Older People’s Commissioner for Wales

Financial Plan

2020-23
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Introduction

As Commissioner, I am the Accounting Officer and I am therefore required to submit an annual budget (the Estimate) to Welsh Ministers under paragraph 9(2) of Schedule 1 of the Commissioner for Older People (Wales) Act 2006 (the Act). The Estimate sets out the estimated expenditure on a resource basis and the net cash financing that will be needed from the Welsh Government for me to discharge my statutory functions.

The Estimate for 2020-21 has been disclosed on a cash and resource basis within Appendix A and assumes that I, as Commissioner, will in 2020-21 receive £1,589,000. I have also provided an indicative resource and cash requirement for future years to facilitate the Welsh Government’s budgetary planning process.

Governance and Scrutiny

In carrying out my statutory functions, I am responsible, as Accounting Officer, for putting in place appropriate arrangements for the management and control of resources, including sound governance arrangements and the identification and management of risks and opportunities.

As a Corporation Sole and the Accounting Officer, I hold personal responsibility for directing and controlling the organisation but may delegate the exercise of my functions to any member of staff. As I have no Corporate Board as might be found in other public bodies, I have an Audit and Risk Assurance Committee (ARAC) to support me in my Governance role.

The ARAC support me, as Accounting Officer, in monitoring and reviewing financial management, corporate governance, risk management and internal control systems. The ARAC consists of four members and meets quarterly with me, my Business Management Team, and internal and external auditors.

Each year, I am required to present an Annual Report of my activities to Welsh Ministers. My work is also subject to scrutiny by the Wales Audit Office and National Assembly Committees, as well as being debated in plenary in the Senedd. Additionally, internal auditors scrutinise my governance and control processes.

The Wales Audit Office audit the Annual Accounts. The Auditor General for Wales has given unqualified opinions in relation to all periods of account since establishment in 2008-09 through to 2018-19, and no issues of concern have been raised in the Annual Management Letters.

The internal auditors have never raised any significant issues, and any recommendations made are acted upon.

The ARAC undertake an annual review of both internal and external audit and is satisfied with the performance of both.
Amending the Government of Wales Act 2006

Whilst I appreciate that decisions regarding the impact of the Amending the Government of Wales Act 2006 (budget Motions and Designated Bodies) Order 2018 on Welsh Government Sponsored Bodies, Commissioner’s and some Welsh NHS Charities are being considered, I require urgent clarification on this matter as it is affecting my ability to manage my reserves and cash balances effectively.

Strategic Plan 2019 – 2023

When I took up post in August 2018, my team and I began an extensive programme of engagement with older people throughout Wales to hear about their experiences of growing older, both positive and negative, and the changes they would like to see that would make Wales the best place in the world to grow older.

I also engaged and consulted with a range of organisations and other stakeholders, as well as reviewing, and identifying gaps within, current evidence and policy, and drawing upon 10 years of knowledge, experience and research from the work of my office. This work helped me to identify three priorities, against which I am delivering a wide range of work during my term of office. In determining the priorities I will focus on as Commissioner, I used the following criteria:

- The issue must be within the remit of the Commissioner's role as stated in Commissioner for Older People (Wales) Act 2006.
- We are not duplicating work - there is no major programme of work on the issue being led by another organisation or individual, or if there is it is clear how we will add value.
- The Commissioner is particularly well placed to take the issue forward because of the nature of the role and profile, or of the issue.
- There is a need for the Commissioner to champion the issue, without which there is a risk that older people's voices won't be heard.
- It is feasible to achieve the goal, or make tangible progress towards it, within a three-year time frame.

Taken together the priorities:

- seek to improve the quality of life of the most vulnerable, those who are least heard, and those who are at risk;
- be capable of producing positive outcomes for all older people;
- assist older people in ageing well, recognising the contribution that older people can and do make to our society;
- respond to the issues that we hear from older people and/or are evidenced in research; and
recognise and respond to the diversity of the older population, and the
inequalities within it.

Using the above criteria, three long-term strategic priorities have been agreed and
following extensive engagement with older people the detail of the 2019-20 work
programme and the 2019-22 strategic plan have been developed.

As Commissioner I am focusing on three priorities to take us towards becoming the
best place in the world to grow older. I am taking action to:

• End ageism and age discrimination
• Stop the abuse of older people in Wales
• Enable everyone to age well

Work programme 2019-20

I lead a team of 22 members of staff and my strategic plan and work programme is
predominantly delivered by these staff. I also contract with external providers who
have the relevant skills and expertise required, such as to undertake research in a
specific area, or provide expert advice on priority areas.

