



Northern Ireland
Assembly

Report on the Draft Budgets 2020-21 of the Northern Ireland Assembly Commission, the Northern Ireland Audit Office and the Northern Ireland Public Services Ombudsman

**Together with Budget-setting protocols, briefing papers, other evidence
considered by the Committee, Minutes of Proceedings and Minutes of
Evidence.**

Ordered by the Audit Committee to be printed on 5th March 2020

Report: NIA 10/17-22 Audit Committee

Committee Powers and Membership

1. The Audit Committee is a Standing Committee of the Northern Ireland Assembly established in accordance with Section 66 of the Northern Ireland Act 1998 and Assembly Standing order No. 58. The Committee has 5 members including a Chairperson and Deputy Chairperson and a quorum of 2.
2. The Committee:
 - Exercises the functions mentioned in Section 66(1) of the Northern Ireland Act 1998. The Committee therefore agrees, in place of the Department of Finance (DoF), the estimates of the Northern Ireland Audit Office (NIAO) and lays them before the Assembly;
 - Is responsible for tabling a motion for a resolution of the Assembly relating to the salary payable under Article 4(1) of the Audit (Northern Ireland) Order 1987 to the holder of the office of the Comptroller and Auditor General;
 - Exercises the functions mentioned in sub-paragraphs 18 (2) and (4) of Schedule 1 to the Public Services Ombudsman Act (Northern Ireland) 2016 in respect of the Northern Ireland Public Services Ombudsman (NIPSO); and
 - May exercise the power in Section 44 (1) of the Northern Ireland Act 1998.
3. The Chairperson of the Audit Committee also has a lead role in the recruitment of the Comptroller and Auditor General.
4. In 2016, the Northern Ireland Assembly Commission (NIAC) and DoF sought to reflect the constitutional independence of the Assembly from the Executive. This led to the development of a proposed methodology/protocol for setting the Commission's budget. The methodology sets out an approach that is akin to the approach adopted for the NIAO and the NIPSO, whereby the Audit Committee provides scrutiny and challenge to the Commission's expenditure plans and reports accordingly, in recognition of the independence of the Commission. The Committee fulfils this role in place of DoF.
5. The membership of the Committee is as follows:

Mr Daniel McCrossan (Chairperson)

Mr Andrew Muir (Deputy Chairperson)

Mrs Joanne Bunting

Mr Alan Chambers

Ms Emma Sheerin

Table of Contents

Report	4-14
Appendix 1 Budget-setting protocols	15-21
Appendix 2 Briefing papers	22-77
Appendix 3 Other evidence considered by the Committee	78-91
Appendix 4 Minutes of Proceedings	92-99
Appendix 5 Minutes of Evidence	100-101

Introduction

1. The Committee began its scrutiny of the draft Budgets 2020-21 for the Northern Ireland Assembly Commission (NIAC), the Northern Ireland Audit Office (NIAO) and the Northern Ireland Public Services Ombudsman (NIPSO) at its meeting on 13 February 2020. In undertaking this work, the Committee noted that it fulfils this role in place of the Department of Finance (DoF) in recognition of the independence of the three non-Ministerial bodies. In that regard, the Committee agreed that it would follow the protocols/methodologies (**Appendix 1**) used by the previous Audit Committee in relation to agreeing the annual budgets and estimates for the three non-Ministerial bodies. The Committee also agreed that it will subsequently review the protocols in light of any lessons learnt from the current financial cycle.
2. Prior to the meeting on 13 February 2020, the Committee received written submissions from the NIAO and NIPSO (**Appendix 2**). The Committee received oral briefings from both the NIAO and NIPSO at the meeting on 13 February 2020 on their respective draft corporate/strategic plans; their 2019-20 year-end position; and their preparation for draft Budget plans 2020-21. Members had noted that, as the first meeting of the NIAC would not take place until Wednesday 19 February 2020, NIAC officials would not be in a position to brief the Committee on its draft Budget 2020-21 until after that date.
3. The Committee subsequently received a submission from the NIAC (**Appendix 2**) and an evidence session with NIAC officials was scheduled for Wednesday 4 March 2020. During that meeting, the Committee considered other written evidence, including correspondence from the Public Accounts Committee (PAC) and DoF, together with follow-up written responses from the NIAO and NIPSO (**Appendix 3**). Further oral evidence was also taken from the NIAO and NIPSO at that time (**Appendices 4 & 5**).
4. On Thursday 5 March 2020, the Committee agreed its report on the draft Budget 2020-21 position for the NIAC, NIAO and NIPSO (**Appendices 4 & 5**). The Committee agreed to lay a copy of its report in the Assembly Business Office and to send a copy of the report to DoF, indicating that it has agreed that the Executive's budget should make provision for the figures set out in this report.

Northern Ireland Assembly Commission

5. In undertaking its consideration of the NIAC draft budget 2020-21, the Committee noted the statutory functions of the Assembly Commission, in particular the legal requirement to meet all costs associated with Members by way of salaries, allowances, expenses, members' staffing costs, pension contributions etc. The Committee is mindful that these costs are determined by the Independent Financial Review Panel (IFRP) and that the current arrangements for payments to Members are set out in the Assembly Members' (Salaries and Expenses) Determination (Northern Ireland) 2016. The Committee, therefore, recognises that these costs cannot be withheld or altered either upwards or downwards by the Commission and as such, the costs are not under the control of the Commission.
6. During its evidence session with NIAC officials on 4 March 2020, members explored a range of issues including: the financial implications of the "New Decade, New Approach" (NDNA) agreement; income generation options; anticipated staffing resources in light of the now fully functioning Assembly; and the proposed elements of the Commission's capital works programme. Members also discussed how the Assembly's budget and staffing resources compared to those of the National Assembly for Wales and the Scottish Parliament.
7. In considering the financial implications of the outworking of the NDNA agreement, members noted that there was no current provision in the Commission's budget for 2020-21 for simultaneous translation services as detailed in NDNA. The financial impact of this will only be known when the Committee on Procedures has considered the issue. As such, this is a matter which could potentially require additional funding in-year and the Committee may wish to revisit the issue at a later date.
8. In terms of income generation, while noting that a balance must be struck in relation to the use of Parliament Buildings as a private function venue and as a working legislature, the Committee would encourage the Commission to maximise opportunities for generating additional income and recovering costs where appropriate.
9. Members noted the additional costs associated with the employment of Agency staff and that this will be an on-going expense until all recruitment has been completed for permanent Assembly staff.
10. Members received assurances on a range of other issues, including: the Commission's use of Shared Services; the breakdown of the Capital plan; and in relation to the Assembly's business continuity measures to minimise disruption to service delivery as a result of COVID-19.
11. While recognising the aforementioned cost elements which are outside the control of the Commission, members noted a number of issues arising from the operation of the Assembly Members (Salaries and Expenses) Determination (Northern Ireland) 2016. This included issues in relation to the repair and

insurance of constituency office equipment. Members also discussed necessary security measures at constituency offices, particularly in light of risks in relation to lone workers. More generally, the Committee noted that the Assembly Commission had begun a process of consultation with MLAs and parties on the options for future arrangements for the provision of financial support to members. The Committee would encourage the Commission to ensure that this process is expedited as a matter of priority.

12. The NIAC budget-setting protocol (**Appendix 1**) requires that, in considering the Commission's draft budget, the Audit Committee should have due regard to the evidence provided by the DoF. The Committee has noted that the DoF is content that the budget plan figures presented by the Assembly Commission represent a realistic budget profile and that the DoF will incorporate these into its assumptions as it prepares advice on the Executive's 2020-21 Budget (**Appendix 3**).
13. Arising from its scrutiny of the NIAC draft budget plan for 2020-21, and having due regard to the evidence provided by the DoF, **the Audit Committee agreed that the Executive's draft Budget document should make provision for NIAC having a Resource budget of £44,847K and a Capital budget of £1,093K in 2020-21.**

Northern Ireland Audit Office

14. The Committee has noted the important role and function of the NIAO in relation to financial audit, public reporting and reviewing the economy and the effectiveness and efficiency of government. Members are aware of the Audit Office's crucial work in relation to governance and counter fraud as well as the key support it gives to the Northern Ireland Assembly and citizens of Northern Ireland.
15. During its evidence session with the Comptroller and Auditor General (C&AG) and NIAO officials on 13 February 2020, as well as hearing about the general areas of work of the Audit Office, the Committee was briefed on the NIAO's new business model and on the transformation work undertaken in the three years since the previous Audit Committee last met. Members noted the Audit Office's new strategic direction and vision for the future, along with the significant restructuring process which the Office has gone through in the preceding years. The NIAO officials also explained changes arising from the restructuring, including progress in digitalisation as well as a refreshed governance structure, including the appointment of an Advisory Board and a Remuneration Committee.
16. From a financial perspective, NIAO officials outlined the reduction in the Audit Office's net Resource requirement from £8.1m in 2011-12 to £6m in 2018-19, a reduction of around 26% during that period. Members noted that this has been due mainly to the incentive to generate efficiencies during a time of austerity, which led to flexibility in the workforce. This has included use of the Voluntary Exit Scheme and significant restructuring of the senior management team.
17. The Committee questioned NIAO officials on a number of key issues, including the implications of staff restructuring for Audit Office outputs. Members were advised that the current staffing structure has enabled the NIAO to become more effective and efficient. This was further addressed in follow-up correspondence from the NIAO which outlined the impact on the skill base of staff and outputs of the NIAO as a result of the restructuring.
18. The Committee has received assurance from the NIAO that the new flexible staffing structure of the Audit Office has enabled it to maintain a full portfolio of work during the interim period without a functioning Assembly. Members have noted changes made by the Audit Office to its range of public reporting products that enable outputs to be delivered in quicker timescales and with less resource. This, combined with adequate resourcing through the draft Budget 2020-21, has provided the Committee with an assurance that the important work of the Audit Office can be maintained and delivered going forward.
19. The Committee would encourage the NIAO to continue to prioritise its workload having regard to its strategic priorities. The Committee notes that a reduction to the NIAO's budget could cause difficulties leading to a potential reduction in the public reporting output and could pose a risk to the work of the PAC and the wider Assembly. The Committee has noted concern about potential budgetary reductions, which may affect the ability of the Audit Office to provide a

professional public audit service, and its ability to play a leading role in driving out further efficiencies and value for money savings across the public sector.

20. Members sought clarification of the benefits envisaged from the significant capital investment required over the coming years for the Audit Office's accommodation project. This project will allow the Audit Office premises to be modernised and developed with efficient, modern, open plan office space which could assist NIAO's recruitment by attracting professional qualified accountants, graduate trainees and apprentices. It would also allow the Audit Office to exploit increased tenancy opportunities; with potential income generation in the years to come (estimated to be in the region of £1m depending on market rates). The Committee was assured by NIAO officials that assistance has been sought from the Strategic Investment Board and from Construction & Procurement Delivery (through the DoF), in terms of availing of appropriate expertise on the accommodation project.
21. Members questioned NIAO officials in relation to the costs incurred by the Audit Office in respect of "contracted out costs", which involves "sub-contracting" out audits during work peaks. In noting that the cost of this service has increased, as reflected in the draft budget, the Committee would encourage the Audit Office to keep this cost under review and ensure that a high quality service is provided in return.
22. Whilst cognisant of the legislative position of the C&AG as corporation sole, members noted that the Audit Office is considering options in relation to a more modern corporate governance approach. The Committee is keen to explore this going forward and in the context of the Audit Office's Business Transformation Programme.
23. The Committee received an assurance from the NIAO that it has effective financial management processes and controls in place to prevent overspend and to reduce the risk of underspend. This has included independent assurance from Internal Audit following an examination of the Audit Office's Budgetary Control processes during the 2018-19 financial year and an External Audit examination of the NIAO annual report and accounts.
24. Subsequent to the evidence session on 13 February 2020, the Committee forwarded a series of follow-up questions to the Audit Office and the written response to these questions was received on 27 February 2020 (**Appendix 3**).
25. At the evidence session on 4 March 2020, the Committee probed NIAO officials further and received additional assurances in relation to the draft Budget 2020-21. Members noted the detail of the Capital budget for 2020-21, as well as the overall estimate for the NIAO accommodation project over the six-year timescale envisaged for the project. The Committee received a commitment from NIAO officials that they will provide the Committee with regular updates in this regard. During this session, the Committee also discussed the uncertainty around the continuation of some revenue streams. Finally, members also received further assurance about the Audit Office's role and ability to support PAC and the wider Assembly in light of current staffing structures.

26. The NIAO budget-setting protocol (**Appendix 1**) requires that, in considering the Audit Office's draft budget, the Audit Committee should have regard to the evidence provided by the DoF and PAC. In this regard, the Committee has noted that the DoF is content that the budget plan figures presented by the Audit Office represent a realistic budget profile and that the DoF will incorporate these into its assumptions as it prepares advice on the Executive's 2020-21 Budget. The Committee has also noted the PAC's comments in relation to the budget plan for 2020-21 (**Appendix 3**).
27. Arising from its scrutiny of the NIAO's draft budget plan for 2020-21, and having regard to the advice of the DoF and PAC, **the Audit Committee agreed that, the Executive's draft Budget document should make provision for the NIAO having a Resource budget of £10,965K and a Capital budget of £330K in 2020-21.**

Northern Ireland Public Services Ombudsman

28. The Committee has noted the key role played by the NIPSO in promoting good governance and improving accountability in public administration, as well as providing remedy in individual cases. Members have noted the range of complaints investigated across all public bodies including health and social care, housing, education and the local and central government sectors.
29. During the evidence session on the 13 February 2020, as well as receiving an overview briefing on the work of the NIPSO, members questioned the officials on a range of issues including: the vacancy in the post of the Northern Ireland Public Services Ombudsman; and the projected increase in complaints to be investigated by the NIPSO.
30. The Committee considered statistics provided by the NIPSO in relation to the projected increase in maladministration complaints investigated by the NIPSO not only since the 4 years from the NIPSO's inception but also the projected increase in the coming years across all sectors.
31. Members were struck by the wide remit of the NIPSO, particularly in light of the extension of its functions due to the Public Services Ombudsman Act (Northern Ireland) 2016 (the 2016 Act). Alongside this new remit, the NIPSO now has the power to publish investigation reports where it is in the public interest to do so; this power has increased the public profile of the Office and, in turn, has led to an increased workload. However, the Committee considers that this is an important role for the NIPSO in terms of ensuring that lessons learnt through investigations are shared across the public sector in an effort to improve public services generally.
32. Another important function arising from the 2016 Act is in relation to the Complaints Standards Authority. The commencement of this function will lead to the development and implementation of a simplified and consistent approach to complaints handling by public bodies. While recognising that there will be a lead-in time for this role to become fully operational, the Committee is looking forward to receiving updates from NIPSO officials as this area of work progresses. However, it is clear to the Committee that there will be financial implications from this additional function, not only during 2020-21 but also on a recurrent basis in future years.
33. The Committee received an assurance from the NIPSO in relation to the mechanisms which the Office has in place to deliver its functions efficiently and effectively. This includes an independent Audit and Risk Committee; externally appointed auditors; a corporate risk register; and the operation of a quarterly Quality Assurance Framework to ensure that those coming into contact with the office receive a quality service. The Committee was similarly assured about how the NIPSO maintains quality standards, including agreed key performance indicators and performance monitoring and adherence to the Ombudsman Association Service Standards Framework.

34. While the Committee notes the limited scope for the NIPSO to generate income, it has been advised that this is kept under regular review. In that regard, members noted that there may be opportunity to generate potential income from training provision related to the Complaints Standards Authority role on a cost recovery basis from other public bodies.
35. The NIPSO has emphasised that any reduction to its budget would be extremely difficult for it to manage given the current and projected future demands on the Office.
36. It is important that the NIPSO operates on a secure financial footing to ensure that adequate resource is directed into preventative measures in an effort to reduce the increasing number of complaints finding their way into the Ombudsman's office. Members have noted the Complaints Standards Authority role and both the need for increased work at a local level to ensure that people know exactly where to go with their complaints and also to ensure that complaints reach the NIPSO at the right stage. The Committee is keen to see that the necessary budget is directed at these areas given their preventative nature and the resource implications of investigating complaints at a later stage.
37. The key priority moving forward for the NIPSO will be to fill the Ombudsman vacancy, as the current Acting Ombudsman's powers will end on 15 July 2020; to that end the Audit Committee wrote to the Assembly Commission asking for an update in relation to the appointment process given the role of the Assembly Commission in this regard. The Assembly Commission wrote to the Audit Committee indicating that it has agreed to proceed with a recruitment competition as a matter of priority and will be publicly advertising for this post in March 2020. Members are reassured that this will be expedited.
38. Subsequent to its first evidence session on 13 February 2020, the Committee forwarded a series of follow-up questions and the NIPSO's written response to these was received on 25 February 2020 (**Appendix 3**).
39. At the evidence session on 4 March 2020, the Committee probed NIPSO officials further and received additional assurances in relation to the draft Budget 2020-21. The areas explored included: a detailed breakdown of the NIPSO's capital budget; and the necessity for and benefits of NIPSO's replacement complaints handling system.
40. The NIPSO budget-setting protocol (**Appendix 1**) requires that, in considering the NIPSO draft budget, the Audit Committee should have regard to the evidence provided by the DoF. The Committee has noted that the DoF is content that the budget plan figures presented by the NIPSO represent a realistic budget profile and that the DoF will incorporate these into its assumptions as it prepares advice on the Executive's 2020-21 Budget (**Appendix 3**).
41. Arising from its scrutiny of the NIPSO's budget plan for 2020-21 and having regard to the advice of the DoF, **the Audit Committee agreed that, the Executive's draft Budget document should make provision for the NIPSO**

having a Resource budget of £3,319K and a Capital budget of £90K in 2020-21.

