



Comisiynydd y  
Gymraeg  
Welsh Language  
Commissioner

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# Estimate for the financial year 2025-26

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# 1 Background and context

- 1.1 This estimate of the Welsh Language Commissioner's income and expenditure for 2025-26 has been prepared in accordance with section 17 of the Welsh Language (Wales) Measure 2011.

## Our purpose and what we do

- 1.2 Promoting and facilitating the use of the Welsh language is the work of the Welsh Language Commissioner. By doing so we are contributing to realising our vision of a **Wales where people can live their lives in Welsh**.
- 1.3 Whilst promoting and facilitating the use of the Welsh language, the Welsh Language (Wales) Measure 2011 states that we must focus on increasing Welsh language services and their use, and other opportunities for people to use Welsh. The Measure also gives official status to Welsh in Wales and establishes the principle that Welsh should not be treated less favourably than English in Wales.
- 1.4 The Measure allows us to do many things to promote and facilitate the use of the Welsh language, including:
- imposing and enforcing duties through Welsh language standards
  - encouraging and sharing successful practices
  - compiling and publishing reports and undertaking research or commissioning others to do so
  - undertaking educational activities or commissioning others to do so
  - make representations or give advice to anyone, including making written recommendations to Welsh Ministers
  - conducting a statutory enquiry in a particular area.
- 1.5 The upcoming period is a key one for the Welsh language as the Welsh Language Education Bill passes through the Senedd, as the recommendations of the Welsh Language Communities Commission report are considered, and as more bodies become subject to Welsh language standards.
- 1.6 During 2024-25 we have developed a new approach to co-regulation – a collaborative approach that involves engaging and working more closely with the people and organisations we work with, encouraging an open and transparent culture.
- 1.7 In addition, 2025-26 will mark the first year of a new five-year Strategic Plan, on which I will undertake a public engagement, during the autumn of 2024. I will also, in the next year, produce the third statutory report on the position of the Welsh language.
- 1.8 As a backdrop to all this is a period of financial constraint for the public sector and many other sectors in Wales. Reminding organisations of the importance of using Welsh, and the reasons for doing so, is therefore more important than ever. Setting

priorities is essential to focusing efforts, and we recognise that we need to be flexible, imaginative, and bold in order to maximise our resources whilst executing our work.

- 1.9 The Estimate presented for 2025-26 is therefore drawn-up in the context of our operational plans and the wider financial situation, and also the significant savings which have been achieved during 2024-25 to enable us to operate within a budget that remains stable. A less than flat budget would inevitably result in having to make difficult savings that would impact our basic work programme.
- 1.10 We received a 5% reduction in our budget for 2024-25; a situation we coped with by freezing two roles and reducing spending. We had already taken significant steps to reduce the organisation's estate of offices during 2023-24 and have taken further steps this year by undertaking a thorough restructuring process. This has the effect of further reducing the organisation's staff numbers by four through voluntary exits and redundancies. We have adapted the way we work in some areas as a consequence, and by prioritising core activities have made further savings to the running costs of the organisation.
- 1.11 However, you will note that the revenue budget request includes an increase to the baseline budget of £27,500 for employer pension contributions from 01/04/2024 and £32,100 for salary increases, which are expected from 2024-25 onwards.
- 1.12 The budget request for the year 2025-2026 is summarised as follows:
- |                           |            |
|---------------------------|------------|
| ○ Revenue                 | £3,249,000 |
| ○ Capital                 | £50,000    |
| ○ Non-cash (depreciation) | £112,000   |
- 1.13 This Estimate is presented in advance of the Chancellor of the Exchequer presenting the UK Government's budget statement to the House of Commons. There is speculation that employer NI could be charged on employer pension contributions. This would increase employment costs by £75,000 in 2025-26, which has not been included in this Estimate. An increase of this magnitude, without additional funding, would mean that savings would have to be made, to balance the budget.
- 1.14 In addition, whilst the 2025-26 Estimate is planned on the basis that there will be no further increase to the budget, the forecast for 2026-27 shows that there will be budgetary pressures again during that year. As employment costs increase due to cost of living increases, and without an increase to the budget, making further savings will be inevitable.
- 1.15 We have been able to make savings to date without adversely affecting our core services. Any further savings would make it increasingly difficult to carry out all our responsibilities and will lead to having to cease some key activities. The types of decisions that would need to be made as a result of needing to find further savings through further job losses could include ceasing developmental work with businesses and charities. We therefore present this budget in a spirit of reasonableness in the current climate.

