



## Estimate of Income and Expenditure 2023/24

### 1 Introduction

1.1 In line with paragraph 9(2) of Schedule 1 of the Commissioner for Older People (Wales) Act 2006 (the Act) I am required to submit an annual revenue budget to the Welsh Government (the Estimate).

1.2 As I have detailed in my 2022/23 Estimate submission, letters submitted to the Minister in January and May 2022, my 2021/22 Annual Report and Accounts and the budget information that was submitted in August 2022, it is no longer sustainable for my baseline funding to remain at £1,589,000 as I can no longer continue to absorb inflationary pressures. I request that my baseline budget is increased to £1,690,000, which will allow me to continue to ensure that older people's voices and concerns are heard and acted upon

1.3 In January 2022, I was pleased that the Welsh Government recognised the need for a more sustainable model of funding and provided me with an additional budget of £67,000 to be used in 2022/23 to manage previously identified cost pressures. The budget provided for 2022/23 is £1,656,000.

### 2 Current financial situation

2.1 My baseline budget has not been increased to account for inflation since 2016, which equates to a real-terms reduction in spending power of 23% between April 2016 and September 2022. I am requesting that my baseline budget is increased by 6.4%.

2.2 Over the past five years, it has been imperative that the static budget that has been provided by the Welsh Government has been carefully managed. I have ensured that we have been able to absorb increasing costs over these five years through prudent financial management and decision making, optimising value for money through effective procurement and maximising the use of the National Procurement Service.

2.3 Some of these costs have been out of our control, in terms of budgetary management, such as staff costs due to cost-of-living awards and incremental band rises rather than an increase in number of employees (since 2017 WTE has averaged 20.45 and is currently 20.86; the organisational headcount is 22) or an increase in the median salary costs of the organisation. My audited annual reports evidence that the organisation's median salary has primarily increased due to cost-of-living awards. Staff costs continue to be the most significant cost pressure and will account for 84% of my budget if it is not increased.

2.4 Other costs have been more specific such as maintaining and improving the organisation's cyber resilience. Over the past three years, I have been expected to

invest and, along with all other public bodies, improve my organisation’s cyber resilience. Expenditure in this area has therefore increased from £58,000 in 2020/21 to £83,000 in 2022/23. IT Expenditure includes system support and maintenance (which is outsourced at a cost of £12,000 per annum), IT compliance e.g. Cyber Essential Plus Certification, IT licences and associated support, and hardware. This level of expenditure will be ongoing to ensure that the organisation remains cyber resilient.

### 3 Expenditure since 2019/20

3.1 The figures and narrative below provide detail on my non-staff expenditure since 2019/20.

	2019/20 (£)	2020/21 (£)	2021/22 (£)	2022/23 (£)	2023/24 (£)
Other employment costs	26,000	11,000	18,000	28,000	27,000
Accommodation costs	149,000	138,000	149,000	145,000	78,000
IT expenses	59,000	58,000	82,000	83,000	80,000
Professional Fees	64,000	69,000	72,000	70,000	69,000
Overheads (incl non-cash costs)	65,000	48,000	29,000	36,000	38,000
Work programme costs	112,000	46,000	56,000	74,000	80,000

#### 3.1.2 Other employment costs

These cover areas such as recruitment and travel. It is evident that the pandemic impacted on these areas of expenditure. However, I anticipate that expenditure will return to pre-pandemic levels as my team and I are receiving requests from older people’s groups to meet face to face again, which will involve travel throughout Wales. This is an important element of our core work.

#### 3.1.3 Accommodation

Since 2018 I have been contractually obliged to meet the liabilities that arise from my office accommodation lease, which I have not been able to reduce.

In January 2022, I introduced a hybrid working policy that enables staff to determine how they split their time between a remote working location and the office. This formalises a different way of working that has been in place since March 2020 and has resulted in the decision that I will not be renewing my current office lease when it comes to an end in August 2023.

Some of the cost savings that arise in 2023/24 from the relinquishment of my office lease will need to be used to meet the costs associated with establishing a new office. The future year cost savings (2024/25 and onwards) that will crystallise from reducing the size of the office by at least 75% will be used to offset the increasing inflationary pressures of 2024/25 and 2025/26.

