



Comisiynydd y  
Gymraeg  
Welsh Language  
Commissioner

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# Estimate for the financial year 2016-17

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# Background

The principal aim of the Welsh Language Commissioner, an independent organization established in accordance with the Welsh Language Measure (Wales) 2011, is to promote and facilitate the use of the Welsh language. This entails raising awareness of the official status of the Welsh language in Wales and imposing standards on organizations. This, in turn, will lead to the establishment of rights for Welsh speakers.

Two principles will underpin the work:

- In Wales, the Welsh language should be treated no less favourably than the English language
- Persons in Wales should be able to live their lives through the medium of the Welsh language if they choose to do so.

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**Meri Huws**

**Welsh Language Commissioner**

**30 October 2015**

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# 1 Foreword

- 1.1 The Welsh Language Commissioner published its Strategic Plan 2015-17 in a period of significant changes to public life in Wales.
- 1.2 With a General Election in May 2015 and an Assembly Election in May 2016, we will see a period of change of governments and new legislative programmes being developed and created. As local government and other services are reorganized, the shape of the entire public service in Wales will fundamentally change.
- 1.3 The objectives of the plan, which are noted in section 2, have been determined with the aim of ensuring that the Welsh language is central to the public discussions and the policy decisions which will stem from these changes.
- 1.4 The way in which Welsh language services are provided will change significantly as standards in relation to the Welsh language are imposed on organizations. The new system will impose duties which will lead to establishing rights for people to receive Welsh language services.
- 1.5 The Commissioner will implement a robust regulatory procedure on the new duties. Protecting and ensuring that citizens are treated with respect and with fairness is central to any regulatory work. The organization will support Welsh language users and will work with communities in order to gain a better understanding of their experiences, their needs and aspirations. Evidence gathered will be used to contribute towards ensuring compliance with the law. The intention in doing so is to give people the assurance and confidence to use the Welsh language in their everyday lives.
- 1.6 Organizations will be expected to comply with the legal duties imposed on them. Where that doesn't happen, the Commissioner will take appropriate steps to ensure compliance with the duties and, by doing so, will ensure that the rights of Welsh language users are protected. To achieve this, a variety of regulatory methods will be used.
- 1.7 A programme for communicating with the public will be prepared, and the intention is to take every opportunity to discuss with individuals and various grass-roots groups and organizations. The International Association of Language Commissioners conference will be held in Wales in 2017. The event will be an opportunity for us to share experiences on how language rights can be realized and it will also be an opportunity to showcase the best of a bilingual Wales to an international audience.
- 1.8 The aim is for anyone in Wales to be able to live their lives through the medium of Welsh if they choose to do so. To meet the aim, the work of implementing and regulating the law will stand side by side with the promotion and facilitation of the Welsh language. This means working with third sector organizations and charities, businesses such as shops and banks and those in the tourism and heritage sector, the sports and leisure industry, and organizations which represent all of these sectors, to support them to develop their use of the Welsh language.

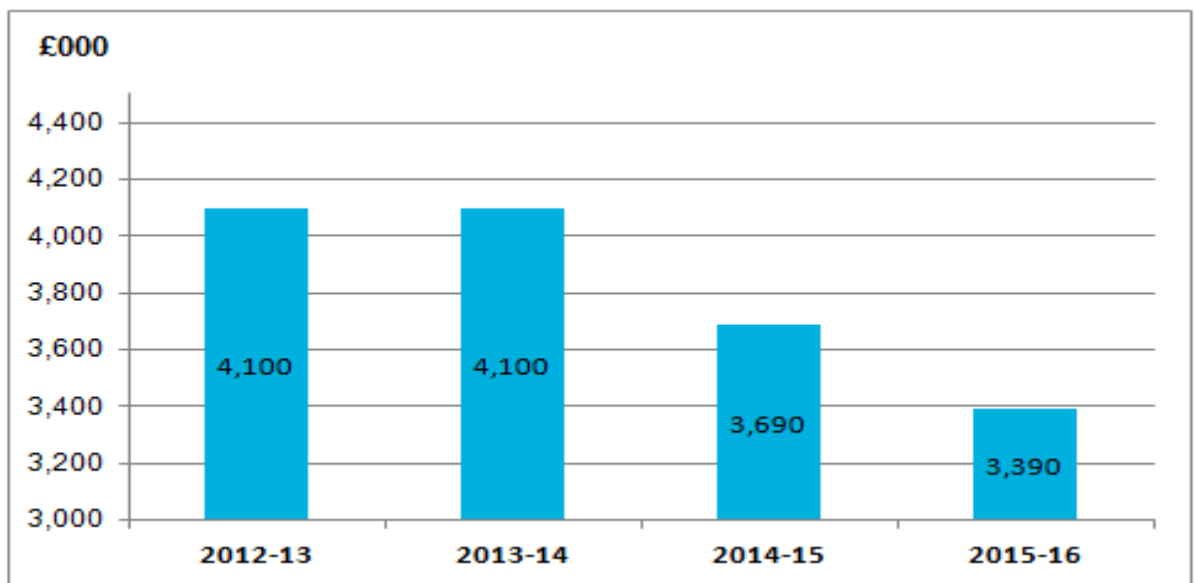
- 1.9 By implementing the objectives and priorities in the Strategic Plan, the objective is to ensure all of the changes to the civic landscape of Wales will lead to increasing the use of the Welsh language. The Commissioner wants to see Welsh as a natural and unquestionable part of everyday life in Wales, in the Welsh language communities and in the bilingual and multilingual communities, the length and breadth of the country.
- 1.10 This estimate reflects the resources that will be required by the Commissioner to implement these additional duties that are central to the work of the organization.

