

Item: 09

Title: Finance update report to end of October 2025

Gweithredu / Action required	For information
Amseru / Timing	Routine
Argymhelliad / Recommendation	It is recommended that the Board note the finance update for the seven months to 31 October 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 ☒ External: our customers/partners/stakeholders ☐ External: our organisation's reputation ☒
Cymeradwyaeth / Approval/Clearance	Alyson Thomas, Chief Executive
Trafodaethau/ Penderfyniadau Blaenorol / Previous discussions/decisions	Routine
Awdur/ Cyflwyno / Author/presenting	Katie Holliday, Director of Finance
Dyddiad / Date	18 November 2025

Cefndir / Background

This paper provides an update on Llais' financial position for the 7 months to 31 October 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 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 the 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.

Llais' Grant Offer Letter has been received, and it confirms total funding of £8,427,000, which includes the additional funding of £96,000 in recognition of the impact of the increase in employer's national insurance costs for 2025/26 and £36,000 in recognition of the variance between the Agenda for Change 2025/26 cost of living pay award and the modelling suggested by the Welsh Government.

Manylion / Detail

2025/26 Finance update

The Finance Team has worked with budget holders to implement a new internal reporting framework, designed 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, informed 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. In response, the Director and Finance Manager met with all budget holders during October, to review expenditure against budget and undertake a manual reforecasting exercise for the remainder of the financial year. This work supported a broader reforecasting exercise and the ongoing budgetary management development programme.

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 or a sufficient increase in income. This approach is necessary to avoid the risk of over-committing resources beyond the available budget in future years.

A medium-term financial plan for 2026/27 and 2027/28 has been developed and is under review by budget holders. This plan incorporates current year cost projections to support strategic decision-making.

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

However, given that previous pay awards for Llais exceeded initial guidance (5.5% AfC vs 3.7% advised in 2024/25 and 3.6% AfC vs 3.0% advised in 2025/26), Llais proposes to model a more conservative 3.0% increase for 2026/27. This is intended to mitigate risk, especially in light of CPI inflation, which remained at 3.8% in September 2025 (3.8% July 2025).

Looking forward, our Welsh Government partnership team will be engaged in discussions to explore mechanisms that will allow Llais to submit reports demonstrating on-going cost pressures. This will ensure that these pressures can be considered in the Welsh Government's 2027/28 budget planning process.

Welsh Government 2026/27 budget approach

As the Welsh Government enters an election year, it has confirmed that departmental budgets will generally be increased by a roll-over allocation plus inflation, with a pool of unallocated funding being created for the next administration.

Key dates are provided below:

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

Within the Welsh Government's detailed draft budget, it has been proposed that Llais' budget for 2026/27 increases by 2.02%, compared to 2025/26 budget, to £8,598,000. Llais' 2026/27 budget request will be submitted to the Welsh Government during Q3 of this year, which will evaluate the adequacy of that budget.

However, it should be noted that the Welsh Government faces a

significant risk in passing its 2026/27 budget due to a lack of a Senedd majority and the proximity of the May 2026 election. The proposed budget is essentially a 1-year “business-as-usual” plan, largely rolling over existing allocations with limited new commitments. As the government does not hold a majority, wider support from outside the governing party will be required.

Failure to agree a budget would initially trigger a temporary 75% spending limit based on 2025/26 allocations, potentially disrupting public services. While the likelihood of this scenario is low, the risk remains material and could impact funding certainty for health and social care services, including Llais’ operational planning. This risk will be actively considered with the Welsh Government partnership team to enable Llais to prepare contingency plans accordingly.

Contingency budget

As of 31 October 2025 Llais had:

- 109 staff (106 staff members; 31 August 2025), including agency staff covering staff vacancies and absence including maternity cover
- 99.91 full-time equivalents (FTE) vs. a full establishment of 106.44.