#### 3.1.4 IT Expenses

See section 2.4.

#### 3.1.5 Professional Fees

These cover areas of statutory compliance such as audit costs, translation and legal fees. Cost savings in these areas have ensured that these costs have not increased over the past five years.

#### 3.1.6 Overheads

These cover areas of low value expenditure such as printing, telephones, stationery and postage. It also includes the Commissioner's depreciation and amortisation on fixed assets (not including the Right of Use asset). This list is not exhaustive.

Cost savings in these areas have ensured that the Commissioner's expenditure on overheads has decreased by 48% over the past five years.

#### 3.1.7 Work programme

My work programme budget enables me to deliver on my statutory duties and strategic priorities of promoting and protecting the rights of older people, stopping the abuse of older people, ending ageism and age discrimination, and enabling everyone to age well.

The pandemic impacted on the budget that I dedicated to my work programme as my organisation's work needed to evolve, to be more reactive due to the unprecedented circumstances. Some planned work was paused and is now being taken forward, along with work to respond to new pressures and challenges that older people are facing, such as the cost-of-living crisis. Expenditure is therefore returning to pre-pandemic levels as my team and I now focus on delivering the priorities within my refreshed strategic plan and dealing with the new challenges facing older people.

3.2 The figures and narrative provided demonstrate that due to prudent financial management over the past five years, I have ensured that I have remained within the budget provided by the Welsh Government. However, as inflation has increased by 20% since I received my current funding allocation, I can no longer continue to absorb costs on the continued funding level of £1,589,000.

## 4 Budget request for 2023/24

4.1 This funding request demonstrates that it is no longer sustainable for my budget to remain at its current level. The tables below provide the detail of the resource and cash budgets required for the organisation to remain effective and continue to protect and promote the rights of older people and deliver impactful change.

### Budget request for 2023/24 and indicative 2024/25 and 2025/26 budgets

Resource budget request	2023/24	2024/25	2025/26
Employment costs	1,338,000	1,385,000	1,377,000
Other employment costs	27,000	27,000	28,000
Accommodation costs (incl VAT due on rent)	46,000	27,000	27,000
IT Expenses	80,000	77,000	79,000
Professional Fees	69,000	71,000	73,000
Overheads	22,000	22,000	23,000
Work Programme	80,000	80,000	80,000
<b>Total</b>	<b>1,662,000</b>	<b>1,689,000</b>	<b>1,687,000</b>
<b>Non-cash budget request</b>			
IT Capital Amortisation (already agreed by the WG)	9,000	9,000	9,000
'Other' – Depreciation	7,000	6,000	4,000
IFRS16 - Lease	32,000	19,000	19,000
<b>Total</b>	<b>48,000</b>	<b>34,000</b>	<b>32,000</b>
<b>Cash requirement</b>			
Resource	,1,662,000	1,689,000	1,687,000
Rental payments	32,000	19,000	19,000
Dilapidation	98,000	0	0
Capital	15,000	15,000	15,000
<b>Total</b>	<b>1,807,000</b>	<b>1,723,000</b>	<b>1,721,000</b>

### 4.2 Dilapidation of lease

Within my Statement of Financial Position, I have established a provision for a dilapidation charge relating to my lease in Cambrian Buildings. This provision will crystallise in 2023. Whilst I do not anticipate requiring resource budget for this dilapidation provision, I will require additional GIA cash resource of £98,000 from the Welsh Government.

### 4.3 Capital funding

Historically, my Estimate has been submitted on a resource budget basis and I have not been required to identify capital funding requirements. However, future capital funding requirements has been identified to ensure continued compliance and alignment with the WG's budgeting principles. The provision of a recurring £15,000 capital budget will ensure that I am able to continue to invest in my cyber infrastructure, which will ensure that the organisation remains resilient to cyber risks.

#### **Impact of not receiving requested funding**

### 5.1 Staff costs

The table in 4.1 demonstrates that staff costs are my most significant area of expenditure and is therefore the only area where significant savings can be made.