Conclusions and Recommendations

42. During the evidence sessions with the three non-Ministerial bodies, the Committee questioned officials on a number of generic issues. This included the use of Shared Services to achieve efficiencies and the need to explore options to generate income.
43. In respect of Shared Services, NIAO officials confirmed that the Office utilises a number of NICS Shared Services, including IT Assist, HR Connect in respect of payroll and Civil Service Pension Scheme. In addition, as alluded to earlier, the NIAO is also making use of Construction & Procurement Delivery in relation to its accommodation project. The Committee welcomes the appropriate use of NICS Shared Services, whilst noting the Audit Office's need to recognise professional ethical standards and the C&AG's independence.
44. The Committee is also assured in respect of the NIPSO's use of NICS Shared Services and that these are availed of in an appropriate and best value manner. It was also noted that the NIAC avails of some of the Shared Services, including procurement frameworks in respect of property maintenance.
45. The Committee has noted that all three non-Ministerial bodies pursue options to generate income, and members will wish to monitor progress in this regard given the current budgetary pressures across the public sector.
46. Given the potential impact of COVID-19 at the current time, members explored the risk of service disruption and any potential need for additional budget provision. The Committee is satisfied that all three non-Ministerial bodies are making appropriate provision in this regard, including in relation to business continuity and risk management.
47. The Committee has noted that, in recent years, budgets for Northern Ireland government departments and non-Ministerial bodies have typically been limited to a one-year basis. As a result, public bodies have experienced a degree of uncertainty as to whether adequate recurrent funding will be available in subsequent years. The Committee would welcome confirmation from the Minister of Finance that a multi-year budget will be used from 2021-22 onwards, as indicated in recent announcements.
48. Given the budgetary pressures across the public sector, the Committee would encourage all three non-Ministerial bodies to ensure that they maintain effective financial management processes to avoid overspend and minimise underspend going forward.
49. The Committee welcomes the level of savings that has been achieved to date by the Audit Office and members will be closely monitoring the significant accommodation project going forward, including in terms of the income generation from office letting.

50. The Committee recognises the extenuating circumstances in relation to the Ombudsman vacancy and welcomes the assurance that this is being addressed as a matter of urgency by the Assembly Commission.
51. Members would also highlight the NIPSO's concerns in relation to the drawbacks of receiving in-year monies of a non-recurrent nature for additional staff resources. This has posed a difficulty in terms of minimising year-end underspend as the monies could not be used for recurring staff costs. The Committee believes that this type of scenario highlights the need for a more strategic approach to budgetary allocation centrally.
52. While recognising the separate roles of the IFRP and the NIAC, the Committee has identified a number of issues requiring review, including: pay disparity in terms of Members' staff; and necessary security measures in constituency offices, particularly in relation to lone workers.
53. While recognising the particular time constraints associated with the Executive's draft Budget process on this occasion, the Committee would highlight that this has had implications in terms of limiting the scope for scrutiny of all three non-Ministerial bodies. In particular, members would highlight that, on this occasion, there has been only one opportunity to gather evidence in respect of the Assembly Commission; and, given the range of issues discussed, the need for follow-up consideration is clear.
54. The Committee is mindful of the separate and important roles that all three non-Ministerial bodies play in scrutinising, challenging and holding government departments and public bodies to account and in safeguarding the public purse. Given their unique remit and functions, all three non-Ministerial bodies will have their part to play in this regard over the course of the next financial year.
55. Finally, the Committee has utilised the previously established protocols /methodology for agreeing the draft Budgets 2020-21 of the three non-Ministerial bodies. The Committee will wish to review these in light of the experience of the 2020-21 financial cycle and to assure itself that they provide a robust scrutiny and accountability framework for the future and which recognises the independence of the three non-Ministerial bodies.
56. In conclusion and in light of the aforementioned deliberations, the Committee is of the view that the proposed budgets presented in respect of all three non-Ministerial bodies are appropriate and should be included in the Executive's draft Budget document for 2020-21.



Northern Ireland
Assembly

Appendix 1

Budget-setting process

NORTHERN IRELAND ASSEMBLY COMMISSION BUDGET SETTING PROCESS

Preparation of Draft Budget:

Context

The Assembly Commission (the "Commission") prepares a draft budget for the period of the Executive's Budget as notified by the Department of Finance (DoF). This budget is established in advance of the timetable established by DoF for Executive Departments;

Key Milestones

- a. As part of the development of the Commission's draft budget, the Commission actively obtains data and projections from the DoF relating to the wider outlook for the Northern Ireland Block for the entirety of the budget period;
- b. The Commission, taking account of the DoF projections, proposes its draft budget and presents it to the Audit Committee. At the same time, the Commission also provides the draft budget figures to the DoF;

Interaction with Audit Committee:

Context

Via an agreed mechanism (e.g. Standing Orders) and in keeping with the Executive budgetary timetable, the Audit Committee lays a report on the Commission's draft budget;

Key Milestones

- a. In advance of laying that report, the Commission attends an Audit Committee meeting(s) to give evidence on its draft budget;
- b. In advance of laying that report, the Audit Committee receives written evidence from DoF (cleared in advance by the Finance Minister) on the wider outlook for the Northern Ireland Block and the DoF view of the Commission's draft budget. In considering the Commission's draft budget, the Committee should have due regard to the evidence provided by the DoF.
- c. Evidence to the Committee from the DoF shall be included in the Committee's report to the Assembly;
- d. The Committee prepares and lays its report;

Finalisation of Budget:

Context

The Commission prepares its final budget, taking on board the recommendations of the Audit Committee and submits a motion to the Business Committee;

Key Milestones

- a. The Assembly as a whole debates the final budget in Plenary before voting on the motion (without amendment) that it be *"agreed and incorporated into the Executive's Budget and the subsequent Main Estimates."*
- b. The vote of the Assembly in respect of the Commission's budget is reflected, without amendment, in the budget prepared by the Executive;

In-Year Amendments to Budget:

Context

On an in-year basis, financial controls are established that are aligned to the arrangements for setting the initial budget.

Key Milestones

a. The Commission prepares and submits its contribution to Monitoring Rounds and the Spring Supplementary Estimate. The submission of the Commission's contribution to Monitoring Rounds and the Spring Supplementary Estimate will be subject to agreed thresholds between the Commission and the Committee. If these thresholds are not exceeded, the Commission will not seek the Audit Committee's view on its in-year position.

Review:

This methodology will be reviewed within one year of its first use and at the conclusion of every Executive budget setting period.

NORTHERN IRELAND AUDIT OFFICE (NIAO) BUDGET SETTING PROCESS

Multi-year budgets¹

Stages:

- a. The Department of Finance (DoF) determines, subject to Executive agreement, a timetable for the agreement of a Budget and informs the NIAO and the Audit Committee. In doing so DoF has regard to the need to allow the Audit Committee to undertake its role as set out in this protocol.
- b. The NIAO prepares its draft multi-year budget in line with the determined timetable.
- c. The NIAO sends its draft multi-year budget to both DoF and the Public Accounts Committee (PAC) for consideration.
- d. The NIAO submits its draft multi-year budget to the Audit Committee.
- e. DoF and PAC submit their comments on the NIAO draft multi-year budget to the Audit Committee.
- f. The Audit Committee holds a meeting during which it considers the draft multi-year budget of the NIAO. The Comptroller and Auditor General (or one of his deputies) gives evidence to the Committee on the draft budget.
- g. When considering the draft multi-year budget of the NIAO, the Committee has regard to the advice of DoF and PAC.
- h. The Audit Committee agrees the draft multi-year budget with such modifications, if any, as may be agreed between it and the Comptroller and Auditor General.
- i. The Committee informs DoF of the outcome.
- j. In any draft Budget published for consultation either by it or on behalf of the Executive, DoF only includes, in relation to the multi-year budget of the NIAO, those figures agreed by the Audit Committee. Any draft Budget

¹ The process set out in this protocol also applies in cases where there is an annual budget rather than a multi-year budget.

makes clear that the Executive is not responsible for either proposing or agreeing the expenditure of the NIAO.

- k. Following any consultation on a draft Budget, the Audit Committee considers any comments made in relation to the multi-year budget of the NIAO. After doing so the Audit Committee agrees the final figures for the multi-year budget of the NIAO of which it inform DoF.

- l. The final figures for the NIAO multi-year budget that DoF include in the Budget laid before the Assembly for agreement are the final figures agreed by the Audit Committee.

NORTHERN IRELAND PUBLIC SERVICES OMBUDSMAN (NIPSO) BUDGET SETTING PROCESS

Multi-year budgets¹

Stages:

- a. The Department of Finance (DoF) determines, subject to Executive agreement, a timetable for the agreement of a Budget and informs the NIPSO and the Audit Committee. In doing so DoF has regard to the need to allow the Audit Committee to undertake its role as set out in this protocol.
- b. The NIPSO prepares its draft multi-year budget in line with the determined timetable.
- c. The NIPSO submits its draft multi-year budget to the Audit Committee and to DoF.
- d. DoF submit its comments on the NIPSO draft multi-year budget to the Audit Committee, copied to NIPSO.
- e. The Audit Committee holds a meeting during which it considers the draft multi-year budget of the NIPSO. The Ombudsman (or her Deputy or Director of Finance) gives evidence to the Committee on the draft budget.
- f. When considering the draft multi-year budget of the NIPSO, the Committee has regard to the advice of DoF.
- g. The Audit Committee agrees the draft multi-year budget with such modifications, if any, as may be agreed between it and NIPSO.
- h. The Committee informs DoF of the outcome.
- i. In any draft Budget published for consultation either by it or on behalf of the Executive, DoF only includes, in relation to the multi-year budget of the NIPSO, those figures agreed by the Audit Committee with NIPSO. Any draft Budget makes clear that the Executive is not responsible for either proposing or agreeing the expenditure of the NIPSO.

¹ The process set out in this protocol also applies in cases where there is an annual budget rather than a multi-year budget.

- j. Following any consultation on a draft Budget, the Audit Committee and NIPSO considers any comments made in relation to the NIPSO multi-year budget. After doing so the Audit Committee agrees with NIPSO the final figures for the NIPSO multi-year budget of which it informs DoF.

- k. The final figures for the NIPSO multi-year budget that DoF include in the Budget laid before the Assembly for agreement are the final figures agreed by the Audit Committee.



Northern Ireland
Assembly

Appendix 2

Briefing Papers

Audit Committee
First day brief

13 February 2020



First day brief

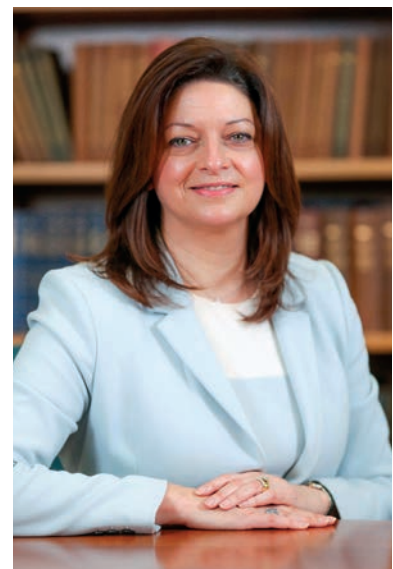
Northern Ireland Audit Office

Background

1. The Comptroller and Auditor General for Northern Ireland (C&AG), Mr Kieran Donnelly CB, is head of the Northern Ireland Audit Office (NIAO) and an Officer of the Assembly.
2. In his role, Mr Donnelly and his staff:
 - support the Assembly, in particular the Public Accounts Committee (PAC), in holding public bodies to account and improving public services;
 - provide objective information, advice and assurance on how public money has been spent; and
 - encourage best practice in financial management, good governance and propriety in the conduct of public business.
3. Mr Donnelly is also responsible for authorising the issue of money from the Northern Ireland Consolidated Fund to enable Northern Ireland Departments to meet their necessary expenditure, and for ensuring that there are adequate arrangements for the collection of revenue.
4. Under the Audit (Northern Ireland) Order 1987, the Department of Finance (DoF) has appointed the C&AG for Northern Ireland as Accounting Officer for the Northern Ireland Audit Office.
5. The C&AG's relevant responsibilities as Accounting Officer, including responsibility for the propriety and regularity of the NIAO's finances for which he is answerable, for the keeping of proper records and for safeguarding the NIAO's assets, are set out in **Managing Public Money Northern Ireland**, published by DoF.
6. The NIAO's Chief Operating Officer (COO), Mrs Pamela McCreedy, is responsible for strategic and operational activities and has been designated by the Department for Communities as the Local Government Auditor. The Local Government Auditor is responsible for the audit of the 11 local councils and a number of other local government bodies.
7. The NIAO carries out external audit of all central government departments and agencies, as well as a large number of other public sector bodies. This includes financial audit and value for money (VFM) audit, and the results of this work are reported to the Northern Ireland Assembly.
8. The NIAO can perform VFM audits in local government bodies where the Local Government Auditor has a statutory authority to undertake such audits.
9. The C&AG and the NIAO are wholly independent of government.



Kieran Donnelly CB
Comptroller and Auditor General
for Northern Ireland



Pamela McCreedy
Chief Operating Officer

Our Work

10. Financial Audit:

- Performing a detailed audit on annual financial statements relating to central and local government organisations. This involves carrying out sufficient detailed work to form an opinion on the accuracy of each set of financial statements and, for central government bodies, assessing whether expenditure has been properly spent, is regular, and in accordance with the intentions of the Assembly when it granted the money.



11. Public Reporting:

- Independently examining and reporting to the Northern Ireland Assembly on whether public bodies spend taxpayers' money economically, efficiently and effectively.
- Auditing, assessing and reporting on district council performance improvement responsibilities.
- Reporting promptly on new issues and emerging challenges. Providing public bodies with constructive advice in the form of good practice reports across a range of areas.



12. Governance and Counter Fraud:

- Building better corporate governance, financial control and risk management in the public sector and preventing and detecting fraud and corruption through data matching. Since 2008 the NIAO has co-ordinated the Northern Ireland public sector's participation in the National Fraud Initiative (NFI), a UK wide data matching initiative to combat fraud and error, which runs every two years. To date in Northern Ireland, almost £35 million of fraud and error has been identified.



13. Support to the Northern Ireland Assembly and citizens:

- Working closely with PAC on evidence sessions based on NIAO reports; providing support to departmental committees; and responding to enquiries from elected representatives and the public.

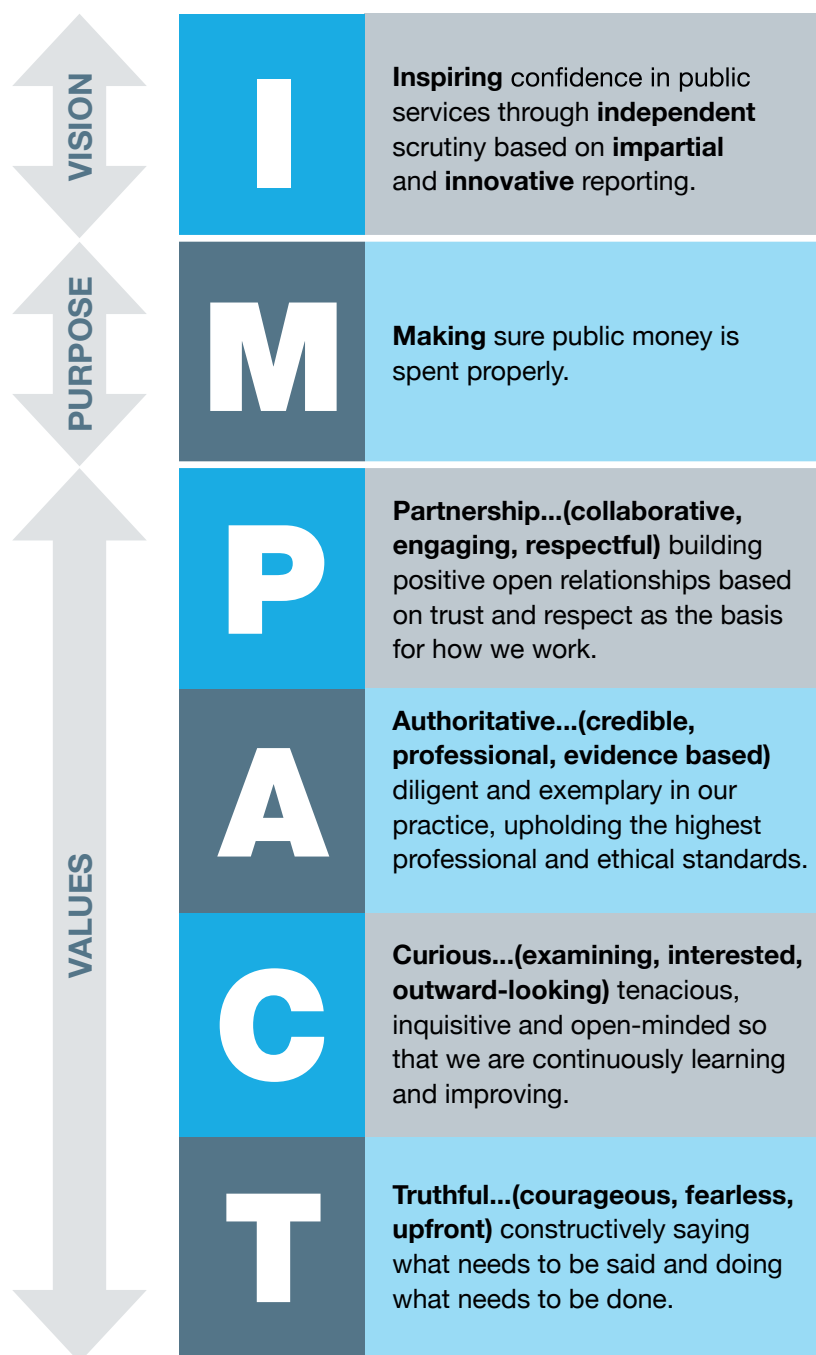


What legislation governs the work of the NIAO?