At the end of October 2025, the contingency budget was £174,000, up from £97,000 in August 2025. The contingency has primarily increased due to the inclusion of an additional £142,000 funding from the Welsh Government; the net difference is due to the recruitment of the Strategic Lead for Digital and IT (interim) and the reprofiling of staff budgets.

A number of variances exist between the October 2025 year-end forecast and the Board-approved budget (Annex A). This is largely due to vacancies arising from the Voluntary Early Release Scheme

exercise and the review and finalisation of detailed work programmes following the March 2025 Board meeting.

As part of budget management, the Executive Team reviews and approves any virements from the contingency budget to other areas, while budget holders may vire non-staff budgets within their own allocations.

The Executive Team continues to review the contingency budget to ensure its deployment is targeted and effective, with a focus on delivering short-term priorities within the Digital, Data, and Technology strategy. The Executive Team and Board will consider proposals for the use of the contingency budget next month, to ensure funds are allocated appropriately.

2025/26 office moves

- **Neath Port Talbot & Swansea** - In May 2025, the Board provisionally approved an office move from Cimla Hospital in Swansea Bay to Baglan Bay Innovation Centre (BBIC), subject to staff feedback, which was overwhelmingly positive. On behalf of the Board, the Executive Team approved the move.

Due to a series of delays in the lease negotiations, the move was postponed from 22 September to 5 November. It has now been completed. A virement of £47,500 from the contingency budget was approved to cover relocation costs, including IT infrastructure, new furniture, and solicitor fees. This allocation has been fully utilised.

- **West Wales** - A relocation from the Llais Milford Haven office to a co-location option with Pembrokeshire Association of Voluntary Services is being considered. Should this move proceed it is anticipated that £11,000 per year will be saved.

Capital budget

During 2025/26, 4 capital funding requests have been submitted to the Welsh Government:

1. £85,000 to recognise Right of Use assets on a 12-month extension of the Centerprise contract (lease for laptops accounted for under IFRS16).
2. £23,000 to recognise the photocopying lease as a Right of Use asset over the 3-year life of the contract.
3. £30,000 to support leasehold improvement works at the Neath Port Talbot & Swansea premises, including office partitioning.
4. £50,000 to build a new website that meets evolving public and stakeholder needs, is user-friendly, accessible, and delivers clear information through an intuitive interface.

The Welsh Government has indicated that capital funding is currently unavailable to support requests 3 and 4, with priority given to lease recognition. However, should capital become available later in the year, Llais may be eligible to access it. Contractor quotes are being obtained and a scoping document for the website is in development. Any remaining funding requirements may be considered during the 2026/27 Welsh Government budgeting rounds.

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, £28,000 has been requested and received from Tenovus to fund this post and an additional £18,000 will be requested this financial year.

This expenditure is included in the updated 2025/26 forecast, as reflected in Appendix 1 and 2.

Analysis of budget variances

The Director of Finance and Finance Manager met with all budget holders in late October to scrutinise expenditure against budget and undertake a year-end reforecasting exercise. A number of potential underspends have been identified, and budget holders are actively exploring opportunities to reallocate funds to support delivery of their work programmes.

Further meetings will be held in mid-December; to encourage the release of any unallocated funds to the contingency budget.

Appendix 2 provides detailed expenditure to the end of October 2025, compared to the phased budget, and the key variances are summarised below:

Description	Expenditure variance compared to budget to date
Staff costs	£15,000
Other staff costs	£25,000
Accommodation costs	£11,000
Digital, Data and Technology	£20,000
Specific Programmes	£32,000
Professional Fees	£8,000
Other admin expenses	£15,000
Service Level Agreements	£2,000
Total underspend	£128,000

- **Staff Costs:** Underspend of £15,000 due to variances between budgeted and actual start and leave dates, maternity contingencies, and reduced pay periods for staff sick absence. 12 posts are currently filled via agency, resulting in phasing differences and variances from original estimates.
- **Other staff costs:** Total underspend against budget of £25,000 that is driven by learning and development and travel and subsistence underspends.