## 2 Strategic Plan

- 2.1 The Welsh Language Commissioner's Strategic Plan 2015–17 was published on 1 April 2015. This Strategic Plan builds on the foundations of the 2013–15 Strategic Plan, and explains precisely how it is intended to work towards achieving the general aim of the Welsh Language Commissioner over the two years until 31 March 2017.
- 2.2 The objectives of the Strategic Plan correspond to the functions the Commissioner needs to carry out according to the Measure, and strategic priorities have been determined for each objective. The objectives of the Strategic Plan are listed as follows:
- Objective 1: Influencing the consideration given to the Welsh language in policy developments
  - Objective 2: Ensuring justice for Welsh language users
  - Objective 3: Imposing statutory duties and regulating them
  - Objective 4: Encouraging, promoting and facilitating the use of the Welsh language on a voluntary basis
  - Objective 5: Operating and communicating appropriately and effectively
- 2.3 The Strategic Plan will be implemented through annual operational plans which will include specific projects, time scales and targets in order to measure achievement. These plans will also consider the needs in terms of resources and finance for each project.

### 3 Context of the estimate

- 3.1 This will be the fifth year since the Welsh Language Commissioner came into existence on 1 April 2012. A budget of £4,100,000 was allocated for the first two years. A budgetary cut of £410,000 (10%) in 2014-15 and a further cut of £300,000 (8%) in 2015-16 was received. It was explained that this cut was part of wider cutbacks in the budget of the education and skills department and that it was necessary for the organization to receive a cut.
- 3.2 Compared to the first year of the Commissioner's existence, the organization has suffered cuts to its budget of approximately 24% in real terms by the financial year 2015-16 compared to an original budget of £4,100,000. Such cuts, together with uncertainty regarding the financial situation in coming years, make it difficult to plan for the medium term and to implement new functions effectively.



- 3.3 The preceding paragraphs show the financial profile of the Welsh Language Commissioner since its inception on 01/04/2012 until 31/03/2016. It is important to make some observations in relation to the pattern of this expenditure alongside providing commentary on the forecast of financial resources based on the likely pattern of work of the Commissioner to the end of the 2016-17 financial year and subsequently to 31/03/2019. It is hoped that these comments will inform the process of arriving at a reasonable view on an appropriate budget for the Welsh Language Commissioner to enable her to perform her duties, functions and exercise of powers in accordance with the Welsh Language (Wales) Measure 2011.

#### Transition from Welsh language schemes to a standards regime

- 3.4 During this transition period the resources required for maintaining Welsh language schemes and introducing and operating the standards regime will evolve and change over time. In addition, the requirements will increase as more organizations come within the scope of the standards regime.