14. The status, functions and main duties of the C&AG and the NIAO are set down in legislation, including the Audit (Northern Ireland) Order 1987, the Northern Ireland Act 1998, the Government Resources and Accounts Act (Northern Ireland) 2001 and the Audit and Accountability (Northern Ireland) Order 2003. The statutory responsibilities and powers of the Local Government Auditor are set out in the Local Government (Northern Ireland) Order 2005 and the Local Government (Northern Ireland) Act 2014.

Strategic Corporate Framework 2018-2021

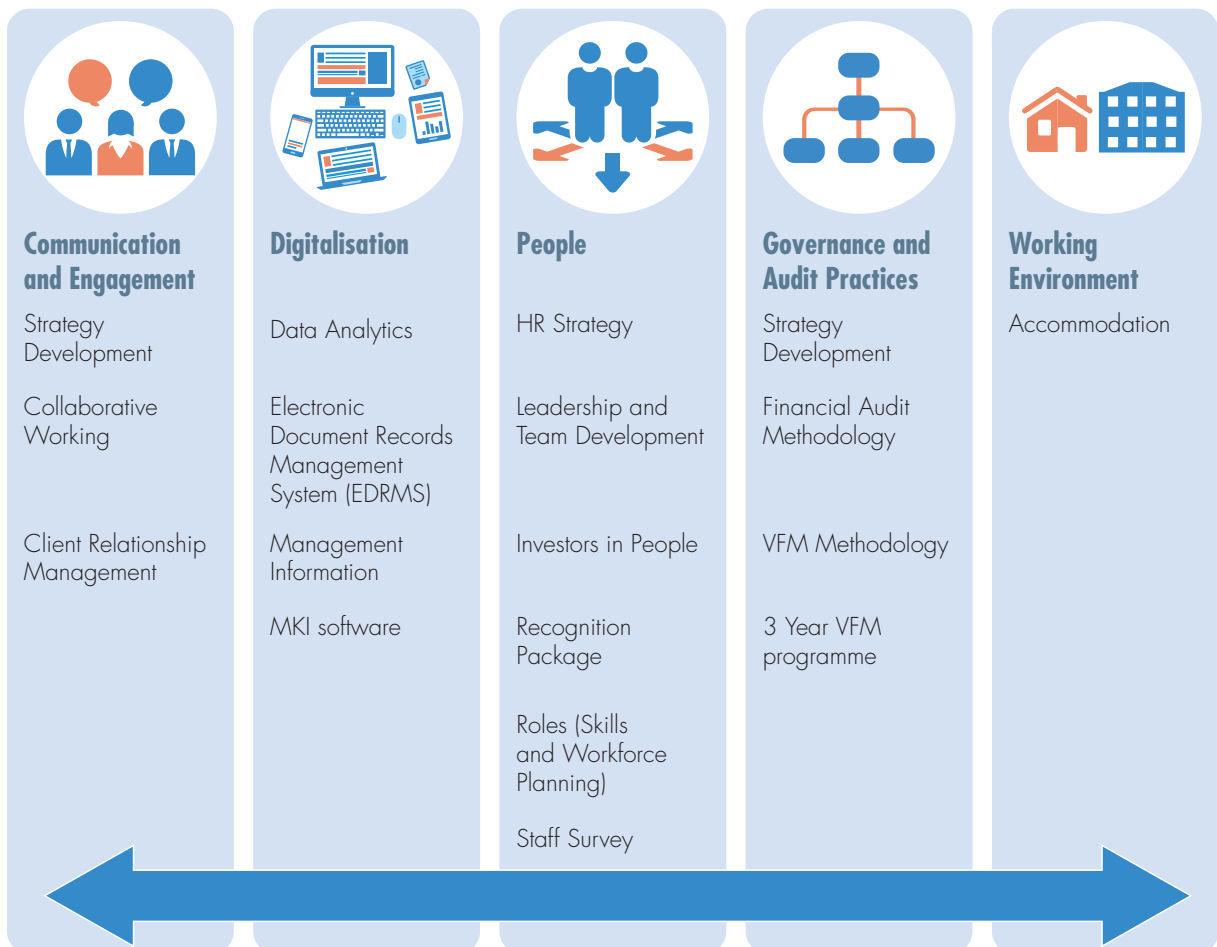
15. The NIAO continues to operate in a changing environment. Government priorities and processes in Northern Ireland are changing, and further political and legislative change as a result of Brexit and Northern Ireland Civil Service reform is anticipated. Public audit, therefore, continues to play a major role in providing assurance and advice, holding government to account and supporting improvement in the delivery of public services.
16. The NIAO has a three-year **Strategic Corporate Framework for 2018-21**, which followed extensive consultation with stakeholders. The Framework sets out the NIAO's vision, purpose and values:



17. The Framework also sets out the NIAO's three strategic priorities, designed to give clear direction and focus:



18. The NIAO is transforming to meet emerging challenges. In 2018 the NIAO initiated a Business Transformation Programme to ensure that it continues to have a highly skilled and motivated workforce, that its working practices are modern and that it continues to operate in an innovative and vibrant working environment. Five pillars of transformation, each with associated work streams, have been identified:



Public Reporting Programme

19. The Strategic Corporate Framework 2018-21 also announced the NIAO's intention to develop a three-year Public Reporting Programme, designed to take a strategic, longer-term view of the challenges facing the public sector. **The latest three-year programme** (for 2019-2022) was published in November 2019.
20. The NIAO's public reports take account of single and cross-cutting themes and its outputs are relevant and proportionate in relation to Northern Ireland public sector priorities. The NIAO aims to respond rapidly to emerging issues in a changing environment and to concerns raised by third parties. It uses its influence and strategic view to help public sector leaders deliver effective joined-up government.
21. The main types of public reports produced by the NIAO are as follows:
 - **Value for Money (VFM) studies** – studies assessing the economy, efficiency and effectiveness of public services and programmes.
 - **Emerging issues** – short, reactive reports on topical issues that establish facts to assist public accountability.
 - **Investigations** – these reports aim to establish facts through engagement with audited bodies and produce a timely, responsive and focused report.
 - **Impact reports** – previously published reports may be followed-up, impacts of all relevant actions considered and updates provided.
 - **General reports** – on different sectors (health, central government and local government).
 - **Good practice guides** – providing public bodies with good practice guidance across a range of areas e.g. making partnerships work and managing the risk of bribery and corruption.

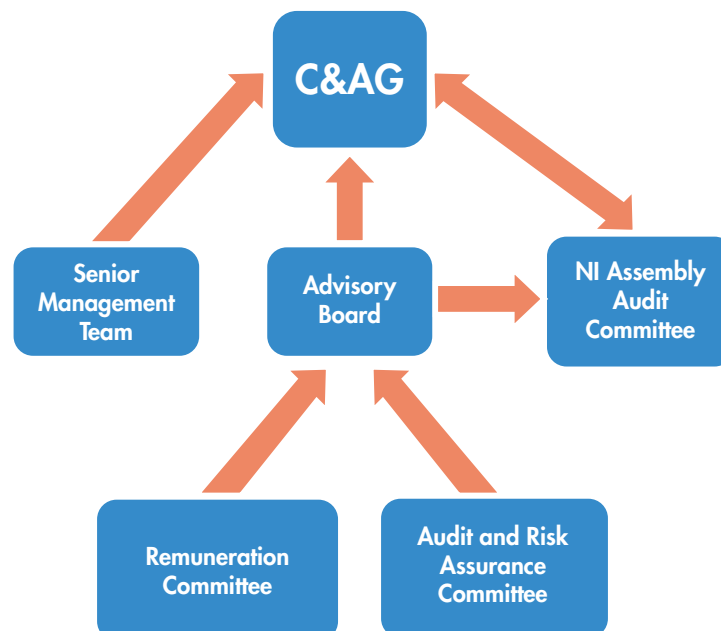
NIAO Outputs

22. Some key results and achievements in 2018-19:
 - audited 151 accounts of Departments, Agencies, Councils and other public sector bodies, including public sector companies limited by guarantee and North South bodies;
 - produced 27 public reports, including seven Value for Money reports, a good practice guide on Performance Management for Outcomes, and Local Government Annual Improvement Reports for councils.
 - dealt with 16 enquiries from elected representatives and a further 66 other disclosures from members of the public;
 - achieved quantified financial savings of £65.6 million as a result of the NIAO's recommendations. The NIAO has a responsibility to provide value for money. One way in which it does this is by identifying the quantifiable financial savings resulting from the recommendations in its reports. These savings are validated by the NIAO's external auditors.

Governance

23. The NIAO's governance structure reflects the statutory position of the C&AG as a corporation sole. The structure is set out in two key pieces of legislation:
- The Audit (Northern Ireland) Order 1987 established the NIAO to assist the C&AG in the discharge of his statutory functions.
 - The Northern Ireland Act 1998 requires that, in exercising his functions, except for any function conferred on him of preparing accounts, the C&AG shall not be subject to the direction or control of any Minister or Northern Ireland department or the Assembly. Accordingly, the C&AG has complete discretion in the discharge of his statutory audit functions, with responsibility for the programme of audit work, all audit opinions and judgements resting with him alone.
24. As the holder of his office, the C&AG has primacy in determining the strategy, staffing and structure of the NIAO and is responsible for designing and implementing the internal governance arrangements to support the delivery of his statutory functions. In so doing, he seeks to comply with the spirit of the 'Corporate governance in central government departments: Code of good Practice NI 2013' ("the Code") issued by DoF. While accepting the tenets of the Code as constituting best practice, the specific legal constitution of the office of C&AG as a corporation sole means that the C&AG cannot directly apply the 2013 Code arrangements to the NIAO. In particular there is no provision in legislation for the establishment of a board.
25. The NIAO's internal governance arrangements are illustrated below. They are also set out in a 2015 'Memorandum of Understanding on the Governance and Accountability Arrangements of the Northern Ireland Audit Office' (MoU) agreed with the Audit Committee of the Assembly, which oversees the performance of the NIAO (available on the **NI Assembly** website). The restoration of the Assembly and the Audit Committee provides an opportunity to update and refresh this MoU.

NIAO Governance Structure



26. The C&AG is accountable to the NI Assembly via the Assembly Audit Committee, which has the role defined in Section 66 of the Northern Ireland Act 1998. The Audit Committee's responsibility as laid out in this legislation is the agreement of the C&AG's estimate of the use of resources.

C&AG's Advisory Board

27. The Advisory Board is responsible for providing objective and impartial advice to the C&AG to assist him in the discharge of his functions and works in partnership with the C&AG and the Senior Management Team. The Board scrutinises the work of the NIAO in the five areas of strategic clarity, commercial sense, talented people, results focus and management information, as set out in '**Corporate governance in central government departments: Code of good practice NI 2013**' issued by DoF, with the objective of providing constructive challenge.

28. The Advisory Board comprises both executive (C&AG and COO) and Non-Executive Members. The Non-Executive Members are:

- **Martin Pitt (Chair)** – Appointed December 2018
- **Professor Noel Hyndman** – Appointed April 2019
- **Marie Mallon MBE** – Appointed April 2019
- **John Turkington** – Appointed April 2019

29. The Advisory Board is supported by two sub-committees: the NIAO Audit and Risk Assurance Committee, and the newly established Remuneration Committee.

NIAO Senior Management Team

30. The Senior Management Team comprises the C&AG (as Chair) the COO and six Directors. The Senior Management Team meets monthly and is responsible for the strategic and operational leadership of the NIAO. It is the principal mechanism for directing business and decision making in the NIAO.

Resources

31. The NIAO's resources are approved each year by the NI Assembly through the estimates process, following approval of the NIAO's plans by the NI Assembly Audit Committee. From 2011-12 to 2018-19 the NIAO reduced its net resource requirement by 26% from £8.1m to £6.0m in cash terms (38% in real terms), on a like for like basis.

32. This was facilitated by:

- **improved flexibility across different work streams** – this has been delivered over several years by changes to the way the NIAO carries out its work;
- **use of the voluntary exit scheme (VES)** – this funding was used to both reduce numbers and to assist in rebalancing the organisation. Senior roles have been significantly reduced with more opportunities created at lower grades.

- **change in senior management structure** – three Assistant Auditor General (AAG) posts have been replaced with a single Chief Operating Officer (COO) role; and
- **a two year pay scale freeze and 1% pay increases were introduced** – in line with similar pay freezes in other public bodies.

33. As a result of the above actions, average staff full time equivalent (FTE) numbers have decreased from 140 in 2011-12 to an average of 105 in 2018-19.

34. The reductions in staff to date have resulted in significant upfront payroll savings, as the NIAO sought to reduce senior grades before introducing more positions at Apprentice, Graduate Trainee and Auditor grades, with associated new payroll pressures. A number of these positions have still to be filled. In the absence of the NI Assembly and the PAC, numbers were reduced further to improve efficiencies during this period. With the reinstatement of the NI Assembly and the PAC, these positions will also be required to be filled.

35. The Main Estimate for 2019-20 and proposed Main Estimate for 2020-21 are shown in the following table:

	2019-20 Main Estimate ¹ £m	2020-21 Proposed Main Estimate ² £m
Gross resource requirement	10.245	10.965
Income	(2.700)	(2.800)
Net resource requirement	7.545	8.165
Forecast Outturn	6.586	

36. The Outturn for 2019-20 is forecast to be £6.586m. This main reasons for this is the significant reduction in staff costs following staff leaving through voluntary exit and natural wastage in recent years, including a number at 31 March 2019. Whilst there has been a focus on recruitment of staff to the new structure, further recruitment is required over the next two years.

Capital

37. Capital resource requirements for the NIAO are usually set at £40,000 each year to cover fixtures and fittings and capital IT costs. Since 2018-19 the NIAO has incurred additional capital costs associated with a significant building refurbishment project. The NIAO plans to refurbish its premises at 106 University Street and to raise income by letting out a significant portion of the building. More open plan areas will be created, with more flexible working approaches adopted. A design team has been appointed with the expectation that the main building works will commence at the beginning of 2021.

1 Excludes £260,000 for specific UK Govtech grant scheme.

2 Includes £500,000 for the reinstatement of the NI Assembly, £135,000 for decant costs re accommodation project, an additional £100,000 for Contracted out increases, £180,000 for pay uplift, and £50,000 for new clear line of sight work.

38. An Original Business Case was approved and the NIAO is working with the DoF's Construction and Procurement Delivery unit and the Strategic Investment Board towards producing a full business case for this project.
39. The costs to date and estimated future costs for this project, set out across each financial year, are shown below:

	2018-19 £m	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m	Total £m
Capital (£m)	0.032	0.167	0.242	3.496	0.123	4.06

40. During the main building works, the NIAO staff are expected to decant from 106 University Street to temporary premises. The estimated revenue costs associated with this decant are:

	2020-21 £m	2021-22 £m	2022-23 £m
Decant costs (£m)	0.135	0.36	0.075



February 2020



Northern Ireland

Public Services

Ombudsman

NIPSO: Introductory Briefing for Assembly Audit Committee Meeting 13 February 2020

Contents:

1. **(Nominated) Acting Ombudsman Submission**
2. **Annex 1** Draft Strategic Plan 2020 – 23.
3. **Annex 2** Maladministration Complaints Activity Growth
4. **Annex 3** Local Government Ethical Standards (LGES)
5. **Annex 4** Own Initiative Powers
6. **Annex 5** 19/20 forecast year-end position & Preparation for 20/21 draft Budget plans
7. **Annex 6** Funding: 2016-17 to present.