## 2 Summary of Financial Plans

2.1 To give context to the financial plans, a high-level spending forecast has been prepared. This is summarised below with relevant comments noted.

	Outturn 2023-24		Forecast 2024-25		Estimate 2025-26		Plan 2026-27	
	£000	%	£000	%	£000	%	£000	%
Employment	2,632	78.4	2,687	82.2	2,642	81.3	2,750	82.2
Administration Costs	342	10.2	428	13.1	424	13.0	412	12.3
Office Leases	97	2.9	52	1.6	51	1.6	50	1.5
Programmes	286	8.5	102	3.1	132	4.1	132	4.0
<b>Total Revenue</b>	<b>3,357</b>		<b>3,269</b>		<b>3,249</b>		<b>3,344</b>	
<b>Investment on Capital</b>	<b>94</b>		<b>50</b>		<b>50</b>		<b>50</b>	
<b>Depreciation</b>	<b>113</b>		<b>100</b>		<b>112</b>		<b>114</b>	

### Government Funding:

Revenue (ex-IFRS16)	3,357	3,269	3,249	3,249
Capital	94	50	50	50
Depreciation	169	121	112	114

### (Overspend)/Underspend

Revenue	-	-	-	(95)
Capital	-	-	-	-
Depreciation	56	21	-	-

2.2 The table above shows that the forecast manages spend within the assumed budget that will be allocated by Welsh Government. The forecast includes bearing the costs of the severance payments as a consequence of the restructuring and the increase to the pay award assumption for the year, which was not budgeted. The forecast assumes receipt of additional funding of £60,000 as noted in 1.11 above for employment costs.

2.3 The Estimate shows that the steps that have already been achieved this year by reducing the organisation's staff numbers and previous steps to reduce the organisation's estate enable us to live within a stable budget for 2025-26.

2.4 However, the plan also indicates that an increase to the 2026-27 budget will likely be required due to further budgetary pressures as employment costs rise.

## 3 Analysis and key messages

- 3.1 Without an increase to the underlying budget (excluding the pension contribution and the unbudgeted pay award) it has been inevitable to fund the pay settlements by making savings to other areas of the budget. The impact of this is that the percentage of revenue budget used on employment has increased over the past ten years, with the increase resulting in reduced funding available for the organisation's running costs and programme spend. However, it is noted that the number of full-time equivalent staff has decreased at the same time (see the table below):

	<b>Outturn 2016-17 £000</b>	<b>%</b>	<b>Outturn 2021-22 £000</b>	<b>%</b>	<b>Estimate 2025-26 £000</b>	<b>%</b>
Employment	2,112	70.1	2,397	75.6	2,642	81.3
<b>Number of full-time equivalent staff</b>	<b>45.6</b>		<b>43.8</b>		<b>38.2</b>	
Office and Administration Costs	678	22.5	693	21.8	475	14.6
Programmes	221	7.3	81	2.6	132	4.1
<b>Total Revenue</b>	<b>3,011</b>		<b>3,171</b>		<b>3,249</b>	
<b>Government Revenue Funding</b>	<b>3,051</b>		<b>3,207</b>		<b>3,249</b>	