- 3.5 On 20/10/2015 in a debate in the Senedd on the Welsh Language Commissioner's Annual Report 2014-15, an amendment by the National Assembly for Wales "stating that the Welsh Government is committed in its language strategy 'Living Language: A Language for Living' to make 'standards that will enable the Commissioner to impose duties on private sector companies that are within the scope of the Welsh Language Measure, including telecommunications companies, bus and train operators, and utility companies'." was passed, unanimously.
- 3.6 The first Welsh language standards regulations came into force in March 2015 in relation to 26 organizations: 22 local authorities, 3 national park authorities and Welsh Ministers. Until the standards regime is fully operational it is required that the Commissioner ensures the continued operation of statutory Welsh Language Schemes. In practice this means maintaining an oversight of the operation of circa 550 language schemes and investigating between 250 and 300 complaints annually. Since 01/04/2012, 64 new language schemes have been agreed and the procedure for investigating complaints and maintaining levels of compliance with Welsh language schemes continues. For example 6 statutory inquiries were open between 01/04/2015 and 31/10/2015.
- 3.7 The process of introducing standards requires the Commissioner to undertake a series of statutory duties:
- 3.7.1 In the first instance, standards investigations are undertaken to identify which standards organizations should be subject to. Standards investigations have, to date, been undertaken into 209 organisations.
- 3.7.2 Following the approval of standards regulations by the National Assembly for Wales and prior to the final standards compliance notice being presented to an organization the Commissioner undertakes a statutory consultation with the organization. Predicting resource requirements for certain aspects of implementation during this period is difficult. In order to maintain parallel processes of standards investigations and presentation of final compliance notices to hundreds of organizations in accordance with the Measure additional staff resources will be required for a specific period of time. Resource planning indicates that two additional officers will be required for a period of two years between 01/04/2016 and 31/03/2018.
- 3.7.3 Finally the requirements in relation to securing compliance with the standards become effective for the first time from the end of March 2016 and increasingly thereafter. The predetermined enforcement process is set out in Part 5 of the Welsh Language Measure. The requirements regarding investigation are specific and detailed. In order to ensure effective implementation of the enforcement powers and secure compliance with the Welsh Language Measure additional resource is required as the numbers of organizations operating within the standards regime increases significantly over the next few years. Three additional officers are required to carry out investigation and enforcement activities in accordance with Parts 4 and 5 of the Welsh Language Measure.



## Conclusion

- 3.8 The funding pattern of Welsh Language Commissioner has not mirrored the legislative requirements of the Welsh Language Measure. Existing resources are insufficient to expand the reach of the Measure to different sectors soon or to successfully enforce any action to secure better treatment and further opportunity to use the Welsh language or to provide guidance in order to avoid failures.
- 3.9 Operating the standards regime also sucks resources from other important aspects of the strategic and statutory duties of the Welsh Language Commissioner in a disproportionate manner. It will be possible neither to undertake the duties at the expected level nor to function effectively without the resources to achieve it.

## 4 Financial estimate and commentary

4.1 Below is presented details of the expenditure of the Welsh Language Commissioner for the financial years 2016-17 until 2018-19. This estimate shows an increase in expenditure over the next 3 years compared to 2015-16. In order to finance activities that are critically important to the strategy, priorities and effective operation of the organization a request is made for additional budget for this period. Even with an increase to the budget a reasonable overspend is anticipated, which will need to be funded from reserves (see section 5).

	<b>Expenditure 2014-15 £000</b>	<b>Budget 2015-16 £000</b>	<b>Forecast 2015-16 £000</b>	<b>2016-17 £000</b>	<b>Estimate 2017-18 £000</b>	<b>2018-19 £000</b>
<b>Expenditure</b>						
Salaries	2,146	2,226	2,250	2,658	2,733	2,619
<i>Office costs</i>	319	301	295	233	233	233
<i>Information technology</i>	137	142	145	135	135	135
<i>Services and administration costs</i>	158	99	93	93	93	93
<i>Recruitment, learning and development</i>	91	65	64	54	54	54
<i>Professional costs</i>	152	176	177	154	154	154
<i>Travel and subsistence</i>	99	102	102	93	93	93
Core costs	956	886	876	762	762	762
Capital and depreciation costs	77	61	61	50	40	40
Programme and project costs	559	217	226	273	225	200
<b>TOTAL EXPENDITURE</b>	<b>3,738</b>	<b>3,390</b>	<b>3,413</b>	<b>3,744</b>	<b>3,760</b>	<b>3,621</b>
Funding from Welsh Ministers	(3,690)	(3,390)	(3,390)	(3,750)	(3,750)	(3,600)
<b>OVERSPEND / (UNDERSPEND)</b>	<b>48</b>	<b>0</b>	<b>23</b>	<b>(6)</b>	<b>10</b>	<b>21</b>
Average number of officers (FTE)	45	47	47	53	53	49