To work towards delivering the priorities within my 2019-22 strategy, my 2019-20 work
programme is as follows:

Everyday Ageism Campaign: A campaign to highlight and challenge the ‘everyday’
ageism faced by older people – across the media, advertising, social media and the
delivery of services.

Empowering older people to challenge ageism: The development of a new toolkit
that empowers older people to challenge ageism by providing them with a wide range
of information about the action they can take when they feel they are being
discriminated against or treated unfairly because of their age. Training sessions
delivered to older people throughout Wales that aims to increase their ability to
recognise and challenge ageism and age discrimination.

Research into the portrayal of older people in the media: Research to examine the
language and messages that key Welsh and UK publications and news outlets use
when reporting on older people and the role this may play in influencing attitudes
about older people and/or reinforcing ageist stereotypes and assumptions about them
that lead to discrimination.

Research into police and CPS decision-making relating to safeguarding
investigations: Research that examines the ways in which decision-making impacts
upon investigations relating to safeguarding and subsequent access to justice for older
people, by working with the police and the Crown Prosecution Service.

Understanding what motivates individuals to abuse and neglect older people: A
series of roundtable events to bring together key organisations and individuals –
including the police, safeguarding teams, health boards, third sector organisations and
other experts – to explore the motivators behind abuse and neglect and consider how these could be tackled.

**Safeguarding training for professionals:** Training sessions for professionals to enable them to grow their knowledge and understanding of the abuse that is faced by older people. I am also working with the police forces to develop a training module that will enable them to deliver in-house training to their staff on preventing abuse of older people.

**Identifying and mapping support services:** To support older people who have experienced (or are experiencing) abuse access the services they need.

**Making communities in Wales more age-friendly:** Producing guidance and providing support for local authorities on how they can achieve World Health Organisation age-friendly status, promoting good practice and innovative initiatives being delivered throughout Wales, and working with businesses and organisations to increase recognition of the ageing well card, which lets people know that an older person may need a little help or support.

**Transport to health services:** Reviewing current transport options to determine if they act as a barrier to older people accessing the health services that they need. Working with older people to capture their experiences of accessing transport to health services, as well as health boards and transport providers to identify good practice and areas where change is required and how to make this happen.

**Making transport services more age-friendly:** Consulting with older people and transport providers throughout Wales to develop a set of age-friendly transport standards that will also highlight and promote a range of good practice and improve older people’s experiences of using public transport.

**State of the Nation:** Extensive research has been conducted to report on the available data and evidence, to provide a picture of growing older in Wales. The State of the Nation report puts a spotlight on those areas where we need to make improvements, and where evidence needs to be built.

**Casework**

My powers under the Commissioner for Older People (Wales) Act 2006 allow me to provide assistance and support directly to older people, which is delivered through my casework team.

The casework team provides information, assistance and guidance to empower older people and their families and help them to understand and claim their rights. The team provides support so that older people and their families can challenge the decision-making and practice of public bodies and services and are able to navigate what are often complex systems, policies and processes, often in the most difficult and distressing of circumstances. In some cases, the casework team intervenes on behalf
of an older person (subject to their consent). Whilst older people and their families contact my office about a wide range of matters, the most common issues relate to health services, housing, care and safeguarding and abuse.

The demands on my casework service have increased during 2018-19 and continue to increase in 19-20. In 2018-19 my casework team helped and supported 397 older people (or family members acting on an older person’s behalf), which is an increase of 8% on the previous year. Many of the cases the team worked on related to complex issues that had been ongoing for considerable periods of time.

**Forward plan**

Work has commenced on the development of my 2020-21 work programme. The continued delivery of the priorities within my Strategic Plan will be based upon £1,589,000 funding from Welsh Ministers, enabling me to deliver impactful change for older people and make progress on my aim to make Wales the best place in the world to grow older.

**Responding to financial pressures**

The Commissioner’s office has not been immune to the impact of austerity measures as funding during 2016-17 was cut to £1,545,000 from the 2015-16 funding level of £1,715,000. Following on from this reduction in allocation, the previous Commissioner made efficiencies through an in-depth review of the organisation’s structure and operating model.