- 3.2 Significant steps have already been taken to reduce the number of employed staff to 38.2 (full-time equivalent). That also inevitably led to a more general restructuring to enable the work to be redistributed across the organisation and to ensure that resources were directed to the most important areas strategically. The effect of that is that there is greater pressure on fewer officers to achieve the organisation's strategic objectives.
- 3.3 An element of that has meant that some officers have had to absorb additional work, ceasing some activities and in other areas it has meant having to adapt the way we work to enable us to continue to deliver the work. One example is the change to monitoring organisations' compliance based on a risk profile which means that our monitoring activities are increasingly diverse across the organisations we regulate.
- 3.4 There is a real risk, were it necessary to reduce the number of employed staff further as a result of a budget cut, that it would not be possible to continue with the agreed strategic objectives. This would have an adverse impact on the new Strategic Plan we are currently planning for 2025-30. Simply put, difficult decisions would have to be made not to undertake some important key activities as it would not be possible for officers to absorb any significant additional work to that which has already occurred.
- 3.5 We very much welcome the work the Welsh Government is doing to bring more bodies under the Welsh language standards regime. This work will result in greater opportunities for people to use Welsh in relation to receiving services in the coming years. However, that inevitably leads to increasing workloads for us, which is a factor to consider when planning ahead.

## Employment

- 3.6 In an effort to plan early and prudently for 2025-26, some difficult decisions have been made over the past 12 months:
- A decision not to fill two vacancies following resignations in the final quarter of 2023-24, with the reduction in costs contributing to the savings required due to the 5% (£168,000) cut to the 2024-25 budget.
  - A process of restructuring and offering voluntary exit and voluntary redundancy plans to staff took place during 2024-25. This has enabled us to reduce the number of full-time equivalent officers from 42.2 in 2023-24 to 38.2 for 2025-26. These schemes were funded entirely within the 2024-25 budget.
- 3.7 Over the recent period of high inflation, the pressure on wages has increased significantly and in response to this, the Welsh Government's pay settlements have been increasing.
- 3.8 The following assumptions are included with respect to increases to salary costs:
- 2024-25                    5.0%
  - 2025-26                    3.0%
  - 2026-27                    3.0%
- 3.9 Based on this and previous pay settlements, employment costs since 2022-23 will have increased cumulatively by £416,000 by 2025-26 rising to £496,000 by 2026-27. As a result, an increase to the 2026-27 budget will be needed to fund any further pay rise, or further difficult decisions will be inevitable.

## Administrative: running costs of the organisation

- 3.10 There was a one-off benefit in 2023-24 from the release of dilapidation provisions having terminated and surrendered office leases. The Estimate assumes that office and administration costs for 2025-26 will be approximately **£156,000 less** than the actual costs for 2022-23 (the last year prior to reducing the office estate).
- 3.11 The table below summarises the office and administration costs over the planning period:

	Outturn 2022-23 £000	Outturn 2023-24 £000	Forecast 2024-25 £000	Estimate 2025-26 £000	Plan 2026-27 £000
Office Maintenance Costs	120	107	89	89	89
Dilapidations	7	(109)	0	0	0
Administration Costs	383	344	339	335	323
<b>Total Administration</b>	<b>510</b>	<b>342</b>	<b>428</b>	<b>424</b>	<b>412</b>
Office Leases *	121	97	52	51	50
<b>Total</b>	<b>631</b>	<b>439</b>	<b>480</b>	<b>475</b>	<b>462</b>

- 3.12 (\*) Note that since 01/04/2022 that IFRS16 Leases changes the treatment of office lease rentals, therefore the depreciation and associated interest are included for comparison.

3.13 The paragraphs below set out the principal relevant issues for the running costs of the organisation.

#### Offices £140,000

3.14 The project to reduce the organisation's office estate was completed at the end of March 2024. With the closure of the Carmarthen and Ruthin offices and the Cardiff office relocated to a significantly smaller space, the costs of running the offices have resulted in significant savings. As a result, there is no scope to realise further savings here.

3.15 The estimated costs for 2025-26 are summarised below against the forecast of the underlying costs of running the offices in 2022-23 at the time the business case was prepared (the final year in which the offices were open for the full year) and the notional future costs at the time of the business case.

