

Item: 09**Title: Finance Update – March 2026**

Gweithredu / Action required	Consideration, assurance and approval
Amseru / Timing	Quarterly
Argymhelliad / Recommendation	The Board is asked to: <ul style="list-style-type: none">• Note the draft outturn for 2025/26 to 31 March 2026 and the key financial issues arising from in-year financial management;• Note the medium-term financial outlook for 2026/27 and 2027/28.
Risg / Risk	Reputational and financial risk
Cyllid / Finance	This paper provides an update on the 2025/26 year-end financial position (as at 31 March 2026) and a summary of, and request for approval of, the 2026/27 budget and medium-term financial plan.
Amcan Cynllun Corfforaethol / Corporate Plan Objective	To grow and improve as an organisation
Ecwiti, Amrywiaeth a Chynhwysiant / Equity, Diversity & Inclusion	The financial reporting format is intended to be accessible and transparent, supporting understanding and effective scrutiny
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 type="checkbox"/> External: our organisation's reputation <input checked="" type="checkbox"/>
Cymeradwyaeth / Approval/Clearance	Alyson Thomas (Chief Executive)

Trafodaethau/ Penderfyniadau Blaenorol / Previous discussions/decisions	Board discussion on budget principles and workforce investment at the March 2026 Board meeting.
Awdur/ Author	Katie Holliday, Director of Finance
Dyddiad / Date	11 May 2026
Cefndir / Background	
<p>2025/26 year-end position</p> <p>In March 2025, the Board approved Llais’ financial plan for 2025/26. The plan was based on the budget approved by Senedd Cymru and subsequently confirmed through the Grant Offer Letter, which set total revenue funding at £8.427m (including in-year adjustments for employer National Insurance pressures and pay award assumptions).</p> <p>In addition to revenue funding, Welsh Government approved £75,000 of capital funding during the year to support the development of a new website and leasehold improvement works.</p> <p>The confirmed funding position was broadly in line with the assumptions underpinning the approved financial plan and provided a stable baseline for in-year and year-end financial management.</p> <p>The total variance as shown within appendix 1 of £177,000 is made up of £45,000 income from Tenovus, to support the specialist cancer complaints advocacy post and £132,000 in additional funding from the Welsh Government to accommodate pay increases and support with the impact of the employer’s national insurance increase.</p> <p>2026/27 planning context</p> <p>In January 2026, Welsh Government confirmed Llais’ 2026/27 revenue allocation of £8.648m, representing an uplift of £353,000 relative to the 2025/26 baseline budget.</p> <p>This settlement has enabled the development of a balanced and affordable budget for 2026/27 and an indicative outlook for 2027/28.</p>	

2025/26 financial performance as at 31 March 2026

Overview of the year-end position

Financial performance for the year ended 31 March 2026 demonstrates that Llais has continued to manage resources within available funding.

Robust budgetary control arrangements have operated throughout the year, supported by regular engagement between the Finance Team and budget holders.

The draft year-end outturn for 2025/26 is an underspend of £110,000. This represents approximately 1.3% of the total revenue budget and reflects management of staffing vacancies, controlled use of contingency, and active monitoring of non-staff expenditure.

Whilst this underspend is larger than preferred and originally anticipated, a buffer has been maintained to ensure that the organisation does not breach its budgetary control thresholds as a result of potential amendments arising through the audit process. In addition, there were some minor delays on delivery by suppliers which resulted in the underspend being £30,000 higher than forecast at year end.

Final figures remain subject to completion of year-end processes and audit adjustments.

Key drivers of the year-end position

The principal factors contributing to the year-end underspend as reported in appendix 2 include:

- **Staff costs (£27,000 underspend)** - Staff costs closed marginally below forecast. This position reflects the net effect of in-year timing differences relating to starters and leavers, maternity and sickness cover, and the continued balance between substantive recruitment and temporary arrangements.
- **Specific programmes (£28,000 overspend)** - Expenditure on specific programmes due to the identification of additional pieces of work towards

year end in recognition of available budget capacity. This overspend is offset by underspends elsewhere and does not give rise to an ongoing financial pressure. Programme activity remained aligned to approved priorities.

- **Professional fees (£30,000 underspend)** - Professional fees closed below forecast, reflecting legal costs being lower than the contingency provision set aside within the budget, alongside a greater proportion of transaction activity being undertaken in-house.
- **Depreciation and accounting timing (£26,000 underspend)** - This variance reflects a change to the Centreprise contract during the year, specifically the removal of the leased-laptop element of the arrangement. As a result, ongoing laptop costs were reclassified and charged as revenue expenditure within Digital, Data and Technology rather than being treated as leased assets.
- **Other non-staff expenditure (net underspend)** - Across other non-staff headings, including accommodation, digital and administrative costs, variances against forecast were individually small and reflect routine timing differences rather than control issues. No single area represents a material or recurring risk.
- **Contingency (£48,000 underspend)** - The approved contingency was not fully deployed during the year. Retaining an appropriate year-end buffer is necessary to manage potential audit adjustments and to ensure continued compliance with budgetary control thresholds.

Capital

During 2025/26, capital funding requests were submitted to Welsh Government to support:

- recognition of right-of-use assets under IFRS 16;
- leasehold improvement works; and
- development of the new Llais website.

Welsh Government confirmed capital funding of £75,000 and that budget is available to support lease-related capital requirements under IFRS16.

Final capital expenditure for the year is £48,000. Delays in receiving a permit for works from Neath Port Talbot County Borough Council led to delays in work in Baglan Bay being fully delivered at year end and an element of the website development has been recognised as revenue rather than capital budget.