During 2019-20 and 2020-21, WG have allocated me an additional £44,000 as a contribution towards the increase in the Civil Service Pension Scheme employer’s contributions. Whilst these additional funds have undoubtedly been of benefit, in order to be able to plan effectively for future years, I require clarification from WG regarding my possible future baseline budget.

If the additional £44,000 is not consolidated as part of the budget, I would need to cut staffing costs, which has implications on my ability to deliver on my work programme. This is demonstrated in the review of my forecast reserve balances (Appendix B) which demonstrates that I will not be able to sustain further reductions in funding or even a long-term continuation of a flat line budget without there being a detrimental impact on my ability to effectively deliver my strategic plan.
Appendix A

Annual Estimate 2020-23

I will strive to maximise the use of existing resources.

To provide the Welsh Government with clarification on both the cash and resource budgets, they have been separated in the tables below.

Resource basis

<table>
<thead>
<tr>
<th>Description</th>
<th>Estimate 2020-21 (£)</th>
<th>Estimate 2021-22* (£)</th>
<th>Estimate 2022-23* (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income from WG</td>
<td>1,589,000</td>
<td>1,545,000</td>
<td>1,545,000</td>
</tr>
<tr>
<td>Expenditure:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employment costs</td>
<td>1,167,204</td>
<td>1,142,395</td>
<td>1,147,965</td>
</tr>
<tr>
<td>Accommodation expenses**</td>
<td>146,798</td>
<td>148,605</td>
<td>150,220</td>
</tr>
<tr>
<td>ICT equipment and maintenance</td>
<td>58,970</td>
<td>65,726</td>
<td>65,187</td>
</tr>
<tr>
<td>Professional Fees and services</td>
<td>72,246</td>
<td>73,244</td>
<td>74,271</td>
</tr>
<tr>
<td>Other running costs</td>
<td>54,883</td>
<td>64,050</td>
<td>53,643</td>
</tr>
<tr>
<td>Programme</td>
<td>117,000</td>
<td>117,000</td>
<td>117,000</td>
</tr>
<tr>
<td>Total Resource Expenditure</td>
<td>1,617,101</td>
<td>1,611,020</td>
<td>1,608,286</td>
</tr>
</tbody>
</table>

Resource (outflow)/inflow       | (28,101)             | (66,020)              | (63,286)              |

Opening reserves balance        | 236,378              | 208,277               | 142,257               |

Overspend against allocation    | (28,101)             | (66,020)              | (63,286)              |

Closing reserves balance        | 208,277              | 142,257               | 78,971                |

*Indicative figures only

** Includes an estimate of the adjustment required for the implementation of IFRS16 – leases
## Cash basis

<table>
<thead>
<tr>
<th>Description</th>
<th>Estimate 2020-21 (£)</th>
<th>Estimate 2021-22* (£)</th>
<th>Estimate 2022-23* (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income from WG</td>
<td>1,589,000</td>
<td>1,545,000</td>
<td>1,545,000</td>
</tr>
<tr>
<td>Expenditure:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employment costs</td>
<td>1,167,204</td>
<td>1,142,395</td>
<td>1,147,965</td>
</tr>
<tr>
<td>Accommodation expenses</td>
<td>146,015</td>
<td>148,127</td>
<td>152,516</td>
</tr>
<tr>
<td>ICT equipment and maintenance</td>
<td>58,970</td>
<td>65,726</td>
<td>65,187</td>
</tr>
<tr>
<td>Professional Fees and services</td>
<td>72,246</td>
<td>73,244</td>
<td>74,271</td>
</tr>
<tr>
<td>Other running costs</td>
<td>40,107</td>
<td>51,374</td>
<td>41,541</td>
</tr>
<tr>
<td>Programme</td>
<td>117,000</td>
<td>117,000</td>
<td>117,000</td>
</tr>
<tr>
<td>Capital Expenditure**</td>
<td>8,500</td>
<td>17,500</td>
<td>13,780</td>
</tr>
<tr>
<td>Total Cash Expenditure</td>
<td>1,610,042</td>
<td>1,615,366</td>
<td>1,612,260</td>
</tr>
<tr>
<td>Cash (outflow)/inflow</td>
<td>(21,042)</td>
<td>(70,366)</td>
<td>(67,260)</td>
</tr>
</tbody>
</table>

| Opening Cash balance         | 283,352              | 262,310               | 191,944               |
| Cash outflow                 | (21,042)             | (70,366)              | (67,260)              |
| Closing Cash balance         | 262,310              | 191,944               | 124,684               |

*Indicative figures only

** Does not include accommodation costs

### Notes:

### Inflation

The Consumer Prices Index 12 month inflation rate in August 2019 is 1.7%, down from 2.0% in July 2019. I will monitor the impact of any future inflationary price fluctuations and absorb any additional cost pressures that arise.
Employment costs

Staff costs make up the highest proportion of my expenditure as being able to retain and recruit quality staff to deliver the strategic plan is of the utmost importance.

