



## Estimate 2025-2026

### 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). This is my first Estimate as the newly appointed Commissioner.

1.2 This Estimate is supported by the draft budget submission that was presented to the Welsh Government in September 2024, which provided a detailed account of the cost pressures within the budget. It is also supported by the 2023-24 Annual Report and Financial Statements that evidences the work that the organisation has delivered to protect and promote the rights of older people across Wales.

1.3 Within this document I have evidenced the continued budgetary pressure that my organisation faces, and I request that the total 2025-26 budget for the Older People's Commissioner be increased by 5.2% or £85,000 to £1,722,000 from the 2024-25 budget of £1,637,000 (original £1,625,000 and £12,000 additional income for pension).

### 2. Current financial situation and evidence of cost savings

2.1 The organisation has continually been able to absorb a number of increasing costs through prudent financial management and decision making over a number of years, as well as include a 5% budget cut in 2024-25. This has resulted in a significant financial constraint and has had an adverse impact on the scope of the Commissioner's work, which is not sustainable.

2.2 All cost saving measures have been realised and are firmly embedded into the organisation's financial practices and operational processes.

2.3 The organisational workforce structure has been reviewed and a Voluntary Exit scheme concluded in March 2024. I currently employ a team of just 17.4 FTE, which as a direct consequence of the 2024-25 budget has been reduced from 19.6FTE (a 9% reduction).

2.4 Accommodation costs reduced dramatically in 2024-25 as the office was moved to smaller premises. Due to continued financial management accommodation costs can be maintained at £30,000 for the current budget.

2.5 Value for money is achieved through effective procurement and maximising the use of the National Procurement Service. It has also minimised employment costs by out-sourcing services such as management of I.T networks and infrastructure.

2.6 The cumulative effect of the individual pressures on the 2025-26 budget will have a significant impact on the organisation. Not receiving additional funding for next year threatens to reduce the organisation's operational effectiveness, significantly increases the risks associated with statutory and legal compliance, as well as substantially threaten my ability to carry out my statutory functions as Commissioner.

### 3. Budget request for 2025/26

3.1 This funding request demonstrates that it is no longer sustainable for my budget to remain at its current level of £1,637,000. I am forecasting a deficit of £25,000 for 2024/25, which grows to £85,000 by 2025/26.

3.2 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. The audited annual reports evidence that the median salary has increased due to cost-of-living awards rather than a change in organisational structure.

3.3 As the newly appointed Older People's Commissioner for Wales, I believe one of the most challenging parts of the role will be reaching older people who are in the greatest need of support. These individuals are often the least likely to have access to the resources or means of contacting me and are at the highest risk of having their voices go unheard and their rights unprotected. As Commissioner, it is my role to ensure that these voices are heard, which is also a statutory function of the office.

3.4 The increase in the work programme budget will ensure that my team and I are able to reach more older people across Wales, engaging directly to hear and understand the factors that contribute to their wellbeing and the concerns they have. By engaging directly with older people, I can ensure that their voices are heard by those who make decisions that impact upon our day-to-day lives.

3.5 Following a request for capital to implement a new Case Management System, further work is required to review the specification required. As the capital will not be spent in 2024-25, the amortisation for this system has been emitted from the 2025-26 estimate until a decision has been made on the way forward.

### Budget request for 2025-26

Resource budget request	2025-26	Variance from indicative budget (Aug 2024)	Note
Employment costs (5% cost of living in 2024-25, 3% 2025-26 and 3% onwards)	1,326,000	21,000	Point 4.4
Other employment costs	26,000		
Accommodation costs	30,000		
IT Expenses	93,000		
Professional Fees	69,000		
Overheads	35,000		
Work Programme	110,000	40,000	Point 3.3 and 3.4
<b>Total</b>	<b>1,689,000</b>	<b>61,000</b>	
<b>Non-cash budget request</b>			
IT Capital Amortisation (already agreed by the WG)	9,000		
'Other' – Depreciation	7,000		
IFRS16 - Lease	17,000		
CMS – Amortisation		(20,000)	Point 3.5
<b>Total</b>	<b>33,000</b>	<b>41,000</b>	
<b>Total budget request</b>			
<b>Total budget request</b>	<b>1,722,000</b>		
Total indicative budget (Aug 24)	1,681,000		
<b>Deficit</b>	<b>(41,000)</b>		
<b>Cash requirement</b>			
<b>Cash requirement</b>	<b>2025/26</b>		
Resource budget request	1,689,000		
Rental payments (in line with IFRS16)	17,000		
Capital	0		
<b>Total</b>	<b>1,706,000</b>		