(Nominated) Acting Ombudsman Submission

1. Introduction

- 1.1 Chair and Members, I welcome the opportunity to provide the Committee with an introductory briefing and information on future years plans. Included is a brief background to the role of the Ombudsman and key aspects of our work; copies of draft Corporate/Strategic Plans for 2020/21 and 2020-2023; and information on the forecast financial position for 2019-20 and preparation of financial estimates for 2020-2021. I look forward to discussing these issues further with the Committee.

2. Ombudsman vacancy / Acting Ombudsman

- 2.1 A key issue in this financial year has been the Ombudsman vacancy since the departure of Marie Anderson in July 2019. The Public Services Ombudsman Act (Northern Ireland) 2016 ('the 2016 Act') provides for the appointment, by Her Majesty the Queen, on the nomination of the Assembly, of an Acting Ombudsman (Sch 1, para.12). On 3 February the Assembly in plenary session nominated me to the position of Acting Ombudsman. Upon formal appointment this will be for a period extending no longer than the first anniversary of the vacancy arising (i.e. up to 15 July 2020) or the appointment of a successor Ombudsman.
- 2.2 This Acting Ombudsman appointment will provide the Acting Ombudsman the full legislative authority under the 2016 Act.

3. Draft Strategic Plan 2020-2023 and Business Plan 2020/21

- 3.1 NIPSO's initial Strategic Plan covered the period from 2016 – 20. This was designed to cover the period of development of NIPSO from 2016 to 2020. An updated Strategic Plan has now been drafted, covering the period 2020 – 23. This plan is inevitably transitional in nature, pending the substantive appointment of a new Ombudsman and any review which the Ombudsman may choose to undertake. Nevertheless it was important for the ongoing management and direction of the organisation to review and update the previous plan to reflect the position four years on from NIPSO's inception. A copy of the current draft Strategic plan 2020-23 is provided at **Annex 1**.

4. Overview of NIPSO functions

- 4.1 The role of Ombudsman is to promote good governance and improve accountability in public administration as well as providing remedy in individual cases. NIPSO investigates complaints about all public bodies including health

and social care, housing, education, and local and central government sectors. When something goes wrong leading to a member of the public feeling they have suffered an unresolved injustice, they have the right to approach the Ombudsman to have it looked at independently. Their complaint must have been considered by the relevant public body first. NIPSO makes recommendations where maladministration or failures in clinical judgement have caused injustice. Details on the breakdown of maladministration complaints activity is provided at **Annex 2**.

- 4.2 In addition to assessing and investigating maladministration complaints, the Ombudsman also acts as the Northern Ireland Local Government Commissioner for Standards. In that role the Office investigates and where appropriate adjudicates on complaints about alleged breaches of the Northern Ireland Local Government Code of Conduct. In the absence of an Ombudsman /Commissioner there has been an enforced pause on the adjudication aspect of this function. Further detail on this “Local Government Ethical Standards” (LGES) function and the particular impact felt as a result of the Ombudsman/Commissioner vacancy is provided at **Annex 3**.

5 Developments since 2016 and ongoing – new powers and jurisdictions

- 5.1 The Ombudsman’s remit was expanded significantly by the 2016 Act with a range of new jurisdictions and powers being introduced from April 2016 and over the course of 2016 to 2018. In 2016, in addition to acquiring the role of Judicial Appointments Ombudsman and continuing to hold the office of Local Government Commissioner for Standards, the Ombudsman acquired the power to investigate professional judgment in relation to social care and a remit in relation to the Northern Ireland Audit Office and the Assembly Commission.
- 5.2 Later in 2016 and in April 2017 Education came into remit with the addition of complaints about Further and Higher Education and publicly funded schools.
- 5.3 A significant new feature of the 2016 Act was the power to publish investigation reports where it is in the public interest to do so. Along with the freedom to publish case digests and other bulletins at the discretion of the Ombudsman, this has undoubtedly contributed to the increased public profile of the Office and, in turn, to the steep increases in complaints activity that the Office has encountered, discussed elsewhere in this paper. NIPSO now routinely publishes investigation reports in the public interest to help facilitate greater transparency, accountability and learning around complaints.
- 5.4 An important extension of the Ombudsman’s remit under the 2016 Act was the power to undertake “Own Initiative” investigations of a systemic nature, the first Ombudsman to hold this power in the UK. This power enables the Ombudsman

to investigate where there are reasonable suspicions of systemic maladministration or systemic injustice (in health and social care) even where no complaints have been received. Further details on the exercise of Own Initiative powers to date are at **Annex 4**.

5.5 A further envisaged power of the Ombudsman is that of “Complaints Standards Authority” (CSA). The CSA role, included in the 2016 Act but not as yet commenced by the Assembly, and pending agreement of funding, will enable NIPSO to improve complaints handling across Northern Ireland and lead the development and implementation of a simplified and consistent approach to complaints handling by public bodies. It will support improvement in complaints handling by guiding all public service providers towards a simplified, accessible and standardised complaints procedure. These procedures will put the service user at the heart of the process, focus on early resolution, and increase the use of complaints for learning and service improvement.

5.6 The following table maps out the key events in the establishment and expansion of NIPSO since its establishment in April 2016:

2016/17

1 April 2016	NIPSO established, replacing and extending previous offices of Assembly Ombudsman and Commissioner for Complaints.
1 April 2016	Ombudsman acquires the office of Northern Ireland Judicial Appointments Ombudsman (whilst also continuing to hold, since June 2014, the office of Local Northern Ireland Local Government Commissioner for Standards).
1 April 2016	Ombudsman acquires the power to investigate professional judgment in social care; to consult and share information with other ombudsmen and regulators; and wider powers to share information and to publish reports in the public interest.
1 April 2016	NIAO and Assembly Commission come within NIPSO’s remit.
1 Oct 2016	Higher and further education colleges come within NIPSO’s remit
31 Mar 2017	Number of complaints grow from 477 in 15/16 to 575 in 16/17 (+ 21%)

2017/18

1 April 2017	Publicly funded schools (circa 1,200 in number) come within NIPSO’s remit
1 April 2017	Preparatory work commences for acquisition of Own initiative powers
2 Feb 2018	First Public Interest Report published in exercise of Ombudsman’s power to publish reports on maladministration investigations where it is in the public interest to do so.
31 Mar 2018	Number of complaints grow from 575 in 16/17 to 665 in 17/18 (+ 16%)

2018/19

1 April 2018	Own Initiative powers acquired, enabling the Ombudsman to undertake investigations whether or not individual complaints have been received.
11 Jan 2019	First Own Initiative proposal launched – Personal Independence Payments (PIP)
31 Mar 2019	Number of complaints grow from 665 in 17/18 to 762 in 18/19 (+ 15%)

2019/20

1 April 2019	Complaints Standards Authority (CSA) - steps initiated to make the case for commencement of the CSA function, subject to due consultation and to the necessary additional resources being made available by the Assembly.
15 July 2019	Marie Anderson appointed as Police Ombudsman for NI – Ombudsman position vacated.
03 Feb 2020	NI Assembly nominates Paul McFadden as Acting Ombudsman.
13 Feb 2020	A total of 50 Public Interest Reports published from February 2018 to date, with attendant media exposure and enhanced public profile
31 Mar 2020	Number of complaints <u>projected</u> to grow from 762 in 18/19 to 1,046 in 19/20 (+ 37%)

6. NIPSO's forecast year-end position & preparation for 2020-21 draft Budget plans

- 6.1 Other key matters included for the Committee's consideration are the 2019-20 forecast year-end position & preparation for 2020-21 draft Budget plans. The current position on both of these is set out in **Annex 5**.
- 6.2 Over the course of the 4 years since NIPSO's inception, we have experienced - and continue to experience - a steep and prolonged increase in complaints over consecutive years: up 60% from 2015 -16 (the final year of the predecessor organisation) to 2018-19 inclusive. As the end of 2019-20 approaches the projected further increase in complaint numbers is almost 40% in this year alone. By reference to the final year of the predecessor organisation (2015-16) this amounts in total to a projected growth of more than 100% over the four years since NIPSO establishment (Again see **Annex 2**).
- 6.3 Funding available to NIPSO has not kept pace with these added demands. The increase in NIPSO's budget to cope with the increases has been limited and the budget baseline has remained unchanged since 2017-18. Furthermore, in years such as 2019-20, where there has been one-off (non-recurrent) in-year additions to NIPSO's budget, it has not been possible to make longer term resource plans on foot of these. Figures are included at **Annex 6**.

7. Conclusion

- 7.1 I am grateful for today's opportunity to update the Committee on NIPSO, our role and the key issues that we face at this time. I look forward to exploring further these and any others matters that the Committee may see fit.

**Paul McFadden
(Nominated) Acting Ombudsman
5 February 2020**

Draft Strategic Plan 2020 – 23



NIPSO Strategic Plan 2020 – 2023

Contents

- 1 Acting Ombudsman's Foreword
- 2 NIPSO Values and Statement of Purpose
- 3 Strategic Objectives
- 4 Delivery of Strategic Objectives
- 5 Governance and Accountability
- 6 Planned Resource Requirements

1. Acting Ombudsman's Foreword [to follow]

2. NIPSO Values and Statement of Purpose

NIPSO's **values** are as follows:

- **Fairness** (We will treat others fairly, justly and without bias. We will ensure that our investigation and adjudication processes are fair to all).
- **Impartiality** (We will make decisions impartially and keep an open mind in relation to our work).
- **Openness** (We will take decisions in an open and transparent manner. Information will not be withheld from the public unless there are clear and lawful reasons for so doing. We will be open with our staff and communicate decisions to them as soon as practicable. We will give reasons for our decisions. We will publish information about our performance as well as public interest reports).
- **Excellence** (We will aim for quality in everything we do and say, behaving professionally, taking ownership and recognising our role as an exemplar to others. We will take pride in our work and the organisation, reflecting on the lessons we have learned from our own experiences and from other ombudsman schemes.)
- **Respect** (We will show respect for equality and the rights of others (including human rights. We will respect the views of others and show consideration for others at all times).
- **Integrity** (We will declare and resolve any interests and relationships that conflict with our functions. We will observe the highest ethical and personal standards and be honest in dealings with each other and our work).

Statement of Purpose

This Statement of Purpose underpins all of NIPSO's work:

'To serve the public by independently and impartially investigating complaints and supporting improvements and learning in public services'.

This purpose statement and our values describe the qualities and focus that NIPSO will demonstrate throughout the life of this plan. They provide consistent standards for our work and guide our behaviours decisions, actions, policies, processes, and systems.

3. Strategic and Business Objectives

This strategic plan sets out NIPSO's strategic objectives for the period 2020-23. A high level summary of how, operationally, we will deliver these Strategic Objectives is set out in **section four**. It is intended to report on achievement on a regular basis, internally and to the NIPSO Audit and Risk Committee. Progress will also be reported to the NI Assembly Audit Committee (when re-established) under the MOU that was agreed with the previous Assembly mandate's Committee in November 2016.

The forecast resource requirements to enable delivery of the plan are outlined in **section six**.

This plan is publicly available at www.nipso.org.uk.

Strategic objectives (SOs)

- 1. To provide a high quality, impartial and independent investigation service** – By delivering high quality investigations and a range of other high quality, proportionate outcomes; by delivering individual and systemic redress and benefit to public service users and providing confidence in the administration of public services; by being accessible and dealing with all enquiries and complaints consistently, effectively, proportionately and in a timely manner; by using our own initiative power in a range of ways to bring maximum benefit to citizens and to improve public services; by publishing clear, accurate and public reports on investigations.
- 2. To build confidence in Local Government by regulating and promoting the Northern Ireland Local Government Code of Conduct and delivering a high quality, independent investigation and adjudication function** - by delivering fair, robust, impartial and proportionate investigations and adjudications; through implementing alternative actions outcomes where appropriate and proportionate; by providing guidance and learning points arising from casework to promote and support awareness of the on the Code of Conduct amongst Councillors.
- 3. [When empowered by the NI Assembly and provided appropriate resourcing] To improve complaints handling by all public service providers** - by simplifying the design and operation of the complaints handling system in Northern Ireland; by setting standards and implementing simplified, standardised and user-focused complaints handling procedures across the public sector; by working with regulators and public service providers and using our knowledge, experience and available resources to monitor, promote and facilitate the sharing of best practice to support improved complaints handling.
- 4. To be an accountable, ethical public service organisation that pursues excellence and continuous improvement** - by focusing on organisational development in relation to all activities and in particular on the development of our people; by demonstrating continuous improvement in our efficiency and operational performance; by making best use of technology to support our operation and performance across the organisation; by maintaining robust assessment of risk and governance arrangements with the Assembly's Audit Committee and our Audit and Risk Committee; and by ensuring that our corporate services and finance functions operate efficiently and effectively.
- 5. To support learning from complaints and improvement in public service delivery** - by raising awareness of lessons from our complaints and investigations; by supporting public service providers to improve service delivery through their learning from our findings and recommendations; by continuing to raise informed awareness of NIPSO's role; and by working with public service providers, policy makers, other ombudsman and regulators to promote and support improvements in public service delivery.

NIPSO Links to NICS Outcomes Delivery Plan¹

This Strategic Plan clearly recognises that NIPSO does not exist in isolation but rather that it plays an important part within the wider public administration. The plan makes the following direct and indirect links between the work of NIPSO and the NICS Outcomes Delivery Plan; in particular its focus on quality public services:

Outcome 3	'We have a more equal society':
	NIPSO values are those of fairness, impartiality, openness, respect and integrity. NIPSO is committed to a human rights based approach to investigating complaints and has proactively developed a Human Rights training manual and casebook in conjunction with the Northern Ireland Human Rights Commission. NIPSO also has a role in relation to investigating complaints of unfairness and discrimination as a result of section 78 of the Northern Ireland Act 1998. In the context of NIPSO's strategic purpose; <i>'To serve the public by independently and impartially investigating complaints and influencing improvements and learning in public services'</i> , the Office plays an important role in remedying injustices and contributing towards this outcome.

Outcome 4	'We enjoy long, healthy, active lives':
	Complaints about health and social care service and in particular clinical care and treatment are independently investigated by NIPSO. It is important to emphasise the value of learning from these complaints to improve health and social care services. The work of NIPSO impacts on a number of the indicators associated with this outcome in the Outcomes Delivery Plan by recommending service improvements and saving public funds.

Outcome 8	'We care for others and we help those in need':
	This outcome is aimed at helping and caring about the most vulnerable in our society. The 2016 Act enabled NIPSO to accept complaints from the most vulnerable in society by removing the requirement for a complaint to be made in writing. The Office can now investigate the merits of all social care decisions. NIPSO contributes to ensuring that, where people's essential needs are not met, they have recourse where appropriate to an independent and impartial investigation service. The Ombudsman can make recommendations for remedy in specific cases. Recommendations for service improvement have the potential to impact on a number of the indicators associated with this outcome in the Outcomes Delivery Plan.

Outcome 12	'We give our children and young people the best start in life':
-----------------------	--

¹ The NICS Outcomes Deliver Plan for 2018-19 was published by The Executive Office in June 2018. No subsequent edition has as yet been published at time of writing (January 2020). The incoming Executive has declared that it intends to develop a revised Programme for Government as an early priority

Since April 2017 all Northern Ireland colleges, universities and publicly funded schools have been within the remit of NIPSO. Work is under way (subject to resourcing) to develop standardising complaints handling procedures in these sectors and to foster a culture of improvement by learning from complaints. This improvement will in turn contribute to a more effective and efficient delivery of key educational outcomes and achievements for our children and young people.

4. Delivery of Strategic Objectives

Against each of NIPSO's five Strategic Objectives, the following are the year 1 business objectives that have been set (together with a brief description of how they are to be fulfilled) in order to progress delivery of this Strategic Plan.

SO 1 - To provide a high quality, impartial and independent investigation service

Business Objective	How fulfilled
1a) Efficiency – optimise case handling times and ensure best use of our investigative resources	<ul style="list-style-type: none"> – Manage complaints efficiently to meet relevant key performance indicators – Ensure our complaints handling investigation process reflects best practice and facilitates efficient and timely handling of complaints and investigations
1b) Quality – maintain casework quality	<ul style="list-style-type: none"> – Develop quality assurance and service delivery systems that support continuous improvement. – Effectively manage processes for obtaining expert advice (legal and jurisdictional) to ensure quality, timeliness and value for money. – Maintain and develop specialist in-house knowledge management database to support casework
1c) Service – deliver an accessible high quality service to all service users	See 2020-21 business plan
1d) Own Initiative	<ul style="list-style-type: none"> – Deliver high quality and robust own initiative investigations – Engage with key stakeholders in relation to Own Initiative

SO 2 - To build confidence in Local Government by regulating and promoting the Northern Ireland Local Government Code of Conduct and delivering a high quality, independent investigation and adjudication function.