I currently employ 22 members of staff, including 5 fixed term employees with 4 contracts ending in 2020-21. Whilst my allocation remains static, I am unable to extend the contracts of these employees, which will be detrimental to the delivery of my strategic plan.

Employment costs include all expenditure on salaries, training, travel expenses, DBS checks, recruitment expenses, employers NI and pension contributions. The Audit and Risk Assurance Committee members costs are also included under this heading.

I awarded a 1% cost of living award to my staff in 2019-20 and was not able to match the Welsh Government 2019-20 cost of living award of 2%. For budgeting purposes only, an assumption has been made to allow for an annual 1.5% pay inflation award within employment costs for 2020-21 onwards. It will not be possible to increase this percentage without it impacting upon my current staff structure and the delivery of my Strategic Plan.

To note, the Government’s Actuary Department is currently undertaking a quinquennial review of the civil service pension scheme, the current employer pension contributions have been set on the basis of the current valuation results. Once the Actuaries have completed the valuation, the employer contribution rates will be set from April 2020.

Accommodation expenses

Accommodation and office expenses include expenditure on rent, service charge, rates, security, utilities, and insurance.

Due to a reduction of funding in 2016-17, the previous Commissioner reduced expenditure through an in-depth review of the organisation’s structure and operating model; one of the primary effects of this review was a reduction in staff from a WTE of 28.26 employees in 2015-16 to 19.40 in 2016-17. This reduction in staff has naturally led to a reduction in the amount of office space that is required.

I have an option to break the lease on accommodation in August 2021 and I am reviewing the available accommodation options. It is currently too early to reliably estimate potential costs of this exercise and future savings. The Estimate has therefore not been adjusted to reflect this; however, it is anticipated that capital costs will be funded using current cash balances with non-cash costs such as depreciation and amortisation being ultimately accounted via the reserves. It must be noted that in the short term this exercise will lead to my cash balances being severely depleted and will require careful cash management to ensure adequate working capital.
ICT equipment and maintenance

I have a medium-term ICT plan that will sustain existing systems into the future on an urgent and essential maintenance and replacement basis. I receive no separate capital allocation and funding is met from the main cash allocation.

I continually invest in upgrading the ICT infrastructure, ensuring that the systems remain efficient and resilient to external threats. These costs are depreciated or amortised over a four year period.

A rolling programme of ICT hardware replacement over the next four years is in place and is based on critical business need and increasing ICT and data security requirements.

Revenue costs include warranties and licence renewals for both software and hardware, the cost of the ICT maintenance SLA, PSBA Broadband SLA and a separate SLA for the records management database.

During 2018-19, my ICT systems have been independently verified and assurances have been given that the systems comply with the Cyber Essentials Plus Scheme, which is a government-backed cyber security certification scheme that sets out a good baseline of cyber security. The scheme addresses five key controls that, when implemented correctly, can prevent around 80% of cyber-attacks.

Professional Fees and services

Professional Fees and services include expenditure on audit fees, translation costs, legal fees and political and media monitoring. These costs are forecast to remain stable in the medium term, however it should be noted that it is not possible to accurately forecast legal fees as it is not possible to foresee when advice may be needed.

Other running costs

Other running costs include office consumables such as printing, telephones, stationery and postage as well as depreciation and amortisation costs. I have adopted a prudent approach for the procurement of office consumables and will continue to look for efficiencies in this area. I maximise the use of the National Procurement Service contracts where it is practical to do so.

Programmes

Additional expenditure will be incurred on a non-recurrent basis to gather evidence, undertake research and publish and promote findings and guidance. This is allocated on a discretionary basis and is used to support my Strategic Plan and rolling operational work programme.