## 4. Longer term budgetary impact

### Staff costs

4.1 In December 2022, the Welsh Government recognised the significant funding challenges that the organisation faced, which were due to inflationary pressures and increasingly complex governance requirements. In response to the 2023-24 Estimate, the Welsh Government increased the 2023-24 baseline budget to £1,684,000 from £1,589,000. The additional funding ensured that, in the short-term, there was not a need to consider restructuring the organisation and there was sufficient budget for the 2023-24 programme of work.

4.2 In October 2023, the 2024-25 Estimate was submitted to the Welsh Government requesting a budget of £1,739,000, which represented a modest uplift of £55,000 (3.3%), highlighting the risks of the continuation of a flatline budget. In December 2023, the former Commissioner was informed that due to severe pressures on the Welsh Government budget, the organisation would receive a budget reduction. The budget provided for 2024-25 was £1,616,000, with a further £12,000 included for additional pension income, making the overall budget of £1,637,000 which was £102,000 or 5.9% less than the budget requested.

4.3 Upon receiving notification of the 2024-25 budget, the medium-term financial plan was comprehensively reviewed to identify cost savings. Given that staff costs were (and continue to be) the most significant pressure on the budget, it was necessary to review the organisational structure and vacant posts within it. The former Commissioner decided not to recruit to the vacant post and implement a Voluntary Exit scheme, resulting in savings of approximately £92,000 (including on-costs) per year. Consequently the 2024-25 budgetary pressures were alleviated.

4.4 For my organisation, I believe that the most sustainable level of staffing establishment costs against funding allocation is approximately 75% and for 2024-25 they will be 76% with a 3% increase only in staff costs. With this cost increase rising further by 2% to 5% this funding allocation will increase to 78%. Ensuring that there remains adequate budget available for the delivery of my statutory duties and associated programme of work will continue to be a challenge as the staff costs increase due to cost of living awards.

4.5 The former Commissioner determined that by awarding staff a 3% cost-of-living pay award for 2024-25 it would ensure that the organisation could continue to sustain the budget pressures.

4.6 The medium-term financial plan demonstrates that the budget continues to be under pressure, with a forecast deficit in total budget request of £41,000 in 2025-26 against the September 2024 submission.

4.7 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 from the 2024-25 level of £1,637,000 then in 2025-26 staff costs will comprise 81%.

4.8 If adequate funding is not provided by the Welsh Government, my organisational structure would need to be reviewed once again to make cost savings.

4.9 The possibility of opening another Voluntary Exit scheme only a year after the previous process would destabilize the organisation. The disruptive and time-consuming process would cause anxiety and uncertainty once again.

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

4.11 The further reduction in the number of staff employed would also have a significant impact on my ability to undertake my statutory duties.

### Work programme

4.12 As I took up post on 30 September 2024, I am currently in the process of developing my priorities. My work programme budget enables me to deliver on my future strategic priorities and statutory duties.

4.13 As explained in Section 3, I require an increased work programme budget to ensure that my team and I are able to reach more older people across Wales, engaging directly to hear and understand the factors that contribute to their wellbeing and the concerns they have. By engaging directly with older people, I can ensure that their voices are heard by those who make decisions that impact upon our day-to-day lives.

4.14 Issues affecting older people lives - for example the recent decision to cut the winter fuel allowance; digital exclusion; access to timely and appropriate health and care services - result in multiple disadvantages

for older people, making it increasingly difficult to access the vital services and support they need. Addressing these interconnected issues is crucial to improving the lives of older people, and it is more important than ever to ensure that older people's rights are protected, and their voices are heard, to be able to inform policy and practice decisions.

## **5. Conclusion**

5.1 The organisation has continued to evidence to the Welsh Government that cost savings have been identified and are embedded in the organisation's financial practice.

5.2 The organisation has also demonstrated that it is not sustainable to receive a flat line budget year on year, or a further budget cut.

5.3 I fully accept and understand that Welsh Government's funding decisions for 2025-26 will be challenging, but seeking a 5.2% increase from the 2024-25 budget will ensure that I am able to carry out my statutory duties and work for a Wales that leads the way in empowering older people, tackling inequality and enabling everyone to live and age well.

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