



Comisiynydd Pobl Hŷn Cymru
Older People's Commissioner for Wales

Older People's Commissioner for Wales Financial Plan

2019-22

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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 2019-20 is included within Appendix A. An indicative resource requirement for future years has also been included to facilitate the Welsh Government budgetary planning process.

Role & Function as Commissioner

The statutory office of the Older People's Commissioner for Wales was established as a Corporation Sole under Section 1 of the Commissioner for Older People (Wales) Act 2006. The statutory duties of the role are to:

- promote awareness of the interests of older people in Wales;
- promote the provision of opportunities for, and elimination of discrimination against, older people in Wales;
- encourage good practice in the treatment of older people in Wales; and
- keep under review the adequacy and effectiveness of the law affecting the interests of older people in Wales.

The role of Older People's Commissioner for Wales is funded by, but operates independently of, Welsh Ministers.

Each year, I am required to present an Annual Report of my activities to Welsh Ministers.

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 Directors 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 (WAO) and National Assembly Committees, as well as being debated in plenary in the Senedd. Additionally, my governance and control processes are subject to independent scrutiny by my internal auditors.

The Annual Accounts are audited by the Wales Audit Office. Unqualified opinions have been given by the Auditor General for Wales in relation to all periods of account since establishment in 2008-09 through to 2017-18 and no issues of concern haven 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.

Responding to financial pressures

When the organisation was formed in 2008, a three year funding allocation was agreed by the Welsh Government of £5million with £1.8million allocated in 2010-11, indicating the net cash funding requirement for a fully operational organisation.

In 2015, the Welsh Government ceased providing a future year indicative budget, which made future forecasting more complex. In its notification of my budget for 2018-19, the Welsh Government had reinstated a one year indicative budget, this indicative budget has since been removed from the Welsh Government Draft 2019-20 budget. The indicative budget assisted effective planning and ensured that activities linked to my statutory functions were sustained from one year to the next, however it was still less than ideal. When the UK Treasury spending review is complete in 2019,

the return to a three year indicative budget would assist significantly in the management of risk and would better support a four year strategic planning period.

The Commissioner's office has not been immune to the impact of austerity measures as funding during 2016-17 was reduced to £1.545million. Following on from this reduction in allocation, the Commissioner managed to make efficiencies through an in-depth review of the organisation's structure and operating model.

This review reduced the resources available to undertake the role of Commissioner. However, I have determined that I will not be able to sustain further recurrent reductions in funding without there being an impact on my ability to effectively discharge my statutory functions.

Collaboration with other organisations

I will continue to consult with key stakeholders and partners in other public sector and third sector organisations to ensure my resources are used to maximum benefit by avoiding duplication of work.

My staff will continue to work with colleagues in other organisations to ensure that good practice is shared and opportunities for collaboration are maximised.

I will continue to work closely with the Public Services Ombudsman for Wales, Children's Commissioner for Wales, Welsh Language Commissioner and Future Generations Commissioner. Previous examples include joint procurement of internal audit services, joint best practise workshops and sharing of meeting rooms and hot-desking arrangements across all our offices in Wales.

Strategic Plan 2019 - 2023

As I took up post as Commissioner on 20 August 2018, I am currently in the process of developing my four-year plan, which will set my priorities for the coming years from April 2019. I am consulting with older people and a range of stakeholders in developing my key priorities and in particular, how to make Wales the best place in the world to grow older. I am therefore not in a position currently to outline the details of my strategic plan, however the plan will:

- Seek to improve the quality of life of the most vulnerable, those who are least heard, and those who are at risk
- Assist older people in ageing well, recognising the contribution that older people can and do make to our society
- Respond to the key issues raised with me by older people, as well as those issues evidenced through research
- Recognise and respond to the diversity of the older population, and the inequalities within it
- Be capable of producing positive outcomes for all older people

I lead a team of 20 members of staff and my strategic plan will be predominantly delivered by these staff. I will 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.

My strategic plan will be based upon the continuation of £1.545m funding from Welsh Ministers, enabling me to deliver impactful change for older people and to begin to deliver upon my aim to make Wales the best place in the world to grow older.

Appendix A

Annual Estimate 2019-20

The Commissioner will strive to maximise the use of existing resources.