A budget of £55,000 was allocated at the start of the year to support organisational learning and development. Since the recruitment of the People and Organisational Development Manager in July 2025, significant progress has been made in identifying learning needs aligned to organisational priorities.

Although current expenditure is £16,000 below the profiled budget, this funding is expected to be fully utilised in delivering organisation-wide learning plans during the remainder of the year.

Travel and subsistence expenditure remains below budget, with current costs of approximately £9,000 across regional and All-Wales teams. Budgets were originally phased evenly across the year; however, they are now being reprofiled to reflect anticipated activity through to year-end. This will ensure that any underspends can be released and effectively redirected to support delivery priorities.

- **Accommodation costs:** Due to unanticipated delays in the relocation of the Neath Port Talbot & Swansea regional team to the Baglan Bay Innovation Centre, works that were originally scheduled for completion in October 2025 will now be delivered in November and December 2025.

The associated budget of £4,000 has not been reprofiled at this stage. In addition, savings of £3,000 have been realised within the Neath Port Talbot County Borough Council (NPTCBC) budget following the team's move out of Cimla Hospital on 1 September 2025, reflecting reduced rent and service charge costs.

Across the regions, a number of minor variances have also been identified, primarily relating to small contingencies and reduced energy expenditure.

- **Digital, Data and Technology:** Underspend of £20,000 primarily due to unused network support days (£5,000) and lower-than-budgeted software licence costs (£11,000).

An ongoing review of Llais' digital infrastructure will inform further investment during the remainder of the year. Accordingly, this budget will remain in place and is highly likely to be increased, with a virement from contingency, to support the delivery of the Digital Data and Technology Strategy.

- **Specific programmes:** The specific programmes budget supports the promotion and engagement elements of the annual plan, including consultancy, venue hire, promotions, and printing. In October 2025, teams reviewed and re-phased budgets to align with delivery plans, enabling the early identification of underspends and ensuring resources are directed to priority activities.

Current variances include underspends of £10,000 on printing and £15,000 on promotional materials. Expenditure trends from 2024/25 and 2025/26 will inform more accurate budgeting in future years.

- **Professional fees:** This budget includes necessary costs to ensure legal and statutory compliance, including audit, legal, and translation services. There is an underspend of £8,000 due to phased legal and translation budgets.
- **Other administrative expenses:** This budget includes administrative costs such as stationery, photocopying, postage and office equipment hire.

To improve efficiency and reduce the regional administrative burden, photocopier lease contracts have been centralised under the Finance Team. This centralisation is expected to deliver £9,000 savings in 2025/26 compared to last year, with ongoing

lease and click-rate savings of approximately £20,000 per year projected in future years against historical costs.

Cash management

In April 2025, Llais 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), in addition to 2025/26 Grant in Aid.

Llais receives cash funding on a quarterly basis, rather than monthly and the third tranche of funding for 2025/26 was received in October 2025, bringing total funding received to £6,580,000. Once Llais' cash balance falls below 4% of total Grant in Aid (£342,000), the final tranche will be requested, forecasted for January 2026.

Summary

As at 31 October 2025, Llais' financial position remains robust. Overall expenditure is £128,000 below budget, driven by underspends across staff costs, accommodation, Digital, Data & Technology, specific programmes, professional fees, and other administrative expenses.

The Finance Team continues to work closely with budget holders to ensure resources are effectively aligned to delivery priorities, with ongoing reforecasting supporting year-end planning.

Contingency funds of £174,000 provide flexibility to manage short-term risks, including delivery of the Digital, Data & Technology programme and other strategic initiatives. Key operational projects, including office relocations and capital programme requirements, are being managed proactively, with some capital investments pending Welsh Government approval.

Overall, Llais is on track to manage its resources effectively, deliver planned activities, and maintain financial sustainability into 2026/27.

Argymhellion/ Recommendations

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