Changes in Accountancy policy 2020-21

In January 2016, IFRS 16 – Leases was issued, and is effective for annual periods beginning on or after 1 January 2020. I have one operating lease for accommodation that has been affected by the introduction of this standard. The effect of the
introduction of this accountancy standard on movements through the estimate has been minimal, with a re-classification of expenditure from rent within accommodation reserves to depreciation on right to use asset and a small interest charge. From April 2020, I will establish a right of use asset and a lease liability on my Statement of Financial position.

The treasury discount rate of 0.76% that has been issued within PES 2018 (12) has been used as the implicit interest rate as within the calculations. For this exercise I have assumed that I will remain as a tenant within Cambrian Buildings until the end of the lease in 2023.
Appendix B

Reserves

As an Accounting Officer, I am responsible for the prudent and proper use of the public monies given to me by the National Assembly for Wales. As part of my overall approach to financial management, I maintain a rolling three-year financial plan which is aligned to and underpins my Strategic Plan, the implementation of which reflects the discharge of my statutory duties.

Reserves have an important role to play within my overall financial management approach and are integral to the successful delivery of my Strategic Plan 2019-22, Making Wales the Best Place in the World to Grow Older.

Reserves also enable risk to be managed effectively and ensure business continuity, as well as the continuation of my ability to deliver against my statutory duties when faced with unforeseen and unforeseeable issues, either of a financial or service nature.

The recent WG consultation on Amending the Government of Wales Act 2006 has resulted in the ability of Arms-Length Bodies to retain reserves being scrutinised.

Whilst my forecast 2022-23 reserves are £78,971, they will primarily be utilised to fund an accommodation refurbishment or move, it is currently too early to reliably estimate potential costs of this exercise or future savings. The Estimate has therefore not been adjusted to reflect this. To reduce my long-term financial risk, I would initially retain the savings that crystallise to strengthen my reserve position and allow myself to retain greater working capital, particularly at year end.

I therefore require clarification from WG on the maximum reserve balance that I may retain and manage independently. This guaranteed maximum reserve balance would enable me to continue to:

- Act upon any unplanned urgent and important issues that affect the lives of older people, which may include the undertaking of a Section 10 Examination. Such additional costs are likely to be associated with legal proceedings and additional staff resources but are very difficult to quantify.
- Financially strategically plan - allowing me to accrue funds for significant planned expenditure in the longer term as well as being able to strategically manage concurrent work streams where associated expenditure may be greater than my main WG allocation.
- Ensure the general financial and business stability of the organisation (the General Reserve), in particular the need to be able to respond to unforeseeable operating costs e.g maternity cover.
- Mitigate specific risks identified within the Strategic Risk Register and provide financial security against those risks. These are included within my medium-term financial plan as there is a certainty, or high degree of certainty, of them crystallising.
To be able to manage the items outlined above, I estimate that I would require a maximum reserve balance of £70,000 and I forecast that my current reserves will be below this level by 2022-23. To manage the risks associated with a low level of reserves, I would require access to a budgetary exchange mechanism so that year on year fluctuations in resource budget requirements could be effectively managed. A return to a medium-term financial envelope would greatly facilitate this process.

The table below is an extract from the Estimate and provides a projection of revenue expenditure over the following three years.

<table>
<thead>
<tr>
<th></th>
<th>2019-20 (£)</th>
<th>2020-21 (£)</th>
<th>2021-22 (£)</th>
<th>2022-23 (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening reserve balance</td>
<td>231,541</td>
<td>236,378</td>
<td>208,277</td>
<td>142,257</td>
</tr>
<tr>
<td>Movement</td>
<td>4,836</td>
<td>(28,101)</td>
<td>(66,020)</td>
<td>(63,286)</td>
</tr>
<tr>
<td>Closing reserve balance</td>
<td>236,378</td>
<td>208,277</td>
<td>142,257</td>
<td>78,971</td>
</tr>
</tbody>
</table>

£157,000 of the reserves balance has been allocated to the delivery of the 2019-22 Strategic Plan. It is anticipated that the remaining £194,000 will be funded by the funding allocation from the Welsh Government.

The consequence of my accommodation review will either be an office refurbishment or accommodation move. Most of the expenditure will initially be on a capital i.e. cash basis, however depreciation will be charged though the accounts over the following five years which will significantly reduce the forecast reserve balance.

It is important to note that there is both a lack of clarity and certainty behind these reserves. The forecast balances are underpinned by assumptions on organisational structure, inflation (CPI) and the continuation of a flat line budget. The reserves balance also represents both general reserves and reserves set aside for anticipated costs.