Business Objective	How fulfilled
2a) Efficiency – optimise case handling times	<ul style="list-style-type: none"> – Investigate complaints that councillors have breached the NI Local Government Code of Conduct for Councillors (the Code) so as to meet relevant key performance indicators. – Complete adjudications (where applicable) within timescales – Service - deliver an accessible, high quality service to all service users
2b) Quality – maintain casework quality	<ul style="list-style-type: none"> – Develop quality assurance and service delivery systems that support continuous improvement. – Monitor assessment, investigation and adjudication processes to ensure that they reflect best practice – Review investigation and adjudication processes at appropriate junctures i.e. following public hearings or appeals to the High Court – Ensure that staff are provided with appropriate training and skills

2c) Service – deliver an accessible high quality service to all service users	See 2020-21 business plan
2d) Promote awareness and learning by reference to the Code	

SO3 - To improve complaints handling of all public service providers by simplifying the design and operation of the complaints handling system in Northern Ireland

Business Objective	How fulfilled
3a) Develop strategy and business case for commencement of the CSA powers.	<ul style="list-style-type: none"> – Engage with key Assembly and Government strategic partners on commencement of CSA legislative powers and implementation of this strategy – Liaise with the Assembly Commission to establish clear timeline for CSA role to be commenced
3b) Engage with stakeholders on good complaints handling best practice and build strategic and operational relationships and networks	<ul style="list-style-type: none"> – Engage with key stakeholders across sectors to explain the role of the CSA; – Deliver guidance and advice on good complaints handling; – Develop the basis for partnership arrangements in each sector; – Engage and build strategic and operational relationships and networks.
3c) Prepare NIPSO for commencement of CSA powers	<ul style="list-style-type: none"> – Develop a strategy and plan for resourcing, implementing and delivering the CSA role. – Develop basis for Complaints Handling Principles, model Complaints Handling Procedure, complaints standards and good practice.

SO 4 - To be an accountable, ethical public service organisation that pursues excellence and continuous improvement

Business Objective	How fulfilled
4a) Manage resource and governance arrangements effectively to meet business needs	<ul style="list-style-type: none"> – Ensure best value in all aspects of our organisation – Ensure quality and value for money for all services received. – Plan for and deliver efficiencies to enable NIPSO to deliver target performance within available resources. – Ensure organisation is prepared to meet greater than anticipated increases in case volumes and/or complexities. – Comply, within timescales as applicable, with governance, risk, health and safety, FOI/DPA, human rights and equality requirements. – Continue to explore shared service opportunities with other oversight bodies or Ombudsmen for efficiency savings where appropriate.
4b) Provide high quality business support services	<ul style="list-style-type: none"> – Ensure audit processes support continuous improvement and effective management of risks – Ensure realistic corporate plans and performance targets are produced on a timely basis and monitored closely – Ensure performance management information is produced to facilitate monitoring – Provide corporate support to ensure effective and efficient delivery of our services, including Independent Professional Advice

	<ul style="list-style-type: none"> - Ensure ICT requirements are met for current and future needs - Maintain effective and efficient arrangements for information management including appropriate electronic records management and retention and storage of case related and corporate records. - Ensure accommodation and facilities are maintained to standard.
4c) Promote improvements in organisational performance and staff professional development	See 2020-21 business plan

SO 5 - To support learning from complaints and improvement in public service delivery

Business Objective	How fulfilled
5a) Ensure strategic lessons from casework trends and findings are shared effectively with listed authorities and with appropriate scrutiny and regulatory bodies.	<ul style="list-style-type: none"> - Publish Decision Notices following Commissioner's Adjudication Decisions. - Following consideration of the public interests in each case, publish maladministration investigation reports where and when appropriate - Develop a strategy for the publication of reports emerging from Own Initiative investigations and strategic enquiries. - Consider preparation and publication of reports on thematic issues arising from investigations. - Publish case digests and bulletins as a way of sharing findings from casework and information about developments within the Office. - Produce an Ombudsman Report, Commissioner for Standards Annual Report, and NIJAO Annual Report for the year 2019-20.
5b) Raise informed awareness of the Ombudsman and Commissioner for Standards functions of the Office.	<ul style="list-style-type: none"> - Continue to meet with members of listed authorities, elected representatives and advocacy bodies to explain the Office's roles. - Prepare information leaflets on key aspects of the role of the Ombudsman and Commissioner for print and the website - Engage with the media, using enquiries as an opportunity to inform and educate members of the public and others about our powers and procedures. - Strengthen the Office's social media presence - Deliver series of actions in line with Communications Strategy 2018-21, and Communications Plan 2020.

<p>5c) Work in partnership with public service providers, policy makers, and other ombudsmen and regulators to further improvements in public service delivery.</p>	<ul style="list-style-type: none"> - Provide letters to public bodies at the time of the annual Ombudsman's Report, highlighting statistical information and numbers/types of recommendations at both an individual and sectoral level. - Develop procedures for disseminating public reports to other bodies within the sector, along with summaries of the main recommendations and learning points. - Consider other ways of sharing knowledge and intelligence from casework and of assessing its impact and value. - Develop protocol and strengthen collaboration with other oversight bodies via the Regulation and Oversight Forum (and other mechanisms) to ensure best use of investigative resources and create effective joint-working initiatives.
---	---

5. Governance and Accountability

Governance Relationships

The 2016 Act provides for the Ombudsman to report directly to the Northern Ireland Assembly Audit Committee. This key relationship is supported by a Memorandum of Understanding (MOU)².

The main NIPSO accountability and governance mechanisms are:

- the Northern Ireland Assembly Audit Committee which is responsible for approving the budget of this Office (having had regard to DoF advice).
- the NIPSO Audit and Risk Committee (ARC).
- internal and external auditors who examine financial as well structural and governance issues.
- regular Senior Management Team (SMT) meetings.

To ensure effective governance, the Ombudsman regularly reviews the NIPSO risk register and informs the Audit and Risk Committee of any significant changes. The Ombudsman also responds appropriately and proportionally to all concerns raised by both internal and external auditors, the NIPSO ARC and (where applicable) the Assembly Audit Committee.

Continuous improvement

The Ombudsman will use the following to help assess and improve service efficiency and effectiveness while maintaining high quality investigation and adjudication work.

- An office manual as a reference tool for staff to operate within our procedures and legislation.
- Agreed Key performance indicators and performance monitoring to allow us to monitor and report on our key activities.

² This MOU was finalised and agreed by the Assembly Audit Committee on 30 November 2016. Owing to the dissolution of the Assembly in January 2017 the MOU has not as yet been formally signed by the Committee Chair and the Ombudsman

- Ombudsman Association Service Standards.
- An internal quality assurance framework to ensure we achieve consistent and robust decision- making and in processes in our investigation services to the public.
- A review procedure for investigation decisions in specific circumstances.
- A procedure for complaints from the public about our service.
- Projects to ensure business readiness for new jurisdictions and powers.
- An enhanced communication strategy and dedicated resources to disseminate the investigation and adjudication work of the office.
- Development of professional standards and skills for investigation staff.
- Active participation and contribution to the sharing of best practice between other ombudsman services within the UK, Ireland and internationally.

5. Resource Requirements

5.1 In the current and forecast medium/long term financial climate there are significant challenges in securing essential funding to fulfil NIPSO’s strategic objectives.

5.2 In recent years budgets have typically been limited to a one year horizon. As a result uncertainty remains as to whether adequate recurrent funding will be available in subsequent years. Nevertheless NIPSO needs to set realistic and achievable financial plans if its strategic objectives are to be delivered. The forecasts in the table below have been prepared on a best-estimate basis as at the time of writing this plan.

Planned Financial Resources 2020-21 to 2022-23

	Requested Resources ³	Projected Resource Requirement (Subject to future budget outcomes)	
	2020-21 £k	2021-22 £k	2022-23 £k
Total Planned Revenue Funding	3,319	tbc	tbc
Expended as follows:			
Maladministration	2,778	tbc	tbc
Local Government Ethical Standards (LGES) ⁴	541	tbc	tbc
Total Revenue Expenditure	3,319	tbc	tbc

³ Note: Projected resourcing for 2020-21 (including the Ombudsman’s statutory salary) reflects the indicative budget and remains subject to agreement by the Assembly Audit Committee. Figures for 2021-22 and 2022-23 are subject to future DOF budget exercises.

⁴ LGES resourcing for 2020-21 (capped maximum) assumed at the level originally agreed in 2015. This is to be kept under review in light of developments and the appointment of a new Commissioner. The Department for Communities (DfC) is alert to the possibility that additional in- year funding requirements may arise, subject to re-establishment of adjudications.

- 5.3 Regarding these projections, there are number of areas of financial risk and uncertainty that may impact on the Office's ability to successfully implement this NIPSO strategic plan. These risks are described in further detail in a corporate NIPSO risk register, which includes an assessment of the likelihood of occurrence, the potential impacts and identification of risk control measures.
- 5.4 The strategic objectives in this plan reflect NIPSO's statutory obligations and the related core functions to be delivered over the period to March 2023.

Maladministration Complaints Activity Growth

Background

The main activity of NIPSO continues to be the receipt, assessment and investigation of complaints about the health, social care, housing, education, and local and central government sectors. The following table illustrates the steep growth, by sector, in complaint numbers over the period since NIPSO establishment in April 2016:

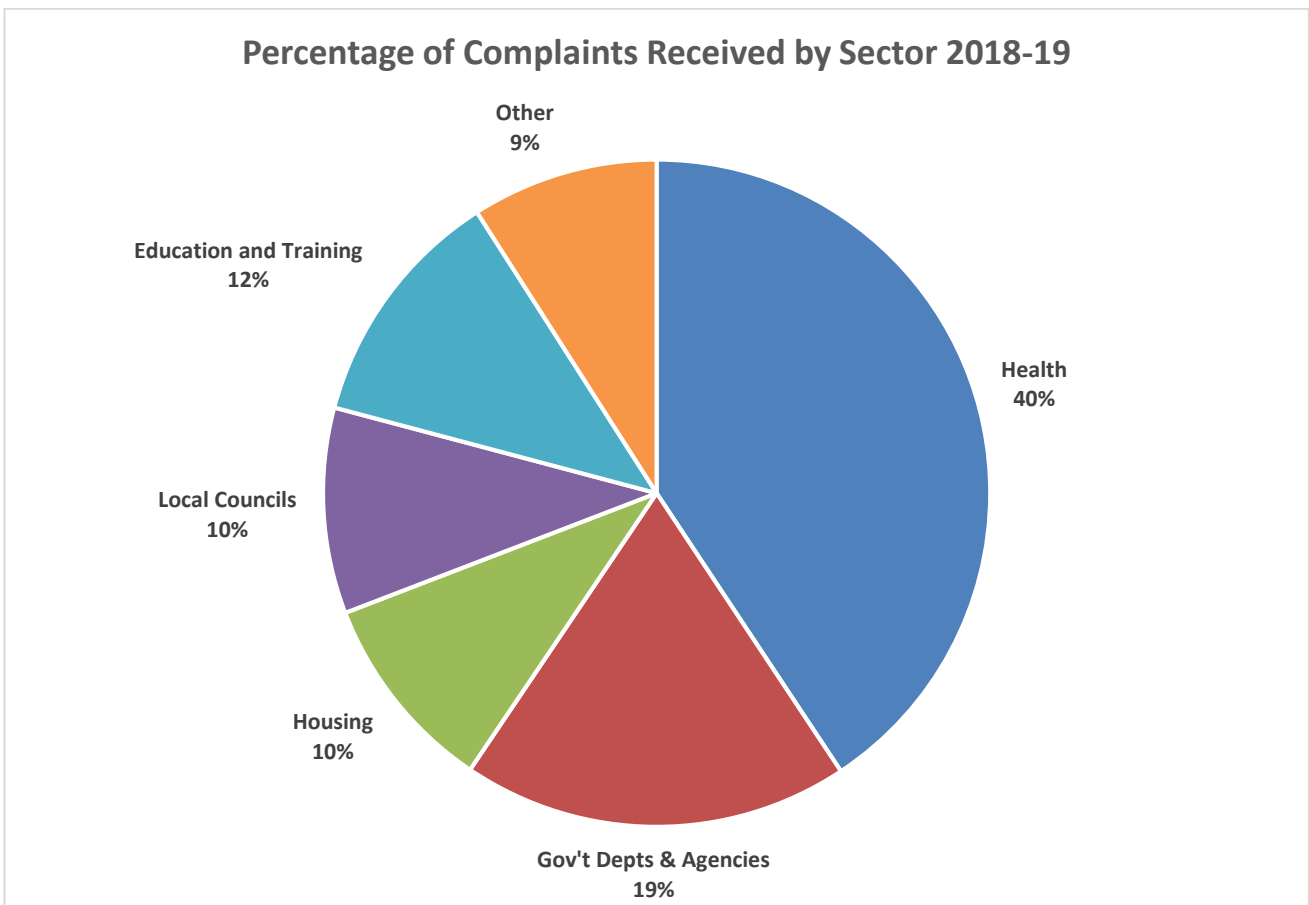
Comparative Complaint Nos - 2015-16 to (projected) 2019 -20

	2015-16 (base year)	2016-17	2017-18	2018-19	Projected 19-20	4 yr Increase 15/16 - 18/19	5 yr Increase (projected)
Health & Social Care (Note 1)	215	236	277	310	372	95	157
Year on Year % Increase	-	10%	17%	12%	20%	44%	73%
Gov't Dep'ts & Agencies	86	140	100	143	198	57	112
Year on Year % Increase	-	63%	-29%	43%	39%	66%	131%
Education	16	13	103	90	115	74	99
Year on Year % Increase	-	-19%	692%	-13%	28%	463%	618%
Local Councils	53	62	70	76	102	23	49
Year on Year % Increase	-	17%	13%	9%	34%	43%	92%
Housing	62	67	52	74	105	12	43
Year on Year % Increase	-	8%	-22%	42%	42%	19%	70%
Other	45	57	63	69	154	24	109
Year on Year % Increase	-	27%	11%	10%	123%	53%	241%
Total Complaints	477	575	665	762	1,046	285	569
Total Year on Year % Increase	-	21%	16%	15%	37%	60%	119%

Notes:

1. Health and Social Care gives rise to an average of 40% of complaints received each year. However a relatively high proportion of these proceed to full investigation and it is estimated that historically some 80% of NIPSO's investigative resources are expended on this sector.

2. For the last full reporting year (2018-19) the breakdown of complaints was as follows



Local Government Ethical Standards (LGES)

Background

1. Part 9 of the Local Government Act (Northern Ireland) 2014⁵ (the 2014 Act) introduced a new ethical standards framework for local government in Northern Ireland. This is based on the Northern Ireland Local Government Code of Conduct for Councillors (the Code), which was issued by the Department for Communities (the Department) and which specifies the conduct expected of councillors. The 2014 Act requires councillors to observe the Code.
2. The Code was approved by the Northern Ireland Assembly and came into effect on 28 May 2014 (the parts relating to planning matters came into force on 1 April 2015).

The role of the Commissioner

3. The 2014 Act empowers the Northern Ireland Public Services Ombudsman who is appointed under the Public Services Ombudsman Act (NI) 2016 to undertake the role of Northern Ireland Local Government Commissioner for Standards (the Commissioner).
4. The Commissioner has the authority to investigate, and to adjudicate on, written allegations that Councillors have, or may have, failed to comply with the Code.
5. Although the 2014 Act gives the Commissioner the authority to both investigate and adjudicate on alleged breaches of the Code, he/she has delegated the authority to investigate complaints to the Deputy Commissioner and to the Local Government Ethical Standards (LGES) Directorate.
6. The LGES Directorate, comprising the Deputy Commissioner, the Director of Investigations, 3 Senior Investigating Officers, and an Administrative Officer is responsible for receiving, assessing and investigating complaints.
7. The Commissioner undertook the adjudication function and, therefore, had no role in the receipt, assessment or investigation of a complaint.

Current Situation Update

8. The volume and complexity of complaints received has grown significantly year on year since the Code's inception, at an average rate of 38% per year. This has included a significant increase in the number of complaints which are made by members of the public as opposed to those made by other councillors or political opponents (MLAs). The breakdown for 2019-20 to date is as follows: 61% from the public; 13% from councillors; 18% council officers; 5% self-referrals; 3% initiative under quasi own initiative power (section 55(1)(b)).
9. We have had the first set of local government elections since the Code's introduction which gave rise to a spike in complaints, as has been the case in other jurisdictions.
10. Over the last 5 ½ years the percentage closed at each stage has been:

Initial Assessment:	28%
Assessment:	28%
No evidence of breach after investigation	25%
Withdrawn	5%
Alternative Action	6%
Adjudication	8%
11. The profile of the Code of Conduct and the work of both the LGES team and the Local Government Commissioner has grown significantly particularly in the 13 months between May

⁵ As amended by section 62 and Schedule 7 of the Public Services Ombudsman Act (Northern Ireland) 2016 (the 2016 Act)

2018 and June 2019 when there were nine adjudications decided and reported on in comparison to six having previously taken place in the four years from May 2014 to April 2018.

