

Item: 4

Title: Llais Financial Plan 2025/26

Gweithredu / Action required	Consideration and approval
Amseru / Timing	Annual
Argymhelliad / Recommendation	The Board is asked to: <ul style="list-style-type: none"> • Note and discuss the contents of this report • Review and approve the Financial Plan 2025/26.
Risg / Risk	Reputational and financial risk
Cyllid / Finance	The Budget details the financial plan for 2025/26. Welsh Government has confirmed the value. More information is provided within the report
Amcan Cynllun Corfforaethol / Corporate Plan Objective	To grow and improve as an organisation
Ecwiti, Amrywiaeth a Chynhwysiant / Equity, Diversity & Inclusion	N/A – The financial budget has been drafted in alignment with the annual plan which ensures Llais considers equity, diversity and inclusion
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	Board has previously discussed the Welsh Government’s daft December 2024 budget announcement for the financial year 2025/26. Further work was required to ensure delivery of the annual plan within the budget figures.
Awdur/ Author	Katie Holliday, Director of Finance
Dyddiad / Date	26 March 2025
Cefndir / Background	

This paper outlines Llais' Financial Plan for 2025/26. It provides a comprehensive overview of the organisation's income and expenditure budgets, key financial risks, and the resources required to deliver its annual plan.

It highlights the budgetary context, including challenges and opportunities, and seeks the Board's approval to ensure Llais remains on course to fulfil its strategic objectives.

A draft budget for 2025/26 was submitted to the Welsh Government which requested a £759K increase over the 2023/24 and 2024/25 baseline budgets. It is important to note that Llais' budget had not been reviewed since its inception in 2023.

In December 2024, the Welsh Government issued its draft budget, partially addressing Llais' fiscal restraints by allocating an uplifted budget of £8,295m (adj. for Superannuation Contributions Adjusted for Past Experience - SCAPE). However, this budget fell £192,000 short of Llais' original budget request.

The Executive Team undertook a detailed review of Llais' draft budget, exploring various options and scenarios considering impact on delivery. This led to a reduction in certain expenditure areas to ensure that Llais remains able to deliver its operational plan while staying within the allocated budget from the Welsh Government.

Update on National Insurance

The UK Government confirmed, as part of the UK Autumn Budget, that devolved governments would be provided with additional funding to offset the cost of increased employers' National Insurance contributions, beyond the amounts allocated in the UK Budget.

Although the level of support for Welsh Arm's Length Bodies is yet to be confirmed, it is expected to follow similar lines. In December 2024, the Welsh Government was informed that, based on Llais' current structure, the Chancellor's announcement would increase National Insurance costs by £120,000.

Manylion / Detail

This Financial Plan outlines Llais' 2025/26 budget and the key financial risks for the upcoming year. It is presented for the Board's approval and highlights the financial resources required for delivering the Annual business plan.

In line with Llais' Standing Financial Instructions, this Financial Plan ensures that

expenditure will not exceed income provided by the Welsh Government and its Ministers.

Welsh Government Funding Letter

As stipulated in the Welsh Government Framework Document, the Welsh Government Funding Letter is normally issued no later than one month after the [final budget](#) has been agreed by the Senedd. Therefore, Llais' Welsh Government funding letter should be issued by 20 March 2025.

Llais officers have emphasised to Welsh Government colleagues that the allocation letter is critical for enabling Llais to present a Financial Plan for Board approval. Welsh Government colleagues have given assurance that the budget approved by the Senedd will serve as Llais' initial budget for 2025/26.

This should provide assurance to the Board that the remit letter and funding will align with the table below.

SOCIAL JUSTICE					
RESOURCE					
Budget Expenditure Line	2025-26 Draft Budget December 2024	MEG to MEG Transfers	Transfers Within MEG	Transfers to / from Reserves	2025-26 Final Budget February 2025
	£000s	£000s	£000s	£000s	£000s
Citizen Voice Body	8,062	(134)	-	-	7,928
Citizen Voice Body - Non cash	367	-	-	-	367
Action: Citizen Voice Body	8,429	(134)	-	-	8,295

Table 1: Extract from Welsh Government's Main Expenditure Grant table

Income budgets

Whilst the Funding Letter has not yet been issued the published final Welsh Government Budget (above) confirms Llais' total budget as £8.295m.