Other income

Llais secured £173,000 of external funding over 3 years from Tenovus to support a specialist cancer complaints advocacy role. During 2025/26, funding of £54,000 was received and expenditure of £45,000 incurred, with the balance to be carried forward into 2026/27 in line with the funding agreement. Approval to defer the income to 2026/27 has been agreed with Tenovus.

Cash management

Grant-in-aid drawdown has been managed in accordance with Welsh Government requirements.

At 31 March 2026, year-end cash balances stood at £157,000, representing approximately 1.8% of total cash grant-in-aid and remaining within the permitted year-end tolerance of 2%.

Key issues arising from 2025/26

While the overall financial position for 2025/26 is stable, the year has highlighted an increasing reliance on manual and spreadsheet-based processes to support financial forecasting, reconciliations, and assurance activity. This reflects current limitations in the organisation's financial systems environment, particularly in the context of growing organisational scale, complexity, and external reporting expectations.

The dependency on manual processes has required enhanced oversight and additional control activity, underpinned by manual processes by the Finance Team to maintain accuracy and assurance throughout the year. While effective in the short term, this approach is not sustainable in the medium term and presents a recognised operational and assurance risk.

In response, a formal review of financial systems has been approved and

incorporated into the 2026/27 Annual Plan. The review will assess the adequacy of current systems against organisational needs, including reporting capability, automation, resilience, and will inform investment decisions aimed at strengthening financial control, efficiency, and assurance.

In addition, the requirement to route all procurement activity through NHS Wales Shared Services Partnership during 2025/26 has, in some cases, resulted in extended procurement timelines. This has impacted the timing of delivery for certain activity and contributed to additional delivery and timing pressures.

In response, Llais will review how procurement routes are utilised during 2026/27 to ensure proportionality, timely delivery, and continued compliance within existing procurement and governance frameworks. It is anticipated that a more risk based and planned approach to procurement activity will be developed to support operational delivery while maintaining appropriate assurance and control.

These considerations directly inform the proposed approach to targeted investment in systems and enabling infrastructure within the 2026/27 budget and medium-term financial plan.

2026/27 budget position - Overview of the proposed budget

Following on from discussions at the previous Board meeting, a number of risks have been identified within the Digital, Data and Technology (DDaT) strategy which require significant investment during 2026/27, particularly in relation to the organisation's Customer Relationship Management (CRM) system. Further development of the system has been identified as a priority within the 2026/27 Annual Plan, with work underway to define the scope and intended outcomes.

Detailed plans to address these risks are currently being finalised, and it is anticipated that forecast in-year headroom will be used to support delivery in this priority area. As this work develops, there will be a requirement for further consideration of the phasing and nature of expenditure, including additional scrutiny to make sure that development activity is appropriately capitalised and supported by confirmed funding approvals.

The financial implications of the proposed CRM development are currently being evaluated and will inform final investment decisions. Any such proposals will be

subject to the appropriate governance and approval arrangements via the Executive Team and reported to the Audit and Risk Assurance Committee and Board as part of in-year financial updates.

While the review of financial systems and the proposed CRM development are distinct pieces of work, they reflect the need to strengthen core systems, reporting capability, and organisational assurance.

Medium-term financial outlook

An updated medium-term financial plan has been prepared for 2026/27 and 2027/28 and reflects a cautious and sustainable approach to financial planning. The plan assumes that any new permanent or long-term commitments, beyond those already agreed by the Board, would need to be met through recurrent savings or demonstrable income growth, with ongoing cost assumptions kept under regular review.

The planning position for 2026/27 takes account of recurring posts approved by the Board and known cost pressures, including planned investment in Digital, Data and Technology, notably further development of the CRM system. As these pressures are factored in, it is anticipated that available financial headroom in 2026/27 will be fully allocated in support of agreed organisational priorities.

Over the medium term, the financial position continues to demonstrate a balanced and sustainable outlook, subject to active management of emerging risks and cost pressures. Inflation assumptions will continue to be closely monitored and updated as necessary to reflect confirmed pay awards and prevailing economic conditions.

Continued affordability over the medium term will remain dependent on active management of inflationary pressures, workforce costs, digital investment requirements, and emerging operational risks.

Capital and cash

As in 2025/26, no upfront capital allocation has been provided for 2026/27. Capital requirements will continue to be managed on a needs-led basis, with business cases submitted to Welsh Government where there is a clear

requirement.

A request for funding of £12,000 has been submitted to the Welsh Government in relation to the ongoing leasehold improvement works in Baglan Bay Innovation Centre. Llais has gone at risk and proceeded with the works. Llais' partnership team has indicated that the risk of Llais not being provided with this funding is low.

If the break clause on the Gwent region's office lease is not activated, it will be necessary to request capital funding to support the recognition of the lease as a Right of Use asset. If it is activated, then rental costs can be expensed over the course of the year, to be considered as estate and infrastructure needs are refined.

Grant-in-aid drawdown will continue to be managed in line with Welsh Government cash management rules.

Conclusion

Llais is expected to close 2025/26 in a stable and well-controlled financial position, subject to completion of final year-end and audit processes.

The proposed 2026/27 budget is balanced, affordable, and aligned with organisational priorities. The modest forecast headroom provides flexibility to address known and emerging risks, particularly those relating to capacity, governance, and assurance.

Approval of the budget and the proposed approach to targeted investment in permanent capacity will support the organisation's sustainability and its ability to meet statutory and regulatory obligations over the medium term.

Argymhellion/ Recommendations

The Board is asked to note the:

- draft outturn for 2025/26 to 31 March 2026 and the key financial issues arising from in-year financial management;
- medium-term financial outlook for 2026/27 and 2027/28.