The 2019-20 Estimate and indicative budget level for 2020-22 is set out below:

Description *Indicative figures only	Estimate 2019-20 (£)	Estimate 2020-21* (£)	Estimate 2021-22* (£)
Expenditure:			
Employment costs	1,157,000	1,111,000	1,124,000
Accommodation expenses	145,000	147,000	149,000
ICT equipment and maintenance	54,000	53,000	60,000
Professional Fees and services	81,000	79,000	81,000
Other running costs	64,000	52,000	57,000
Programme	110,000	100,000	90,000
Total Expenditure	1,611,000	1,542,000	1,561,000
Less:			
Use of cash balance b/f	(63,000)	7,000	(18,000)
Non cash movement	(3,000)	(4,000)	2,000
Net cash requirement	1,545,000	1,545,000	1,545,000

The Commissioner's budget also funds the running costs of her office. Further information is available in the Annual Accounts, which are published on our website www.olderpeoplewales.com

Notes:

Employment costs

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

The Commissioner currently employs 20 staff. The Audit and Risk Assurance Committee members costs are also included under this heading. Employment costs include all expenditure on salaries, training, travel expenses, DBS checks, recruitment expenses, employers NI and pension contributions.

In September 2018, the Commissioner received notification that there is likely to be an increase of an average of 8% in the Civil Service Pension Scheme employers' contribution rates from April 2019. If this increase crystallises, the estimated additional cost will be £60k per annum, based upon the current staff structure. Appendix A includes the additional £60k per annum within employment costs, therefore the annual work programme budget has been reduced by £60k per annum.

In line with other publicly funded bodies in Wales, a cost of living award of 1% was paid to staff in 2017-18. In 2018-19, incremental increases have been awarded, as these were set out in contractual agreements. For budgeting purposes only, an assumption has been made to allow for an annual 1% pay inflation award within employment costs; no commitment has been made to make these pay awards during 2018-19 and the decision will be made once the 2019-20 allocation has been agreed. It will not be possible to increase this percentage without reducing the overall staff numbers and cost base.

Accommodation expenses

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

The Commissioner signed a new five year lease agreement, the term of which is from 5 August 2018 to 4 August 2023; there is an option to break the lease in August 2021.

The April 2018, forecast for 2018 Consumer Price Index is 2.4%, April CPI rose by 0.1%. The Commissioner will monitor the impact of any future inflationary price fluctuations and absorb any additional cost pressures that arise.

ICT equipment and maintenance

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

The Commissioner continually invests in upgrading her ICT infrastructure, ensuring that the systems remain efficient and resilient to external threats. These costs are depreciated or amortised over a five year period.

A rolling programme of ICT hardware replacement over the next 1-5 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 Commissioner's records management database.

During 2017-18, the Commissioner's 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, stationary and postage as well as depreciation and amortisation costs. The Commissioner has adopted a prudent approach for the procurement of office consumables and will continue to look for efficiencies in this area. The Commissioner maximises 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 by the Commissioner and is used to support the Commissioner's strategic plan and rolling operational work programme.

Non cash movement

This relates to those costs where there is a charge to the expenditure account but no cash payment e.g. movement on creditors and debtors, as well as depreciation and amortisation charges.

Cash balances

The working assumption is that any unutilised cash balances at the end of 2018-19 will be carried forward to support activities in 2019-22.

Appendix B

Reserves

As Accounting Officer, I am responsible for the prudent and proper use of the public monies given to the Older People's Commissioner for Wales by the National Assembly for Wales.

I have a rolling three year financial plan that will underpin my strategic priorities. This plan is supported by reserves and enables me to manage risk effectively and ensure business continuity and 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 table below demonstrates my projected reserve balances for the current year and the next three years.

	2018-19 (£)	2019-20 (£)	2020-21 (£)	2021-22 (£)
Opening reserve balance	207,000	158,000	92,000	95,000
(Over)/Under Spend	(49,000)	(66,000)	3,000	(16,000)
Closing reserve balance	158,000	92,000	95,000	79,000

Three specific reasons for which reserves need to be held have been identified:

- For 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 and, more importantly, to act upon any unplanned urgent and important matters brought to my attention. Such additional costs are likely to be associated with legal proceedings and additional staff resources but are also very difficult to quantify.
- For specific risks identified and included within the Corporate Risk Register and providing 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.

- For strategic financial planning, allowing me to accrue funds for more significant planned expenditure in the longer term. This is important as it reflects the need for pieces of work to span financial year ends.