12. The Commissioner's decisions have also been the subject of four separate High Court Challenges, 3 of which have been successfully defended and one of which is live. A court of appeal challenge to the High Court decision was also dismissed.
13. The office was the first that we are aware of, in similar jurisdictions in the UK, to use its interim suspension powers and this has now occurred on 2 occasions within the period Sept 2018- March 2019.
14. The nature of the public hearings alongside the fact that it is politicians who are the subject of investigation mean there is a heightened interest in the work both from the public and the media. The work, therefore, is high profile and implicit within it is a risk to the reputation of the Office if investigations are not completed to the standard required to withstand the scrutiny of a quasi - tribunal and High Court sitting in public.
15. As mentioned previously, adjudications had been well established with cases being managed through the system in a timely and efficient manner and corresponding learning being disseminated at an early opportunity in an attempt to support Councillors compliance with Code requirements.
16. Since the former Commissioner's departure in July 2019, and as this was an area of work which could not be delegated to the Deputy Commissioner, no cases can be referred for adjudication. Moreover, those already referred, immediately prior to the Commissioner's departure, cannot be progressed or decided upon in the absence of a Commissioner.
17. It is also important to note that in the event of a serious misconduct issue arising which would normally necessitate invoking the interim suspension powers, this has and remains unavailable in the absence of an Acting Commissioner.

Own Initiative Powers

From 1 April 2018 NIPSO has had the power, under the Public Services Ombudsman Act (Northern Ireland) 2016 (the 2016 Act) to undertake own initiative (OI) investigations where the Ombudsman has a reasonable suspicion of systemic maladministration or systemic injustice. This new power allows the Ombudsman to proceed with an OI investigation where one or more complaints have been made, or even where no complaints have been made. The authority to undertake OI investigations was a key part of the discussions around the development of the 2016 Act with the former Committee for the Office of the First Minister and deputy First Minister.

Commencement of this important new power was a first in UK Ombudsman terms, signalling a move which enabled the Ombudsman to identify and address (significant) systemic failures potentially affecting the wider public and not just individual complainants to ensure significant failings are addressed across sectors as a whole.

Under Section 8 of the 2016 Act the Ombudsman may launch an investigation on their 'own initiative', where:

- The Ombudsman has reasonable suspicion that there is systemic maladministration or that systemic injustice has been sustained (injustice consequent on the exercise of professional judgement in health and social care)
- The Ombudsman has given regard to criteria to determine whether to launch an investigation

Ombudsman's Criteria for OI Investigations

As required by the 2016 Act, NIPSO has published criteria to be used in determining whether to commence an OI investigation.

- The issue of concern has been identified by the Ombudsman to be one of public interest
- The issue of concern affects a number of individuals or a particular group of people
- The investigation has the potential to improve public services
- AND
- The Ombudsman considers the investigation of the chosen topic is the best and most proportionate use of investigative resources

Identifying potential OI Investigations

During 2018 preparations began for the new OI power with the development of processes and procedures to capture and assess potential investigations. In developing these the need to effectively manage the limited staff resource was to the fore, particularly managing expectations/requests from members of the public or public bodies to conduct an OI Investigation into a particular subject matter. Furthermore, built into the processes and procedures was the flexibility to enable the scale and scope of investigations to vary according to the subject matter, enabling the power to be used to utmost effect.

Launch of First Own Initiative Investigation

In June 2019⁶ NIPSO launched a systemic investigation into the Department for Communities' (the Department) administration of the Personal Independence Payment (PIP) benefit system.

The purpose of the investigation is to ascertain if there is systemic maladministration⁷, or systemic injustice⁸ sustained as a result of the exercise of professional judgement. The investigation is examining the actions of the Department and service provider Capita in administering PIP with a particular focus on:

- Availability and application of further evidence⁹ in the PIP benefit decision making and internal complaints processes.

In determining whether maladministration has occurred the Ombudsman is testing the actions of the Department and Capita against the framework of the Principles of Good Administration¹⁰ and can make recommendations should systemic maladministration or systemic injustice be identified through the investigation.

At the conclusion of the investigation the Ombudsman will publish a report of the investigation, findings and recommendations and will lay a copy of the investigation report before the NI Assembly.

Restraint and Seclusion

NIPSO undertook a 'Strategic Inquiry' into the use of restraint and seclusion in May 2019. This was in response to a number of complaints received by NIPSO, which often involved children who have special educational needs.

The response to the Strategic Inquiry suggest that there is little to no regulation of the use of restraint and seclusion in Northern Ireland schools. Specifically, there is no Departmental Policy in contrast to England and Scotland where schools have policies in place and procedures for recording incidents of their use. There is no legislative obligation to record episodes/incidents involving restraint and seclusion in Northern Ireland Schools.

Departmental Guidance is for the greater part over 20 years old and has not been subject to review.

⁶ Proposal to investigate sent on 11 January 2019

⁷ Maladministration is not defined in the legislation, but is generally taken to include decisions made following improper consideration, action or inaction; delay; failure to follow procedures or the law; misleading or inaccurate statements; bias; or inadequate record keeping.

⁸ Injustice is also not defined in legislation but can include upset, inconvenience, or frustration.

⁹ Evidence which is available in addition to the functional consultation, for example GP records, Occupational therapist assessments, etc.

¹⁰ Parliamentary and Health Service Ombudsman (2009). *Principles of Good Administration*.

NIPSO: 19/20 forecast year-end position & Preparation for 20/21 draft Budget plans.

A. Forecast Year End Position 2019-20.

The 2019-20 Spring Supplementary Estimate for NIPSO (see extract below) reflects the following revised forecast position for 2019-20, by comparison to the provision contained in the 2019-20 Main Estimate:

Spring Supplementary Estimate, 2019-20, NIPSO

Part II: Changes Proposed		£'000				
		Present Net Provision (from Main Estimate)	Change in Gross Provision	Change in Accruing Resources	Change in Net Provision	New Net Provision
<u>Resources</u>						
A-1:	Investigation and Adjudication	3,385	-771	-	-771	2,614
A-2:	Investigation and Adjudication	-	15		15	15
A-2:	Notional Charges	14	-	-	-	14
Total RfR A:			-756	-	-756	

	Present Provision	Change in Provision	New Provision
<u>Capital and Cash</u>			
Capital Items			
Capital	770	250	1,020
Total Net Capital	770	250	1,020
Net Cash Requirement	4,106	-541	3,565

Notes:

- The £756k reduction in the "Net Provision" from Main to Supplementary estimates is broken down as follows:

Item	£k
a) Reduced requirement declared in January Monitoring Round in respect of maladministration complaints handling (Additional £570k received in August 2019 and reflected in 19-20 Main Estimates but could not all be spent effectively in 2019-20 owing to non-recurrent nature and mid-year timing of receipt.	-248

b) Transfer of unspent monies to Department for Communities in respect of NIPSO's discharge of the Local Government Ethical Standards function (arising primarily from the suspension of adjudication activity, owing to the Commissioner vacancy from July 2019).	-250
c) The treatment (as an "Operating Accruing Resource") of a £250K contribution from NIPSO's landlord towards the cost of refurbishment works in Progressive House during 2019-20.	-250
d) Other miscellaneous adjustments (net reduction).	-8
Total Resource reduction between main and Supplementary Estimates	-756

- The £541K reduction in the "Net Cash Requirement" is due to factors a) and b) above (total £498k) plus a number of miscellaneous cash flow adjustments, netting to £43k (£498k + £43k = **£541K**).
- Note that item c) in the table above (landlord contribution) has no impact on the Net Cash Requirement as the reduction in resource cash requirement is offset by the increased capital outlay, as now reflected in NIPSO's Spring Supplementary Estimate.

B. Preparation for 20/21 draft Budget plans.

Subject to Assembly Audit Committee scrutiny in due course, NIPSO's proposed 2020-21 resource budget requirement (i.e. not including Capital for 2020-21), compared to the latest forecast Outturn for 2019-20, is as follows:

£K	2019-20 Forecast Outturn @ January 2020	2020-21 Indicative Budget	Variance	Note
Staff Salaries	1,565	1,878	313	1
Employer's Pension Pressure	120	120	-	2
Ombudsman's Salary	52	155	103	3
General Admin Expenditure	595	625	30	
LGES	535	541	6	4
TOTAL	2,867	3,319	452	

Notes:

- The requested uplift in staff salaries arises mainly from the full-year effect of investigative staff officers recruited part way through 2019-20, planned additional recruitment activity and an assumed pay bill uplift of up to 2%.
- The employer's pensions pressure of £120k is the estimated impact of the significantly increased employer's pension contribution rates that were applied from 1 April 2019.
- The Ombudsman Salary has been reduced in 2019-20 owing to the departure of the former Ombudsman in July 2019. For 2020-21 the figure is restored to the previously established full employment cost (i.e. including Employer's National Insurance and Pension) of £155k.
- Under arrangements between NIPSO and the Department for Communities the opening budget for NIPSO's discharge of the LGES function is £541K (constant since 2015-16). Protocols exist that ensure that in any given year where the actual requirement varies upwards or downwards this is addressed in the course of in-year monitoring rounds and where necessary a final adjustment at the year end.

Funding: 2016-17 to present

The below table sets out the budget estimates for the years 2016-17 to 2019-20, based on the agreed Spring Supplementary Estimate (SSE) position for each year (other than 2016-17 where no SSE position was agreed owing to the dissolution of the assembly in January 2017).

Alongside each year's budget is the actual outturn figures for each year, together with the percentage underspend against budget.

Comparative NIPSO Funding: 2016-17 to 2019-20 (£k)

£k	2016-17		2017-18[Note 2]		2018-19		2019-20		Change since 2017-18 [Note 3]	
	Budget Estimate	Actual Outturn	Budget Estimate	Actual Outturn	Budget Estimate	Actual Outturn	Budget Estimate	Forecast Outturn	Budget	Actual/Forecast
Maladministration	1,688	1,525	1,866	1,973	2,081	2,104	2,102	2,102	236	129
LGES	541	461	541	405	541	487	541	535	0	130
Total NIPSO	2,229	1,986	2,407	2,378	2,622	2,591	2,643	2,637	236	259
Underspend against estimate		243		29		31		6		
% Underspend against estimate		10.9% [Note 1]		1.2%		1.2%		0.2%		

Notes:

1. In 2016-17, in the absence of an agreed SSE position (as a result of Assembly dissolution in January 2017), the 10.9% underspend was reported against the opening (Main Estimates) budget for that year. Hence it did not take account of in-year adjustments made in that year.
2. From April 2016 up to Assembly dissolution in January 2017, supported by the Assembly Audit Committee, the NIPSO maladministration complaints budget increased from £1,688k to £1,866k (+10.5%) - its first significant uplift from the prior organisation provision, and in recognition of the extensions in remit and functions then being rolled out.
3. Between 2017-18 and 2019-20 the budget has increased by £236k – some £120k of which is accounted for by inescapable increases in employer pension costs – leaving a like-for-like increase of £116k (or 6%) - sufficient only to meet pay and price increases over these two years.

NORTHERN IRELAND ASSEMBLY COMMISSION BRIEFING TO ASSIST THE AUDIT COMMITTEE'S SCRUTINY OF THE COMMISSION'S BUDGET FOR 2020-21

Legal and Constitutional Background

1. Section 40(4) of the Northern Ireland Act 1998 ('the 1998 Act') provides the legal basis for the work of the Assembly Commission ('the Commission'). Section 40(4) of the 1998 Act states that "*The Commission shall provide the Assembly, or ensure that the Assembly is provided, with the property, staff and services required for the Assembly's purposes.*"
2. Section 47 of the 1998 Act states that the Assembly *shall* pay to Members of the Legislative Assembly ('Members') such salaries, and *may* pay such allowances, as may from time to time be determined. The Commission administers the payment of these salaries and allowances. The Commission's budget therefore includes the disbursement of Members' salaries, allowances and expenses, the necessary costs for the provision of Plenary and Committee facilities in Parliament Buildings and elsewhere and the salary costs for the staffing resources used to provide all the services required by Members and the Assembly.
3. Given the constitutional role of the Assembly as the legislature for Northern Ireland, the Commission does not develop Programme for Government targets. However, the Commission develops a Corporate Strategy and accompanying Corporate Plans to help to meet the statutory functions set out above under section 40(4) of the 1998 Act. When developing future plans, the Commission is acutely aware of the need for prudent financial management.

Commission Funding

4. Although not a part of the Executive, the Commission is voted resources by the Assembly through the same Main Estimates and Supplementary Estimates processes that are used for all other entities funded from the Northern Ireland Block Grant.
5. The constitutional independence of the Assembly from the Executive is reflected in the methodology for setting the Commission's budget attached at Annex A. The methodology provides that the Commission will prepare its draft budget, the budget will then be scrutinised by the Audit Committee and the Audit Committee will prepare a Report for consideration by the Assembly. Once approved by the Assembly, the budget is incorporated, without amendment, into any budget document prepared by the Executive.

Budget 2020-21: Background

6. Although 'New Decade, New Approach' ('NDNA') referred to the use of multi-year budgets to meet the costs of public services in Northern Ireland, the budget for the 2020-21 financial year will be undertaken on a single-year basis in line with the Department of Finance (DoF) timetable.
7. The Commission has developed a five-year Corporate Strategy for the period 2018-23 and an accompanying Corporate Plan that sets out the Commission's priorities for the period ahead. The Corporate Strategy and Corporate Plan do not yet reflect recent political developments particularly those arising from NDNA.
8. In terms of political considerations, NDNA includes a range of issues with a direct impact on the work of the Commission such as additional Committees (with the attendant need for the Commission to provide the necessary support for those Committees) and developments in the provision of translation services. However, the provision of translation services will be a matter for the Committee on Procedures and any subsequent action required by the Commission will be dependent on the outcome of that Committee's considerations.
9. The income received by the Commission and the expenditure incurred to enable it to deliver the statutory functions set out in paragraph 1 falls into six broad categories namely;
 - a. Income;
 - b. Expenditure on payments to and on behalf of Members;
 - c. Expenditure on salaries for Assembly Secretariat staff and on the administration costs associated with supporting the Assembly;
 - d. Costs payable to political parties under the Financial Assistance for Political Parties Act (Northern Ireland) 2000;
 - e. Depreciation and Impairment costs; and
 - f. Capital costs.

Income

10. Like other public sector entities and in keeping with the principle of gross accounting, the Commission accounts for the income it receives.

Expenditure Associated with Members

11. The Commission has a legal requirement to meet all costs associated with Members by way of salaries, allowances, expenses, Members' staffing costs, pension contributions, etc. These costs are determined by the Independent Financial Review Panel ('the Panel'). The current arrangements for payments to Members are set out in the Assembly Members (Salaries and Expenses) Determination (Northern Ireland) 2016 ('the 2016 Determination'). These costs cannot be withheld or altered either upwards or downwards by the Commission or

by the Executive. As such, these costs are not under the control of the Commission.

12. Given the statutory basis of these costs, they must be paid in full. It is worth noting that the amount of any payments to Members may change as a result of a Determination made by the Panel and, despite the financial impact, these costs must be met. However, on the understanding that these costs must always be met in full, the Commission has agreed with the DoF that any reductions in Members' costs over the course of a financial year will not be retained for use against other categories of expenditure but, instead, will be passed back to DoF.

Expenditure on Assembly Secretariat Salaries and Administration Costs

13. The second category of costs incurred by the Commission covers the cost of salaries for the staff of the Assembly Secretariat and the administration costs incurred in running all the services available in Parliament Buildings. Naturally, this includes all costs incurred in Committee travel, in Member development, in property maintenance costs, the cost of utilities and for contracts with external service providers.

Payments under the Financial Assistance for Political Parties Act (Northern Ireland) 2000 ('the 2000 Act')

14. The 2000 Act provides for payments to political parties for the purpose of assisting those Members who are connected with that party to carry out their Assembly duties. The payments are made under the Financial Assistance for Political Parties Scheme 2016 ('FAPP Scheme 2016'). Once again, those payments are made under legislation but, unlike payments to Members made under a Determination issued by the Panel, they are entirely under the control of the Commission as the 2000 Act provides that a scheme can only be made by the Commission.

Depreciation and Impairment (including notional costs)

15. The Commission is required to account for the costs of holding assets through depreciation charges and through the recognition of impairment to the value of those assets. Notional costs are also included here.

Capital

16. The Commission makes capital investments to enable it to deliver its statutory services. Capital investments typically include physical assets such as building and ICT infrastructure – known as Property, Plant and Equipment.

Budget 2020-21: Detailed Figures

17. Table 1 at Annex B, attached, provides a summary of the Commission's expenditure proposals for 2020-21. The Commission's budget proposals for DEL Resources total **£44.847m**. The total for DEL Capital is **£1.093m**.
18. While a comparison is made with the budget for the current year (2019-20) in the figures presented in this paper, this is of less value than might normally be the case given the resumption of Assembly business on 11 January 2020. The budget for 2020-21 can be best viewed on a *first principles* basis; it sets out the expenditure plans for the next financial year including the estimated financial implications of NDNA other than translation services which, as noted above, will be dependent on the outcome of the Committee on Procedures' deliberations.