	Cardiff £000	Caernarfon £000	Carmarthen £000	Ruthin £000	Total £000
<b>Estimate 2025-26</b>	<b>53</b>	<b>85</b>	<b>1</b>	<b>1</b>	<b>140</b>
Underlying costs (Forecast 22-23)	136	81	31	6	254
Business Case	74	81	3	2	160
<b>Saving v. underlying costs</b>	<b>83</b>	<b>(4)</b>	<b>30</b>	<b>5</b>	<b>114</b>

3.16 The costs of running the offices are quite consistent with what was assumed at the time of preparing the business case, with the exception of the costs of the Cardiff office. The move to the CP2 office has enabled the organisation to make additional savings compared to that assumed in the business case.

#### Administration Costs £335,000

3.17 Steps have been taken over a number of years to look for savings to reduce spending. We look for further savings every year but there are now few opportunities. The main expenditure components can be analysed as follows:

3.18 **IT and Telecommunications (£132,000):** £99,000 of the expenditure are contractual commitments such as Microsoft tenancy and licences, software licences, security services and agreements for support services. Of the non-contractual spend, £15,000 is retained for IT developments in the year.

3.19 £30,000 of the funding will be spent on cyber security elements, with £13,000 being contractual commitments and £17,000 for cyber security accreditations in order to comply with Welsh Government cyber security requirements.

3.20 **Legal and Professional (£114,000):** Legal and internal audit expenditure has been reduced somewhat, with more significant savings on translation costs.



- 3.21 **Recruitment Training and Wellbeing (£29,000):** The funding is consistent with recent years with around £16,000 spent on training and development, which is just over £400 per person. The remainder is set aside for recruitment, officer seminars, professional and organisational membership, and welfare.
- 3.22 **Travel and subsistence (£38,000):** A small increase is planned for these costs to enable staff to carry out their duties effectively, whether internally or with stakeholders.

### **Programmes**

- 3.23 A notional amount of £132,000 is included for the 2025-26 estimate, with the amount representing barely 4.1% of the revenue spend in the Estimate.
- 3.24 Note that £45,000 of the amount for programmes is set aside for expenditure relating to attendance at the Eisteddfodau. This leaves £87,000 for all the other programmes. Such a small amount does not allow expenditure on new or significant projects.

### **Capital and Depreciation (non-cash financing)**

- 3.25 There is an application for capital funding of £50,000, consistent with recent years. This will be for essential developments and updates to the IT infrastructure and services.
- 3.26 Based on the value of fixed assets and capital investment in years 2024-25 and 2025-26, a depreciation charge of £100,400 is forecast for 2024-25 and an estimated £112,000 for 2025-26. Both amounts are within the assumption for the budget.

## **4 Conclusion**

- 4.1 This paper shows the significant steps that have already been taken in recent years to reduce the running costs of the organisation, particularly in terms of the offices and staffing costs. Prudent financial management has enabled us to pull together an Estimate based on a budget that remains flat. Contingent on any changes to national insurance contributions, the only additional budget requested is £60,000 anticipated in 2024-25 due to increased employer pension contributions from 01/04/2024 and the 2024-25 pay award element above the budgeting assumption. We have avoided the need to request an increase beyond this for 2025-26 by acting in a spirit of reasonableness in the current climate and in anticipation of the need to do so in respect of 2026-27.
- 4.2 We have taken every step possible to find ways to save costs without unduly disrupting the important work we are trying to undertake. Due to the steps that have already been taken, and the fact that 81% of the budget is now expended on staffing costs, any further cut would inevitably result in further job losses. That would pose a real risk to our basic work programme and cause a further period of instability and uncertainty for staff who have already been through one restructuring and redundancy process this year. There is a real risk to our core services should that happen, as it would make it increasingly difficult to carry out all our responsibilities and would lead to having to cease some key activities, as this paper has outlined.