

## Item:12

### Title: Finance Report – Month 5 – 2024/25

<b>Gweithredu / Action required</b>	Report for information
<b>Amseru / Timing</b>	Routine
<b>Argymhelliad / Recommendation</b>	It is recommended that the Board note the Finance report for the 5-month period ending 31 August 2024.
<b>Risg / Risk</b>	Reputational and financial risk
<b>Cyllid / Finance</b>	N/A
<b>Amcan Cynllun Corfforaethol / Corporate Plan Objective</b>	Llais financial governance
<b>Ecwiti, Amrywiaeth a Chynhwysiant / Equity, Diversity &amp; Inclusion</b>	N/A
<b>Cyfathrebu / Communications</b>	Please tick one of the following boxes if this activity will have an impact on: <b>Internal:</b> our people <input checked="" type="checkbox"/> <b>External:</b> our customers/partners/stakeholders <input checked="" type="checkbox"/> <b>External:</b> 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>	N/A
<b>Awdur/ Cyflwyno / Author/presenting</b>	Joanne Bolton, Strategic Director of Operations and Corporate Services
<b>Dyddiad / Date</b>	25 September 2024
<b>Cefndir / Background</b>	
The Board and Audit and Risk Assurance Committee receive periodic financial reports on monthly and cumulative expenditure compared to the Interim Financial Plan.	

The Interim Financial Plan 2024/25 sets out the financial resources required to enable Llais to deliver its annual plan. The financial plan is set to ensure that expenditure does not exceed the income from Welsh Government.

The Audit and Risk Committee reviewed and scrutinised the financial report on 18 September.

## Manylion / Detail

### Financial report at month 5

As at the end of August, a cumulative underspend of £194K is reported.

This is predominantly due to staff vacancies and timing of non-pay expenditure. Any staff underspends due to vacancies during the 5 months, have been reallocated to a contingency expenditure category. The contingency value is at £94,556 at the end of August. The current cumulative underspend is not expected to roll to the year end, as an underspend of £1K is forecast at year end.

The executive team met on Tuesday 17 September to discuss/review the financial position. A review of all regional and central expenditure lines was carried out including discussions on the 12-month forecast, incorporating the recent 5.5% pay award. See link below to the “Written Statement: Public Sector Pay: Response to Pay Review Bodies...” referencing this pay award.

### Funding challenges

Llais is currently operating in a challenging funding environment. It is a challenge to manage a budget when you are near halfway of the financial year, without receipt of the funding letter from Welsh Government and uncertainty on pay award funding.

The audit and risk assurance committee received a report on 18 September informing of recent discussions with our sponsor branch, Welsh Government. where it was alluded that there was no additional funding for the current financial year. However, Welsh Government provided a notification on 10 September stating: *“This year, arm’s length bodies can make average pay awards up to 5%”*. *“Welsh Government is providing additional funding in 2024-2025 to bridge the gap*

*between pay bill assumptions that bodies have planned for (3.7%), and the higher public sector pay commitments agreed by Welsh Government”.*

We are an arm’s length body, but our staff are on Agenda for Change terms and conditions.

Also, below is a link to the Welsh Government written statement. With an extract noted below.

[Written Statement: Public Sector Pay: Response to Pay Review Bodies’ Recommendations 2024-25 \(10 September 2024\) | GOV.WALES](#)

*‘NHS staff on Agenda for Change terms and conditions will receive a 5.5% pay award.*

*We have also agreed up to an average 5% pay increase for staff working in a range of devolved organisations and in the Welsh Government civil service. These pay awards will be reflected in pay packets as soon as possible’.*

We receive email notifications from Welsh Government as an Arms Length Body, but we have staff on Agenda for Change terms and conditions. Some clarity is needed regarding what our funding will be for this year as well as increase in staff cost. But also, some clarity for future years notifications to avoid future confusion.

Since reporting to audit and risk assurance committee, Welsh Government has contacted us requesting financial information on staff costs to facilitate their calculations for additional funding in the region of 1.3%. The financial information we will provide will include our full year forecast along with our full staffing establishment costs (recognising Llais has been, and still is, carrying numerous vacancies). I will also provide figures for the 2025/26 full staffing establishment incorporating the 5.5%.

## **Next steps**

- The next couple of weeks will involve discussions with our Sponsor Branch to obtain clarification on our funding position, both in terms of the current year financial letter and any pay award funding.
- Year end forecasts will be prepared.

- Half year management accounts to be prepared and compared to year end forecast position.
- 2025/26 budget will be drafted.

## **Cash Management**

Llais has a funding requirement to manage cash balances within tolerance limits.

Welsh Government require:

“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.”

The bank balance at the end of August was £207,900 which was 2.7% (*July 2.5%*) of the cash limit of £7.6m compared to the Welsh Government target of 4%.

## **Recommendations**

The Board is requested to:

- Note the contents of this report