4.2 The impact of the most influential factors on the Commissioner's expenditure are considered below:

## Salaries

- 4.3 When the Welsh Language Commissioner was established on 1 April 2012 a structure was inherited which had been agreed upon between officers of the Welsh Language Board and the Welsh Government. As the organization developed and as new statutory powers came into force, the Commissioner believed that the original structure needed to be reviewed, creating a more appropriate structure for responding to the Commissioner's functions in accordance with the Welsh Language (Wales) Measure 2011.
- 4.4 In February 2014 the Commissioner opened a voluntary redundancy scheme. Agreement was reached with 9 officers and the officers left during the period between 1 April 2014 and 31 July 2014. At the beginning of the 2014-15 financial year the Commissioner published a new structure for the organization comprising 47 posts. During 2014-15 officers were appointed to new roles with the final appointments in place by January 2015.
- 4.5 One of the intentions of the restructuring was to create a sustainable organization. The total cost of the scheme over two years was £517,000. The cost of the scheme will have been recouped within 2 years compared to not having put the new structure in place.
- 4.6 The foreword and section 3 note the priorities for the next three years. In order to implement these effectively and in a timely manner it will be necessary to ensure that appropriate resources are in place by employing the following officers:
- 2 additional permanent officers to investigate and impose compliance with the standards
  - 2 officers for a fixed term of 2 years to undertake standards investigations
  - 1 officer for a fixed term of 3 years to support challenges to duties
  - 2 officers for a fixed term of 2 years to undertake an Inquiry
- 4.7 Other factors have had and continue to have a material impact on the employment costs of the organization, these are noted below:
- 4.8 The Commissioner's officers are paid in accordance with Welsh Government terms and conditions. The Welsh Government agreed a pay settlement with the Unions in 2015. This was the first salary increase in 2 years and this settlement was for a period of two years, until the end of March 2017. The settlement increased the maximum scale point of the pay bands by 2.5%, removed the lower scale point and distributed the scale points between them more equally. The impact of the pay award is an increase of £46,000 to salary costs compared to the 2015-16 financial year.
- 4.9 It is noted that 26 officers receive an average increase of 6.0% for 2016-17 as they move from one scale point to the next. The impact of this is £19,000 in addition to the pay award.
- 4.10 On 01/04/2016 the principal civil service pension scheme will 'contract in' to the national insurance regime. This will have an effect of increasing employer national insurance contributions by £41,000 annually.

## Inflation

4.11 No increase for inflation has been included. The Office of Budgetary Responsibility foresees that the CPI measure of inflation will be 1.1% in 2016 and 1.6% in 2017 and 1.8% in 2018 (cumulatively 4.6% over 3 years). Although inflation will have an effect on the Commissioner's costs, it will be necessary to make savings in order to manage costs within the budget.

## Offices

- 4.12 An estate of offices was inherited that accommodated a much larger former organization, compared to the present numbers. Following the restructuring there was a period of reorganization in order to provide suitable space corresponding to officers' locations, and to plan for future requirements.
- 4.13 There was a change to the geographical profile of the organization's workforce; the most significant change being an increase in the numbers of officers in the Carmarthen and Caernarfon offices and a reduction in the numbers of officers in Cardiff. As a result of this there was a need to re-organize offices in order to create suitable space and resources.
- 4.14 A lease on part of the office in Cardiff was surrendered early resulting in savings on rent and service costs. Also the office was re-configured due to a reduced space requirement. There was a cost to implement the change but by releasing 40% of the space options to surrender or let have been created. The Commissioner has liaised with officers in the Welsh Government estates department to sub-let one floor in order to reduce costs by £64,000 annually from 2016-17 onwards.

## Information Technology

- 4.15 In recent years, the Commissioner has invested in its IT systems to enable efficient ways of working. The four offices are connected via the PSBA, the Welsh Government's broadband network, which offers a fast and reliable connection for each office and enables officers to work flexibly. We have invested in videoconferencing technology with nine studios across the four offices; this saves travel costs, officer time, and is a sustainable means of undertaking the organization's business.
- 4.16 A micro-site has been developed for the non-statutory sectors, which assists stakeholders in these sectors to develop their services in the Welsh language, on a voluntary basis.
- 4.17 It is envisaged that the Information Management system SGwNI will be continuously developed in order to respond to increasing demands, as the Commissioner executes her functions in accordance with the Measure.
- 4.18 The bulk of spending on information technology are contractual commitments for maintenance of systems and software and support services for the core systems. The budget for development is small and has been cut by 20% to £20,000 for 2016-17.