Income

19. It is expected that the Commission will receive income of **£739k** in 2020-21. The Commission is required to account for the recovery of the cost of Ministerial salaries in its Accounts. Previously, the Commission paid Ministerial salaries and these were then recorded in the Accounts of each Executive Department on a notional basis. However, due to technical financial reporting changes, Ministerial salary costs are now hard-charged to Departments and the resultant income is recorded by the Commission. The Commission also enters into a small number of secondment arrangements for its staff with other public sector employers. The recovery of the salary costs of these seconded staff is treated as income.

Expenditure Associated with Members

20. This category of costs is made up of a series of sub-categories including Members' salaries, constituency office costs (including Members' support staff costs), Members' travel costs and other Members' costs (such as winding up allowance and resettlement allowance). The total costs that are required for 2020-21 is **£13.105m**.
21. **Members' Salaries.** The formation of the Executive on 11 January 2020 means that the salary provisions of the 2016 Determination now apply. The calculation for Members' salaries is relatively simple as it covers the salary payable to all 90 Members plus the additional salaries paid to Ministers and to other Assembly officeholders such as the Speaker, Deputy Speakers, Committee Chairs and members of the Assembly Commission. The total for 2020-21 is **£6.676m** and given its statutory basis, this is the amount that will be paid in 2020-21.
22. **Members' Constituency Costs.** The forecast for this part of the budget for 2020-21 makes provision for the full amounts that are available to Members in respect of the costs of running a constituency office. It includes the salaries paid to Members' support staff, the rent and rates for constituency offices and all the associated running costs. It is anticipated that Members will wish to engage the

full staff complement permitted under the 2016 Determination in order to provide an effective constituency office service to constituents. For next year, this is forecast to total **£6.018m**.

23. **Members' Travel Costs.** Once again, the amounts to be paid to Members in respect of their Assembly and constituency travel allowances are set by the 2016 Determination. It is worth noting that the amount for 2020-21 is slightly *less* than the amount for 2019-20. This arises as the 2016 Determination prescribes that a Minister cannot receive the Assembly travel when she or he uses an official car. Therefore, it is anticipated that due to the likely use of Ministerial cars, the total cost for Members' travel will be slightly less in 2020-21 than is expected for 2019-20. The total for this sub-category of expenditure for 2020-21 is forecast to be **£293k**.

24. **Members' Other Costs.** This sub-category of costs includes provision in the 2016 Determination for items such as winding up expenditure, ill-health retirement allowance and resettlement allowance. While it is unlikely that resettlement costs will be incurred (these can only be incurred if the Assembly is dissolved), it is possible that a number of Members will leave the Assembly leading to winding up expenditure or Members may retire on ill-health grounds. The total for this sub-category is forecast to be **£118k**.

Expenditure on Assembly Secretariat salaries and administration costs

25. **Assembly Secretariat Staff Salaries.** The figures for 2020-21 for Assembly Secretariat staff salaries represent the biggest change from the amount incurred in 2019-20. In the period from January 2017 to January 2020, approximately 50 members of staff left the organisation. The need to ensure the effective use of public funds meant that, save for a very small number of technical posts, these leavers were not replaced. Therefore, when the Executive was formed on 11 January 2020, many staff were internally re-allocated, on a temporary basis, to initially support Plenary and Committee business pending permanent recruitment to fill these vacant posts.

26. Since 11 January 2020, the Commission has begun to engage the services of Agency workers. At the date of the preparation of this paper, the actual Staff in Post (SiP) is 311 Full Time Equivalentents (FTE) against an agreed staff complement of 353 FTE. Therefore, there are 42 FTE vacancies across the Assembly Secretariat.

27. This level of vacancies is before any consideration is given to the impact of political developments most notably arising from NDNA. This figure also excludes the need for further support for Members for the development of Private Members' Bills ('PMBs'). This was announced by the Speaker in Plenary on 3 February 2020.

28. Committee Members will be aware that NDNA sets out a series of outcomes that will fall to the Assembly. That being the case, the requirement to provide the services that are needed to deliver those outcomes will have a direct impact on staffing requirements in the Assembly Secretariat. NDNA envisages up to three new Committees to be in place in the Assembly. It is envisaged that these Committees will respectively:
- a. Scrutinise the work of the Executive Sub-Committee on Brexit;
 - b. Consider the creation of a Bill of Rights; and
 - c. Monitor progress against each of the Programme for Government outcomes and consider potential measures for achieving improvement.
29. It is anticipated that during 2020-21, two additional Committee teams will be established, with a requirement for additional resources within the Legal Services Office and RaSe, to support the work of these Committees.
30. At the Plenary sitting of the Assembly on 3 February 2020, the Speaker made an important announcement about increasing the support for PMBs from the Bill Office. The Speaker set out that the Bill Office will now have separate Executive Bills and non-Executive Bills teams. The non-Executive Bills team will provide dedicated support for Members seeking to advance a PMB. This will require an increase in staffing in the Bill Office.
31. Further temporary staffing resources are urgently being sought at the same time as a sustained programme of planned recruitment is initiated. The recruitment programme will initially concentrate on those posts that have a direct impact on the delivery of services to Members. Inevitably, that programme will require additional temporary staffing resources to enable it to be carried out.
32. The Committee will recognise the importance of the Assembly's engagement especially with young people, and the Commission has been considering the best approach to delivering a Youth Assembly. It is anticipated that staffing resources will be made available to make progress on the establishment of a Youth Assembly in 2020-21.
33. For some time, the Commission has recognised that a considerable proportion of the services that it delivers to Members can be better facilitated through the more effective use of technology. Consequently, it is planned to increase ICT staffing during 2020-21.
34. During the period when the Assembly was not fully operating, a wide range of corporate activities were undertaken. Work has commenced on a fundamental review of our corporate support systems that are either reaching the end of their useful lives or their contractual periods. These include finance systems, HR systems and the systems used to process Members' claims for expenses and allowances. It is envisaged that a small team will be retained to carry out this work in 2020-21.

35. In addition to the staffing pressures noted above, there is also a need to build the Commission's capacity to deliver the heavy legislative programme that will arise in the final 18 months of the current Mandate.
36. The total requirement for staffing support for 2020-21 will be 391 FTE. The expected cost for this level of staffing is **£21.880m**. By way of comparison, the anticipated staffing for 2020-21 for the National Assembly for Wales is 497 FTE (with 60 Members). For the Scottish Parliament, the anticipated staffing is 542 FTE (with 129 Members) – see Table 2, Annex C. The total staffing costs for the National Assembly for Wales is expected to be **£24.384m** and **£30.617m** for the Scottish Parliament.
37. **Administration Costs.** As with Assembly Secretariat salary costs, the administration costs for 2020-21 are expected to show a significant increase over the level that is forecast for 2019-20 because of the resumption of normal Assembly business. The expected total for 2020-21 is **£6.131m**.
38. For 2020-21, it is expected that additional costs will be incurred across most items of expenditure under the Administration Cost umbrella. This will include costs for a full programme of Committee visits and events, support for Member development and funds to meet the costs of legislative drafting – which is particularly important following the Speaker's announcement about enhancing support for Members seeking to progress PMBs.
39. It is also anticipated (but subject to the views of the Assembly) that there will be legislative changes made to the system of financial support for Members. This is likely to include legislative changes either through amendment to the existing legislation or via an entirely new piece of primary legislation. In either case, legislative drafting costs will be incurred.
40. It is planned to increase the Commission's in-house capacity to deliver Member development (including support for the training needs of Members' support staff) during 2020-21 in consultation with Members, Committees, Whips, staff and key stakeholders. It is planned to develop a virtual one-stop shop for Members in relation to the business of the Assembly. This will include the development of a dedicated intranet site for Members and their staff as well as the facility and capability to respond to procedural and legislative queries from Members and their staff. It is also planned to enhance support for Members in their policy and budget scrutiny, legislative scrutiny and post-legislative scrutiny roles by developing guidance and professional development for Members and Committees.
41. In addition to the Member-facing costs that are likely to be incurred during 2020-21, it is expected that routine contractual costs will also increase over the levels incurred in 2019-20. For example, the cost of broadcasting the Assembly's

proceedings (that was reduced during the period when the Assembly was not fully operational) will increase.

42. As noted above for Assembly Secretariat salaries, a full recruitment programme will be undertaken. The Commission is acutely aware of the need to ensure that all aspects of recruitment are carried out in full compliance with the law as it relates to fair and open competition. Consequently, there is a need for a large number of recruitment competitions with associated advertising to ensure that all sections of our community have equal access to the employment opportunities that are offered by the Commission.

Payments under the Financial Assistance for Political Parties Act (Northern Ireland) 2000 ('the 2000 Act')

43. Payments to political parties are made under the secondary legislation set out in FAPP Scheme 2016. The level of payments to political parties under that Scheme is expected to fall in 2020-21. The reason for this fall arises from the construction of the Scheme. Payments to parties who are presented in the Executive are reduced for each member of that party who holds a Ministerial office. Therefore, the expenditure is anticipated to fall from £756k in 2019-20 to **£725k** in 2020-21.

Depreciation and Impairment (including notional costs)

44. It is expected that there will be a consequent increase in depreciation and impairment charges for 2020-21 arising from the proposed increase in capital investment for next year. Notional costs relate to the charges levied on the Commission by the Northern Ireland Audit Office in respect of the statutory audit of the Commission's Annual Report and Accounts. The total cost for this category of expenditure is expected to be **£3.745m** in 2020-21.

Capital Investment

45. In the incoming financial year, a number of planned capital projects are expected to be delivered with a total cost of **£1.093m**. These projects include:
- a. An upgrade to the security systems in use in Parliament Buildings. These systems are approaching the end of their useful life and their replacement was deemed necessary by the Commission even before the resumption of normal Assembly business;
 - b. An investment in ICT infrastructure to upgrade an important element of the storage area network used in Parliament Buildings;
 - c. Replacement of the Assembly's analogue telephone system with a modern voice and unified communications system;
 - d. Replacement of the support systems used to acquire goods and services, pay suppliers (including a more up-to-date process for Members to submit expenses claims) and account for our activities that are either reaching the end of their useful lives or their contractual periods; and

- e. Investment in furniture and equipment across Parliament Buildings. Some of the furniture in use is now in its third decade of use and a programme of replacement is required.

46. The plan for capital investment is attached at Table 4, Annex D.

Conclusion

47. The Commission's DEL Resources expenditure for 2020-21 is expected to be **£44.847m**. The forecast for DEL Capital is **£1.093m**. These expenditure forecasts reflect a fully functioning Assembly. Payments to Members will be at the levels set out in the 2016 Determination and it is anticipated that a full Assembly Secretariat staffing complement, augmented by the staffing resources that are needed to deliver the outcomes set out in NDNA will be in place. By way of context, the directly comparable costs in the budget plans for the 2020-21 financial year for both the National Assembly for Wales and the Scottish Parliament are shown at Table 3, Annex C. For the National Assembly for Wales, the expected costs are **£55.024m** and **£88.333m** for the Scottish Parliament.

The Assembly Commission

NORTHERN IRELAND ASSEMBLY COMMISSION BUDGET SETTING PROCESS

Preparation of Draft Budget:

Context

The Assembly Commission (the "Commission") prepares a draft budget for the period of the Executive's Budget as notified by the Department of Finance (DoF). This budget is established in advance of the timetable established by DoF for Executive Departments;

Key Milestones

- a. As part of the development of the Commission's draft budget, the Commission actively obtains data and projections from the DoF relating to the wider outlook for the Northern Ireland Block for the entirety of the budget period;
- b. The Commission, taking account of the DoF projections, proposes its draft budget and presents it to the Audit Committee. At the same time, the Commission also provides the draft budget figures to the DoF;

Interaction with Audit Committee:

Context

Via an agreed mechanism (e.g. Standing Orders) and in keeping with the Executive budgetary timetable, the Audit Committee lays a report on the Commission's draft budget;

Key Milestones

- a. In advance of laying that report, the Commission attends an Audit Committee meeting(s) to give evidence on its draft budget;
- b. In advance of laying that report, the Audit Committee receives written evidence from DoF (cleared in advance by the Finance Minister) on the wider outlook for the Northern Ireland Block and the DoF view of the Commission's draft budget. In considering the Commission's draft budget, the Committee should have due regard to the evidence provided by the DoF.
- c. Evidence to the Committee from the DoF shall be included in the Committee's report to the Assembly;
- d. The Committee prepares and lays its report;

NORTHERN IRELAND ASSEMBLY COMMISSION BUDGET SETTING PROCESS

Finalisation of Budget:

Context

The Commission prepares its final budget, taking on board the recommendations of the Audit Committee and submits a motion to the Business Committee;

Key Milestones

- a. The Assembly as a whole debates the final budget in Plenary before voting on the motion (without amendment) that it be "agreed and incorporated into the Executive's Budget and the subsequent Main Estimates."
- b. The vote of the Assembly in respect of the Commission's budget is reflected, without amendment, in the budget prepared by the Executive;

In-Year Amendments to Budget:

Context

On an in-year basis, financial controls are established that are aligned to the arrangements for setting the initial budget.

Key Milestones

- a. The Commission prepares and submits its contribution to Monitoring Rounds and the Spring Supplementary Estimate. The submission of the Commission's contribution to Monitoring Rounds and the Spring Supplementary Estimate will be subject to agreed thresholds between the Commission and the Committee. If these thresholds are not exceeded, the Commission will not seek the Audit Committee's view on its in-year position.

Review:

This methodology will be reviewed within one year of its first use and at the conclusion of every Executive budget setting period.

TABLE 1: ASSEMBLY COMMISSION BUDGET PROPOSALS FOR 2020-21				
£000	2019/20 Forecast		2020/21 Draft Budget	
Income		-£165		-£739
Salaries - MLAs	£4,901		£6,676	
Constituency Costs (incl. staff) - MLAs	£5,778		£6,018	
Travel - MLAs	£312		£293	
Other Costs - MLAs	£112		£118	
		£11,103		£13,105
Salaries - Secretariat staff	£16,768		£21,880	
Administration costs	£4,450		£6,131	
		£21,218		£28,011
Party Allowance		£756		£725
Depreciation & Impairment	£3,373		£3,700	
Notional costs	£44		£45	
		£3,417		£3,745
Total DEL Resources		£36,329		£44,847
DEL Capital		£262		£1,093

ANNEX C

TABLE 2: STAFFING RESOURCES BY DEVOLVED LEGISLATURE		
	Members	Anticipated Staffing
National Assembly for Wales	60	497
Scottish Parliament	129	542
Northern Ireland Assembly	90	391

TABLE 3: DIRECTLY COMPARABLE COSTS IN EACH DEVOLVED LEGISLATURE						
£000	2020/21 Draft Budget Northern Ireland Assembly		2020/21 Draft Budget National Assembly for Wales		2020/21 Draft Budget Scottish Parliament	
Income		-£739		-£220		-£264
Salaries - Members	£6,676		£6,478		£12,845	
Constituency Costs	£6,018		£10,120		£18,432	
Travel	£293		£0*		£0*	
Other Costs	£118		£0*		£0*	
		£13,105		£16,598		£31,277
Salaries - Staff	£21,880		£24,384		£30,617	
Administration costs	£6,131		£12,012		£16,128	
		£28,011		£36,396		£46,745
Party Allowance		£725		£0*		£0*
Depreciation & Impairment	£3,700		£2,250		£10,500	
Notional costs	£45		£0		£75	
		£3,745		£2,250		£10,575
Total DEL Resources		£44,847		£55,024		£88,333
DEL Capital		£1,093		£500		£900
<i>* These costs are included in other budget lines in both the National Assembly for Wales and the Scottish Parliament.</i>						

ANNEX D

TABLE 4: CAPITAL PLAN: 2020-21	
Description of works	Estimated Spend £000
Replace existing Security Management System (SMS)	£320
Upgrade/replace HyperV storage area network infrastructure	£175
Replace the Assembly analogue telephone system with a modern IP based voice and unified communications system	£170
Replace energy inefficient CRT televisions	£100
Replace and test new broadcasting router matrix	£100
Replace / upgrade office furniture	£50
Initiate replacement of HR, Finance, payroll and procurement systems	£50
Provide additional two way fire evacuation emergency communication system	£50
Replace major pieces of broadcasting equipment and infrastructure should they fail	£25
Replace industrial kitchen equipment	£15
Provide a new training room	£13
Provide former Officeholder portrait	£10
Purchase of 3 x plasma screens, audio boxes, portable speaker and microphone, table microphones for Events	£8
Develop in-house videography service - purchase of hardware including iMac, iPad Pros, lightning USB adaptors, video, camera and podcast kit	£7
TOTAL	£1,093



Northern Ireland

Public Services

Ombudsman

NIPSO: Briefing on 2020-21 Budget for
Assembly Audit Committee Meeting 04 March
2020

1. Introduction

- 1.1 Chair and Members, I am pleased to present to the Committee the details of NIPSO's 2020-21 budget plan for your consideration and approval. I look forward to discussing these issues further with the Committee.
- 1.2 I am pleased also to note the correspondence to the Committee from the Department of Finance (DOF), dated 25 February 2020 (Their ref: GM-1058-2020). This confirms that DOF is content that the budget figures presented in respect of NIPSO represent a realistic profile and that, pending the Audit Committee's approval, DOF shall incorporate them into its advice on the Executive's 2020-21 Budget.

