



Comisiynydd Pobl Hŷn Cymru Older People's Commissioner for Wales

Estimate 2024-2025

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 This Estimate is supported by the draft budget submission that I presented to the Welsh Government in August 2023, which provided a detailed account of the cost pressures within my budget. It is also supported by the [2022-23 Annual Report and Financial Statements](#) that evidences the work that I do to make Wales an age-friendly nation where older people are valued, rights are upheld and no-one is left behind.

1.3 Within this document I have evidenced the continued budgetary pressure that my organisation faces, and I request that the total 2024/25 budget for the Older People's Commissioner be increased by 2.6% or £45,000 to £1,748,000.

2 Current financial situation and evidence of cost savings

2.1 Due to prudent financial management, I am not asking for a real-term increase to the budget and have ensured that the increased request for 2024/25 is less than £50,000.

2.2 The cumulative effect of the individual pressures on the 2024/25 budget will have significant impact on the organisation. Not receiving additional funding for next year would negatively impact the continued effective and robust governance of the organisation, for example, a diversion of resources from cyber resilience and gaining Level 2 IASME (Information Assurance for Small and Medium Enterprises) accreditation to other areas of the organisation that directly focus on improving older people's lives. This diversion of resources is necessary in order to keep delivering for older people and would increase the organisation's overall compliance and regulatory risks.

2.3 During my term of office, I have ensured that the organisation has been able to absorb increasing costs through prudent financial management and decision-making, optimising value for money through effective procurement and maximising the use of the National Procurement Service, and to minimise employment costs I out-source services such as the management of my IT network and infrastructure.

2.4 In addition, I continually review and consider my organisational structure before recruiting for vacancies and have recently saved £28,000 against budgeted costs by recruiting to two previously held full-time posts on 0.8 FTE contracts. These recruitment choices have ensured that I can absorb the impact of the increased Civil Service pension contribution costs and the 5% cost of living award for 2023/24 without increasing the 2024/25 funding request that was submitted in August. In fact, within this Estimate, I am requesting £5,000 less for 2024/25. To note, savings such as these cannot always be achieved.

2.5 In March 2023, I moved office and reduced my accommodation costs by 70% or £100,000. These considerable savings have allowed me to redirect the budget to other areas of the organisation and have helped to ensure that over the past two years I have been able to match the Welsh Government cost of living awards and deliver impactful work on a budget of £1,703,000.

3 Budget request for 2024/25

3.1 This funding request demonstrates that it is no longer sustainable for my budget to remain at its current level. I am forecasting a deficit of £45,000 for 2024/25, which grows to £138,000 by 2026/27. The table below evidences that this growth is primarily driven by employment costs, due to anticipated future cost of living awards and contractual incremental rises rather than an increase in the number of employees or an increase in the median salary costs of the organisation. My audited annual reports evidence that the median salary has increased due to cost-of-living awards rather than a change in organisational structure. To note, the WTE of my office is currently 20.29; the headcount is 21.

3.2 I will not be able to manage the organisation on a continuing flat-line budget without reducing the size of my team which would undermine the unique and vital work my role is required to carry out.

3.3 The table below provides the details 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 2024/25 and indicative 2025/26 and 2026/27 budgets