## Services

4.19 The Commissioner aims to operate efficiently within the procurement guidelines and procedures by following good practice such as those promoted by Value Wales. The principle of ensuring value for money, on the basis of all life-cycle costs and the quality of goods and services procured, is followed at all times. The procedures include requesting a quote from a number of suppliers or completing a full competitive tendering process. The estimate includes £6,000 of savings by procuring economically.

## Recruitment, training and development

4.20 Expenditure on recruitment has fallen substantially and the budget has been halved to £3,000 following the decision to advertise posts on-line rather than in the printed press.

4.21 The remainder of the budget is for qualification courses, training, professional membership, seminars and conferences. There was an investment programme in 2014-15, following the process of restructuring, to align officers' skills and competences with their responsibilities. With the organization beginning a transitional period moving from a system of language schemes to standards personal development requirements will continue. Despite this, a budget of £49,500 for 2016-17 represents a saving of £32,500 compared with 2014-15. In order to achieve this within the much reduced budget we will need to employ cheaper and innovative methods of achieving officers' training and development needs.

4.22 There is a cut to the budget for professional and organizational membership, limiting membership to those that are essential.

## Legal and professional

4.23 These costs include costs such as expenditure on legal advice, external and internal auditors and translation. In terms of expenditure on legal advice and translation the nature of the requirements can vary substantially and it is not possible to completely foresee the circumstances that may arise where advice is sought, particularly where new powers are exercised. The organizations makes extensive use of translation memory in order to make savings and a new translation framework, effective from 01/01/20126, should provide savings. While organizations may challenge the compliance notices a saving of £22,000 on legal costs has been offered, whilst retaining reserves to cover any legal cases that may arise.

## Officers' Expenses

4.24 Officers and their line managers are asked to consider whether travel is necessary and to consider alternative methods of communicating and engaging. However, it must be noted that the Commissioner's regulatory functions and promotional and facilitation work leads inevitably to monitoring visits or visits to provide feedback on performance, to events offering guidance, advice or information etc. Officers are the organization's main resource, and so expenditure on travel will remain an essential element of the costs of carrying out the Commissioner's core functions. Despite this savings of £9,000 (9%) have being included in the estimate.

## Capital and depreciation

- 4.25 The estimated expenditure on capital and depreciation is £50,000 for the financial year 2016-17. This reduces to £40,000 annually for the following years.
- 4.26 This is for continued investment, where necessary, on information technology by upgrading IT equipment and adapting the offices in order to provide a suitable environment and appropriate resources for the Commissioner's officers. The majority of this cost results from depreciation of assets, which is determined by investment on capital in previous years.

## Income

- 4.27 The Commissioner is not expected to receive substantial income from any source other than Welsh Ministers.
- 4.28 A small amount of bank interest is received on the money provided by Welsh Ministers, by investing it in deposit accounts.

## Programmes and Projects

4.29 With budgetary pressures it will be necessary to weigh-up priorities as the range and number of programmes that can be funded becomes limited.

4.30 The estimated expenditure for 2016-2017 is £273,000. Some of the main projects that have been prioritised are:

### Objective 1

- Research in order to influence policy
- 5 Year Report
- An Inquiry into a particular sector

### Objective 2

- Develop and increase understanding of rights of users of the Welsh language
- Investigating suspected failures to comply with duties
- Instituting or intervening in legal proceedings where appropriate
- Deal with concerns relating to services non statutory organizations in the Welsh language

### Objective 3

- Educate organizations that are subject to standards and conduct investigations
- Dealing with challenges and appeals
- Substantiating, analyzing and understanding user experiences
- Thematic reviews

### Objective 4

- Promote and facilitate use of the Welsh language in the non-statutory sectors
- Lexicography and Terminology

### Objective 5

- Presence at national events and engagement with the public
  - Operating appropriately and effectively
- (it is noted that a significant part of the expenditure to realise objective 5 is part of the Commissioner's core costs)

## 5 Impact on reserves

- 5.1 The 2014-15 annual accounts state that there is £563,000 in reserves at the end of the financial year ended 31/03/2015.
- 5.2 The accounts include sums that are receivable, payable, prepayments and accruals. In order to understand the true value of the reserves it is necessary to consider the effect of these transactions:

