, alongside anticipated further funding of £142,000 provides a buffer to support Llais in the management of unknown and unforeseeable operational risks. The Executive Team is actively considering how best to deploy the contingency to ensure it supports the delivery of priority work and is not left underutilised.

Although the Grant Offer Letter for 2025/26 has not yet been issued, this is understood to be a procedural delay, and Llais remains confident in its ability to meet all financial commitments for the year. Cash funding continues to be provided quarterly, ensuring operational continuity.

The development of a medium-term financial plan and prudent modelling assumptions for future pay awards further demonstrate the organisation's focus on long-term sustainability.

### **Recommendations**

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