| Resource budget request | 2024/25 | 2025/26 | 2026/27 |
|---|------------------|------------------|------------------|
| Employment costs (3% cost of living in 2024/25, 2% onwards) | 1,397,000 | 1,436,000 | 1,467,000 |
| Other employment costs | 29,000 | 29,000 | 30,000 |
| Accommodation costs | 30,000 | 31,000 | 32,000 |
| IT Expenses | 82,000 | 84,000 | 86,000 |
| Professional Fees | 68,000 | 70,000 | 71,000 |
| Overheads | 31,000 | 32,000 | 33,000 |
| Work Programme | 80,000 | 80,000 | 80,000 |
| Total | 1,717,000 | 1,762,000 | 1,799,000 |
| Non-cash budget request | | | |
| IT Capital Amortisation (already agreed by the WG) | 9,000 | 9,000 | 9,000 |
| 'Other' – Depreciation | 6,000 | 6,000 | 6,000 |
| IFRS16 - Lease | 16,000 | 16,000 | 16,000 |
| Total | 31,000 | 31,000 | 31,000 |
| Total budget request | 1,748,000 | 1,793,000 | 1,830,000 |
| Total indicative budget (incl pay parity) | 1,703,000 | 1,703,000 | 1,692,000 |
| Deficit | (45,000) | (90,000) | (138,000) |
| Cash requirement | | | |
| 2024/25 | 2025/26 | 2026/27 | |
| Resource budget request | 1,717,000 | 1,762,000 | 1,799,000 |
| Rental payments (in line with IFRS16) | 16,000 | 16,000 | 16,000 |
| Capital | TBC | 0 | 0 |
| Total | 1,733,000 | 1,788,000 | 1,815,000 |

Capital budget

3.4 In April 2023, the Welsh Government was informed that due to a breach in OJEU procurement thresholds, I am reviewing my organisation's case management system. This system plays a crucial role in my work and underpins the work of my Advice and Assistance team.

3.5 The review of the system may lead to a request for capital funding from the Welsh Government. This funding would be used to procure and potentially develop a new case management system. The amount of capital funding required will depend upon whether an 'off-the-shelf' system is available, or if it is necessary to develop a bespoke system that meets the requirements of my Advice and Assistance service.

3.6 I will update the Welsh Government as soon as further information is available, however, it is too early to identify the capital budget required.

4 Longer term budgetary impact

Staff costs

4.1 As is demonstrated within section 3, employment costs are the largest area of the organisation's expenditure. If the Welsh Government does not increase my budget, then in 2024/25 staff costs will comprise 82% of the total budget and 84% by 2025/26.

4.2 If adequate funding is not provided by the Welsh Government, to make the necessary savings against the budget, my organisational structure would have to change, and jobs would be lost to sufficiently reduce costs. If this were to happen, the organisation would not be able to continue to deliver the current level of impactful work for older people and ensure continued regulatory and legal compliance.

4.3 For the necessary savings to be realised from April 2025, a restructure would need to take place during Autumn/ Winter 2024 with accompanying funding being provided by the Welsh Government. As my term of office ends in August 2024, it is neither appropriate nor fair to expect the incoming Commissioner to restructure the team within their first 6 months of taking office, without first having the opportunity to engage and consult with older people, develop their strategic plan and identify the skills that are required to deliver that plan to continue to deliver impactful change for older people.

4.4 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.

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

4.6 The reduction in the number of staff employed would also have a significant impact on the organisation's 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 the Commissioner and members of the team would be forced to withdraw from many of the Welsh Government working and advisory groups and reduce participation in consultations. This would severely affect the Commissioner's ability to ensure that older people's voices and concerns are heard.

Work programme

4.8 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.

4.9 If the organisation's baseline budget for 2024/25 and 2025/26 remains £1,703,000, there will be insufficient budget remaining for the work programme. The incoming Commissioner will therefore have to undertake an organisational restructure to ensure that there is sufficient budget available to continue to deliver for older people when their needs and circumstances continue to be particularly pressing and challenging.

5 Conclusion

5.1 I continue to evidence to the Welsh Government that I am looking for and identifying cost savings, which is embedded in our financial practice. This prudent financial management has ensured that the budget that I am requesting is only 10% more than the 2016 budget allocation. In comparison the UK CPI increased by 30% over the same period which evidences that my organisation manages its resources efficiently and effectively. I fully accept and understand that Welsh Government's funding decisions for 2024/25 will be challenging but by seeking a reasonable 2.6% (£45,000) increase I will be able to continue the vital and unique work my role requires me to discharge to support the lives of older people in Wales.

The Older People's Commissioner for Wales

The Older People's Commissioner for Wales is an independent voice and champion for older people throughout Wales. The Commissioner is taking action to protect older people's rights, end ageism and age discrimination, stop the abuse of older people and enable everyone to age well.

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

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