	<b>£000</b>	<b>Debt collection and payments to creditors £000</b>	<b>Depreciation and prepaid expenditure £000</b>	<b>Balance remaining £000</b>
Fixed Assets	166		(166)	-
Amounts receivable	1	(1)		-
Prepayments	135		(135)	-
Cash	1,043	(781)		262
Amounts payable	(381)	381		-
Accruals and provisions	(401)	401		-
Reserves	(563)	-	301	(262)

- 5.3 At the beginning of the 2014-15 financial year the real value of reserves was £262,000.
- 5.4 The table below estimates the effect on reserves of the budget for the years 2015-16 to 2018-19

	<b>2015-16 £000</b>	<b>2016-17 £000</b>	<b>2017-18 £000</b>	<b>2018-19 £000</b>
At the beginning of the period	262	239	245	235
Underspend / (Overspend)	(23)	6	(10)	(21)
At the end of the period	239	245	235	214

- 5.5 It is considered that it is necessary to retain a minimum of 5% of the annual budget in reserve for any unforeseen expenditure, approximately £170,000. Also, the Commissioner may provide support to individuals in legal proceedings. As the organization enters a period where compliance notices are imposed on organizations, these organizations could challenge the Commissioner's decisions. It would be prudent to have £100,000 in reserve for such cases.
- 5.6 Despite unavoidable increases to salary costs, planned savings to core costs and programme costs for the period the estimate shows that it is inevitable that reserves will be used to fund the overspend. Whilst it would be desirable to retain reserves of approximately £270,000, overspend during the years 2015-19 means a forecast of £214,000 for reserves by the end of 2018-19.



## 6 Governance and internal control

- 6.1 The Management Team manages all the organization's functions and activities; and is responsible for agreeing, leading, and carrying out the Commissioner's strategic vision and implementing policies and providing services to the public and other stakeholders.
- 6.2 The term of the members appointed to the Commissioner's Advisory Panel in April 2012 came to an end on 31 March 2015. Bethan Jones Parry and Carl Cooper continue as members of the Panel for a period until 31 August 2017. In April 2015 three new members were appointed for a period of three years, being Nick Speed, Dr Heledd Iago and Meinir Jones. Bethan Jones Parry accepted the First Minister of Wales' invitation to chair the Advisory Panel. The Commissioner may consult with the Advisory Panel regarding any matter.
- 6.3 The Audit and Risk Committee is responsible for providing advice and independent assurance to the Accounting Officer on the adequacy and effectiveness of internal control and risk management. The Members of the Audit and Risk Committee are Wyn Penri Jones (Chair), Rheon Tomos, Nigel Annett and Dr Ian Rees, and is attended by members of the Management Team, the Senior Finance and Resources Officer (Risk Manager), the Internal Auditors and the Wales Audit Office.
- 6.4 The Audit and Risk Committee received the internal auditors', KTSowenstomas, 2014-2015 Annual Report, which gave significant assurance regarding the adequacy and effectiveness of governance, risk management and internal control systems.
- 6.5 An external audit of the Commissioner's accounts was completed and a certificate from the Auditor General for Wales gave an unqualified opinion on the Welsh Language Commissioner's Annual Accounts for 2014-2015. The Wales Audit Office's report did not raise any significant issues resulting from the audit.

### Implementing Internal Policies and Procedures

- 6.6 The systems and procedures are reviewed regularly and revised where appropriate, in response to internal changes, recommendations by the internal auditor or a process of continuous improvement.
- 6.7 The Commissioner implements policies in order to ensure that public money is used economically, efficiently and effectively. Monthly reports are received from the budget holders who review expenditure and forecasts for the remainder of the year, to monitor expenditure against targets and understand any variance in expenditure. The monthly finance report is submitted to the Management Team, in which progress against targets and financial forecast is discussed and budget changes approved.

### Working with other organizations

- 6.8 Meetings have been held with stakeholders, partners and peers across wide areas in order to share experiences, ideas, knowledge and good practice. These meetings also provide a forum for collaboration, and to avoid or reduce duplication of work.
- 6.9 Specifically, during the previous year meetings have been held with the Children's Commissioner for Wales, the Older People's Commissioner and the Public Services Ombudsman for Wales individually and as a group. The main topics of discussion at the meetings were ensuring strategic cooperation in our activities.