Resource budgets

The table below provides an overview of Llais' budget allocation over the organisation's main expenditure areas. It totals £8,295K which agrees to the Welsh Government budget table extract above. The budget includes a continuing commitment to develop our complaints advocacy service, by continuing with a fixed

term role to lead this piece of work.

Budget summary - Full Organisation

	2025/26 Draft Budget £'000	2025/26 Budget £'000
Salaries	6,368	6,259
Other staff costs	184	157
Accommodation costs	379	387
IT costs	919	917
Professional Fees	222	174
Variable costs	415	401
	8,487	8,295

Appendix 1 includes a breakdown of this budget by region/department, as well as staff Full time equivalent totals analysed by region.

Resource including non-cash budget

The non-cash budget line of £367K within the Welsh Government budget extract above, is exclusively allocated for costs related to the depreciation or amortisation of assets. Examples include:

- The amortisation of Llais' Customer Relationship Management (CRM) system.
- Costs associated with the Centerprise IT Service Level Agreement (SLA).
- Depreciation of accommodation leases.

Capital budget

Currently, no capital resource budget has been allocated to Llais for 2025/26.

As Llais continues to evaluate its estate and negotiate new leases, it may become necessary to request a capital budget to account for non-governmental leases in line with appropriate accounting practices. Additionally, Llais' CRM system will be reviewed, and any required updates or enhancements could prompt capital funding requests from the Welsh Government.

VERS Exercise and Resulting Budget Implications

The Board is aware that Llais recently initiated a Voluntary Early Release Scheme. Consequently, there will be vacancies within the current structure during the first quarter of Llais' 2025/26 operating year, resulting in some budget savings.

Llais will continue to monitor expenditure monthly, ensuring resources are appropriately allocated.

Management of in-year funding challenges

During 2024/25, Welsh Government colleagues indicated that any financial challenges that arose from the 2024/25 settlement should be dealt with "in year". It is important to consider this approach for 2025/26. It is also important to recognize there may be one off opportunities for additional funding, that relate to specific projects/pieces of work.

In 2024/25, the Welsh Government provided Llais with an additional £684.5k in funding, allocated as follows:

- £87.5k to support with the office moves into public sector offices,
- £97k in recognition of the impact of the cost-of-living exercise, and
- £500k to support with the Voluntary Early Release Scheme exercise.

For 2025/26, Llais' Executive Team will consider opportunities, and liaise with the Welsh Government should additional funding be available.

Grant in Aid (Cash)

The Welsh Government Governance Framework specifies: "*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 funds. Any unspent grant-in-aid retained at month-end or year-end must remain within 4% and 2% respectively of the total cash grant-in-aid awarded for that year.*"

After accounting for non-cash costs, Llais' initial Grant-in-Aid requirement for 2025/26 is £8.171m. Additionally, the Welsh Government has confirmed that a further £500k

will be provided in April 2025 to cover the cash costs associated with the Voluntary Early Release scheme.

Following the completion of Llais' 2024/25 Annual Report and Accounts, the Welsh Government will be informed of Llais' final Grant-in-Aid requirements. A further adjustment may be necessary to account for carried-forward creditors.

Annex A

Budget summary - analysed by department.

2025/26 Budget	Total	National Team	North Wales	Gwent	West Wales	Cardiff & VOG	Powys	Neath Port Talbot & Swansea	Cwm Taf Morgannwg
Salaries	6,260,552	1,949,112	821,432	585,089	676,476	573,670	518,251	513,964	622,559
Other staff costs	157,300	112,000	17,000	5,500	5,000	2,700	9,000	2,000	4,100
Accomodation costs	387,061	94,518	72,893	78,843	28,562	-	42,233	39,944	30,069
IT costs	916,054	903,233	2,236	1,640	2,348	1,541	1,457	1,670	1,929
Professional Fees	173,922	173,922	-	-	-	-	-	-	-
Variable costs	400,941	276,100	23,343	14,355	12,559	14,444	22,510	22,620	15,010
	8,295,830	3,508,884	936,904	685,427	724,944	592,355	593,451	580,198	673,667
Full Time Equivalents	107.40	26.00	15.20	11.24	11.81	11.48	9.56	10.31	11.80