For budgeting purposes only, an assumption has been made to allow for a 4% cost of living award for staff in 2022/23 and 3% for 2023/24. If I do not receive an increase to my baseline budget for 2023/24, I will not be able to award staff a cost of living for 2022/23 nor 2023/24. It will be socially irresponsible for me, as an employer, to not award a cost-of-living payment to my staff in 2022/23 and 2023/24. Currently 76% of my staff are at the top of their salary band and they will suffer a loss of real income and be adversely impacted compared to other public sector employees if I do not offer a pay award. This will also detrimentally impact on my ability to retain and recruit staff.

If I do not receive an increase to my baseline budget, I will also be forced to review and decrease the number of staff that I employ from 22 to 19 people. Furthermore, I would not be able to fund a restructure from my current 2022/23 budget allocation and I would be requesting that the Welsh Government fund the cost of exit payments, which would be a significant cost.

An organisational restructure, accompanied by job losses, will be an extremely disruptive and time-consuming process, which would destabilise the organisation, result in committed and expert staff being made redundant, and cause anxiety and uncertainty to the whole staff team.

The ability to deliver impactful work for older people during this time would be severely disrupted, with many months consumed by the restructuring process.

The reduction in the number of staff that I employ would also have a significant impact on my ability to provide advice and assistance to older people. There would have to be a reduction in the level of direct engagement with older people and I, and members of my team, would be forced to withdraw from many of the Welsh Government working and advisory groups and reduce my participation in consultations. This would severely affect my ability to ensure that older people's voices and concerns are heard.

Older people would see the effects of this directly as we would have to turn down requests to meet them, and we would not be able to meet the demand for our Advice and Assistance service. This would significantly impact older people who are already experiencing disadvantage, for example those who are digitally excluded.

In addition, I would need to review whether it is possible to continue with key elements of my work programme, particularly those where research is needed to build evidence and make progress, such as the abuse of older people, and the lived experiences of Black, Asian and Minority Ethnic older people.

Being able to retain and recruit experienced staff is essential to ensure that my work continues to remain impactful for older people.

To note, in 2022/23 I have adopted the Welsh Government's pay band minima as part of the Pay Parity exercise, which has increased my 2022/23 pay bill by at least £11,000. Whilst the Welsh Government have provided the funding for five years to pay for the initial impact of the exercise, I will be required to fund the future additional cost-of-living increases through my own funding allocation. If additional funding is not provided that matches future Welsh Government cost of living awards, I will not be able to continue to comply with the principles of this exercise.

## 5.2 Work programme

If I continue to receive £1,589,000 and award staff a cost-of-living payment for 2022/23 and 2023/24, there will be insufficient budget remaining for my work programme, with no budget available for future years. As stated above, I would therefore have to undertake an organisational restructure and reduce the work I do for older people, at a time when the needs and circumstances of older people are particularly pressing and challenging.

## Conclusion

As I have previously detailed to the Welsh Government, my ability to ensure that older people's voices and concerns are heard and acted upon would be severely impacted if my baseline budget were to remain at £1,589,000.

The figures and narrative provided in this briefing demonstrate that I am continually looking for and identifying cost savings, which is embedded in our financial practice. This prudent financial management has ensured that I have remained within the budget provided by the Welsh Government since 2016. However, it is no longer sustainable for my budget not to be increased and within this briefing, I have evidenced that I require my baseline budget to be increased to £1,690,000 for 2023/24.

# The Older People's Commissioner for Wales

The Older People's Commissioner for Wales protects and promotes the rights of older people throughout Wales, scrutinising and influencing a wide range of policy and practice to improve their lives. She provides help and support directly to older people through her casework team and works to empower older people and ensure that their voices are heard and acted upon. The Commissioner's role is underpinned by a set of unique legal powers to support her in reviewing the work of public bodies and holding them to account when necessary.

The Commissioner is taking action to end ageism and age discrimination, stop the abuse of older people and enable everyone to age well.

**The Commissioner wants a Wales where older people are valued, rights are upheld and no-one is left behind.**

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