2. NIPSO's 2020-21 draft Budget Plan

- 2.1 Further to the information provided at Annex 5 to the briefing accompanying my appearance before the Committee on 13 February 2020, the below breaks down the proposed budget for 2020-21. Please note that this now also includes anticipated Ring-Fenced Depreciation/Impairment and Capital expenditure, which have also been shared previously with DOF.
- 2.2. As before, comparison is drawn with the latest forecast outturn figures for 2019-20:

:

£K	2019-20 Forecast Outturn @ January 2020	2020-21 Proposed Budget	Variance	Note
Staff Salaries	1,565	1,878	313	a
Employer's Pension Pressure	120	120	-	b
Ombudsman's Salary	52	155	103	c
General Admin Expenditure	595	625	30	
LGES	535	541	6	d
TOTAL Resource DEL	2,867	3,319	452	

Resource Depreciation/Impairments	49	115	66	e
--	-----------	------------	-----------	----------

Capital DEL	770	90	-680	f
--------------------	------------	-----------	-------------	----------

Notes:

- a. The requested uplift in staff salaries arises mainly from the full-year effect of investigative staff officers recruited part way through 2019-20, planned additional recruitment activity and an assumed pay bill uplift of up to 2%.
- b. The employer's pensions pressure of £120k is the estimated impact of the significantly increased employer's pension contribution rates that were applied from 1 April 2019.

- c. The Ombudsman Salary has been reduced in 2019-20 owing to the departure of the former Ombudsman in July 2019. For 2020-21 the figure is restored to the previously established full employment cost (i.e. including Employer's National Insurance and Pension) of £155k.
- d. Under arrangements between NIPSO and the Department for Communities the opening budget for NIPSO's discharge of the Local Government Ethical Standards (LGES) function is £541K (constant since 2015-16). Protocols exist that ensure that in any given year where the actual requirement varies upwards or downwards this is addressed in the course of in-year monitoring rounds and where necessary a final adjustment at the year end.
- e. This is a ring-fenced area of **non-cash** expenditure, in respect of the depreciation and/or impairment of NIPSO's assets. The increase between forecast 2019-20 and 2020-21 is attributable to the full year of depreciation to be charged during 2020-21 on the cost of the recently completed refurbishment works.
- f. The significant reduction in **capital** expenditure between 2019-20 and 2020-21 is almost entirely accounted for by the capital refurbishment works undertaken in 2019-20, none of which rolls forward into 2020-21. Details of the expenditure on these works was included at number 9 of the written responses of to the enquiries raised by the Committee following my previous Committee appearance on February 13.

3. Conclusion

- 3.1 I am grateful for the opportunity to discuss on March 4 the budget figures and commentary detailed above. Where applicable, I shall also be pleased to discuss further the detailed written responses of 25 February 2020 to the enquiries raised by the Committee following my previous appearance before you on February 13.
- 3.2 I look forward to exploring further these and any others matters that the Committee may see fit.

Paul McFadden
Acting Ombudsman
27 February 2020



Northern Ireland
Assembly

Appendix 3

Other evidence considered by the Committee

Clairita Frazer
Senior Assistant Assembly Clerk
Audit Committee
Northern Ireland Assembly
Parliament Buildings
Stormont
Belfast BT4 3SW

Private Office
2nd Floor
Clare House
303 Airport Road West
BELFAST
BT3 9ED
Tel: 028 9081 6216
Email: private.office@finance-ni.gov.uk

Your reference:
Our reference: GM-1058-2020

Date: 26th February 2020

Dear Clarita,

**BUDGET PLANS OF THE NORTHERN IRELAND AUDIT OFFICE (NIAO) THE
NORTHERN IRELAND PUBLIC SERVICES OMBUDSMAN (NIPSO) AND THE
NORTHERN IRELAND ASSEMBLY COMMISSION (NIAC)**

Thank you for your letter of 14 February 2020 seeking the Department of Finance's comments on the budget plans of the NIAO, NIPSO and NIAC.

The Department of Finance has examined the submissions for the NIAO and NIPSO which accompanied your letter, and the NIAC has also shared with us a draft of the submission which we understand it intends to provide to the Committee. The Department of Finance is content that the budget plan figures presented by each of these Bodies to the Audit Committee represents a realistic budget profile and, pending the Audit Committee's approval of these plans, the Department of Finance will incorporate these into its assumptions, as it prepares advice on the Executive's 2020-21 Budget.

Yours sincerely,

Ciara McKay

**Ciara McKay
DEPARTMENTAL ASSEMBLY LIAISON OFFICER**



**Northern Ireland
Assembly**

PUBLIC ACCOUNTS COMMITTEE

Daniel McCrossan, MLA
Chair of the Audit Committee

Parliament Buildings

Ballymiscaw

BELFAST

BT4 3XX

Tel: (028) 9052 1208

Fax: (028) 9052 0366

Email:

Committee.publicaccounts@niassembly.gov.uk

21 February 2020

Dear Daniel,

Northern Ireland Audit Office [NIAO] budget 2020-21

The Public Accounts Committee considered the NIAO draft budget position for 2020-21 at its meeting on 20 February 2020. The Committee noted NIAO's Strategic Corporate Framework for 2018-21 and the relevant savings. It was also noted, the capital resource required of £4.04m for the refurbishment of its' premise and NIAO are working with SIB and DoF's Construction and Procurement Delivery to ensure costs are managed within set budgets.

PAC had no further comment to make at this stage but requested that they are kept informed of the final budget position and associated timelines.

Yours sincerely,

William Humphrey
Chairperson
Public Accounts Committee



Pamela McCreedy
Chief Operating Officer

Northern Ireland Audit Office

106 University Street

Belfast

BT7 1EU

Direct Line : (028) 9025 1076

Fax : (028) 9025 1051

E-mail : pamela.mccreedy@niauditoffice.gov.uk

www.niauditoffice.gov.uk

 @NIAuditOffice

Ms Clairita Frazer
 Senior Assistant Clerk
 NI Assembly Audit Committee
 Room 254
 Parliament Buildings
 Ballymiscaw, Stormont
 Belfast, BT4 3XX

27 February 2020

Dear Clairita

Additional Information for the NIA Audit Committee

Thank you for your letter of 14 February addressed to the Comptroller and Auditor General. Kieran has asked me to respond. I have set out my answers to your queries below.

1. In relation to the Public Reporting Programme for 2019-22:

- **What trends have there been over the last 3 years in the number of audits undertaken;**

Our Public Reporting programme is high profile, however it only accounts for approximately 20 per cent (in terms of resources) of the NIAO's total portfolio of audit work. It excludes our largest area of work - financial audits, and does not include our work on whistleblowing concerns or MLA queries. To illustrate the context of our public reporting programme within the wider portfolio of audit work, the table below sets out all 'output' performance measures over the last three financial years. This summary overview is a useful illustration, it is important to note that all audits are not equal, both in terms of complexity, risk, resource mix and the time required to complete (inputs) and the impacts arising from each audit (outcomes).

Number of:	2018-19	2017-18	2016-17
Financial audits (central government)	136	128	138
Financial audits (local government)	15	15	20
Improvement audits (local government)	11	11	11
Major VFM audits, resulting in a report	7	10	9
Total Audits	169	164	178
Other public reports	9	3	3
Whistleblowing concerns investigated	66	63	58
MLA queries investigated	15	16	10

- What are the anticipated NIAO outputs for the remaining years of this programme?

It is anticipated that the quantum of financial audits will remain consistent over the next couple of years. However, recent financial issues emerging within local government may require us to use additional resources in the programme of work over the next couple of years.

Delivery of the public reporting element of our work, (which is set out in our programme for 2019-22), will be dependent on available resources. As outlined in our brief to the Committee, the return of the Assembly has already required us to divert resources from the public reporting programme to provide support to the Public Accounts Committee and the wider Assembly. Additional resource is therefore required going forward if we are to sustain delivery of our public reporting programme.

- Are you confident that you can deliver on this programme within the resources indicated in your draft budget plan?

Yes I am confident that our programme of work can be delivered within the resources indicated in our draft budget. This will of course be dependent on our ability to recruit additional, appropriately skilled staff from an increasingly competitive market. There is a lead in time in our recruitment process, which cannot commence until we have certainty of our budget. While this takes place, we have a backlog of reports which, together with a steady stream of new reports, should provide the Public Accounts Committee (PAC) with sufficient material for its forward work programme.

- How would you prioritise the programme if the necessary resources were not made available for the full programme?

From 2011-12 to 2018-19, there has been a 26% reduction in cash costs in our budget from £8.1m to £6.0m. In the same period staffing has reduced from approx. 140 to 105 average FTE. I have outlined above the recent emerging pressures to the public reporting programme, as a result of redeploying resources to support the PAC and the wider Assembly. Without additional resources a full public reporting programme could not be delivered, as we have a statutory priority to deliver financial audit opinions. Any further reduction in the budget would lead to a corresponding reduction in public reporting outputs and the risk that we cannot support the PAC with enough reports for its forward work programme. This would prevent us delivering a professional public audit service. Further financial restrictions would seriously impinge on our independence.

2. In relation to the reductions in staff to date outlined in paragraph 34 of the first day brief, aside from the payroll savings:

- What has been the impact on both the skill base of Audit Office staff and outputs for the Audit Office?

The NIAO has been committed to playing its role in making savings and in recognising the need for restructure, VES offered an opportunity for this. Six VES schemes were run across 4 years, achieving total net savings of £2.2m so far. There is no doubt that losing experienced staff over four years has led to a reduction in the overall skill base of the Office. However, with the exception of one year, we have continued to recruit Graduate Trainee Accountants and newly qualified accountants which bring in fresh, new talent and skills each year. The net impact has enabled a new, more flexible structure which, when combined with the absence

of an Assembly, freed up some resource to maintain our full portfolio of work. However, the recent return to supporting the Assembly has introduced increased workloads, creating resourcing pressures, particularly on those staff that work on public reports as well as the senior management team. This has already begun to impact on a number of public reporting projects.

Our focus is not only on the number of reports published (outputs) but on the quality of the reports and the wider beneficial impacts they bring to the public sector (outcomes). We have therefore expanded our portfolio of public reporting products, for example shorter emerging issues reports, impact reports and good practice guides, which can be delivered in quicker timescales and with less resource.

3. Paragraph 31 of the first day brief noted that “from 2011-12 to 2018-19 the NIAO reduced its net resource requirement by 26% from £8.1m to £6.0m in cash terms (38% in real terms)”. This was facilitated by improved flexibility across different work streams; use of a Voluntary Exit scheme; change in senior management structure; a 2-year pay-scale freeze and 1% pay increase.

- Given such significant reductions – what scope is there for further savings in this regard?

Further savings would impact negatively on the service levels provided to the PAC, the wider Assembly and the public. Further budget reductions could lead to a corresponding reduction in public reporting impacts and outcomes. This brings with it the additional risk of being unable to publish enough reports to support the PAC’s forward work programme or provide support to the wider Assembly. This would prevent NIAO from delivering a professional public audit service and would seriously impinge on our independence.

4. Paragraph 35 indicates that the outturn for 2019-20 is forecast to be £6.586m – the main reason given for this as the “significant reduction in staff costs”:

- **Can the Committee be provided with a complete breakdown of this outturn figure?**

	2018-19*	2019-20
	£million	£million
Income	2.720	2.745
Gross Costs		
Payroll	6.206	6.450 ¹
Contracted Out Costs	1.099	1.350
Other Costs	1.484	1.391
Depreciation	0.134	0.140
	6.203	6.586
VES	0.728	-
Govtech		0.238
Decant Costs		
Net Resource Outturn	6.931	6.824

¹ £350,000 of additional annual costs added in 2019-20 due to an increase in employer’s pension rates. A previous increase in 2015-16 added an additional annual increase of £95k.

*- Includes NFI income and expenditure of £154k and £141k respectively.

- **Were there any reduced requirements in year, if so, what and why?**

In 2019-20 the budget was unchanged in cash terms from the previous 2 years. It was subsequently increased through an additional in-year allocation of £500k primarily to reflect unfunded increases in the pension rates. However, the £500k was not required in 2019-20 as there were sufficient savings still being carried forward from previous VES exercises to absorb this and other cost pressures in the short term.

We therefore had a reduced requirement of this £500k which was notified to DoF supply in September. A further reduced requirement of £222k (including £22k associated with Govtech project) was made in September and finally a further £259k in December, totalling £981k for the year. The reduced requirements were in the main as a result of lower than anticipated staffing numbers and the subsequent paybill reductions, due to the timing of recruitment exercises and subsequent appointments incurring only part year costs.

The full year costs associated with these appointments are included in our 2020-21 budget.

- **Can you give the Committee an assurance that effective financial management processes are in place to avoid overspend and minimise underspend going forward?**

I am content that there are effective financial management processes and controls in place to manage and reduce the risk of an overspend or underspend. Independent assurance from Internal Audit was acquired following an examination of our Budgetary Control processes during the 2018-19 financial year and their report gave a satisfactory rating. Our controls are also independently examined each year by External Audit when they undertake the audit of our annual report and accounts.

5. **What is the cost of the recruitment needed over the next 2 years as outlined in paragraph 36 of the first day brief?**

There are already approximately £600k of costs that will appear in the 2020-21 salary line based on recruitment that took place part way through 2019-20, at the year-end or planned for early 2020-21. Additional planning is required to be carried out for recruitment of staff to fulfil servicing the NI Assembly. Currently an estimate of £500k is included for staff costs for this. All of these payroll costs will roll into the second year. Uplifts have also been included for the paypoint scale increases and scale progression, based on CPI estimates.

6. **Paragraph 35, note 2 of the table indicates that the proposed main estimate for 2020-21 includes £100k for contracted out increases, £180K for pay uplift and £50K for new clear line of sight work:**

- **What is the detail on each of these three elements?**

- 1. Contracted out costs for 2019-20 are forecast to be £1,350k. Through changes in contracts and uplifts, the forecast figure for 2020-21 is £1,450k. These costs are incurred under contractual arrangements.**

- 2. Pay uplift - £180k is included for potential pay uplift against £7m payroll, scale progression movement and uplift on general overhead costs, estimated using CPI rates.**
- 3. Review of financial processes (clear line of sight). This is the estimate cost of additional staff time across seven departmental audits.**

7. Aside from letting out a larger portion of office accommodation - what further scope is there for the Audit Office to generate income?

Our income is, in the main, derived from statutory obligations to hard charge audits in respect of our local government work and also some audits in central government. We also receive approximately £500k each year from the National Audit Office for EU verification work conducted on their behalf. There is considerable uncertainty around this income stream, and the potential it could end completely in 2021-22. We are closely monitoring the position as the loss of income and freeing up of staff presently working in that area will have a significant impact on our budget and associated recruitment decisions. We also receive some income from staff secondments but that too is at risk in light of changes in ethical standards which we anticipate will make secondments quite restrictive. There is therefore little scope to generate income so our value for money lens is very much focussed on our main responsibility for conducting public audits.

8. Has there been any indication from the Department of Finance about potential budgetary reductions for the 2020-21 financial year in the context of wider UK Government budgetary reductions? How would the Audit Office manage any such reduction based on the plans outlined during the briefing to the Committee?

We have not received any indication of this from DoF, rather DoF has been supportive of our budget. NIAO would have significant difficulties dealing with any reductions and I would refer you to my earlier comments.

In relation to your observation about sharing a paper on our governance structure, that is work which is in process as part of our wider business transformation programme, but we will be happy to share that with the Committee in due course.

I hope you find this response helpful but if there are further queries either myself or Rodney Allen would be happy to meet and discuss.

Yours sincerely

PAMELA McCREEDY
Chief Operating Officer

Ms Clairita Frazer
Senior Assistant Clerk to the Assembly Audit Committee
Room 254, Parliament Buildings
Ballymiscaw
Stormont
BELFAST
BT4 3XX

25 February 2020

Dear Clairita

ASSEMBLY AUDIT COMMITTEE MEETING OF 13 FEBRUARY 2020 - FOLLOW-UP ENQUIRIES

Thank you your letter of 14 February 2020 containing a number of enquiries following my appearance before the Committee on 13 February.

I set out below the enquiries made and my responses. I would be happy to expand on these points further in discussion and I extend again an invitation for members to visit the Office to view at first hand the range of our work.

1. Paragraph 5.3 of the '(Nominated) Acting Ombudsman Submission' highlights the routine publication of investigation reports.

- ***What additional costs have been incurred because of this approach?***

Response: The decision in October 2017 to recruit a full-time Head of Communications for NIPSO was driven in part by the acquisition of public interest reporting powers. Prior to this the office had never had a dedicated communication resource. As I outlined at the evidence session, I am keen that we use the experience of complainants through our investigations to help public service providers learn and improve services. This is an important role and is the key focus of Strategic Objective 5 as outlined in the Strategic Plan. This inevitably requires resourcing given the specific skills this involves.

An estimated 20% of the Head of Communication's time is attributable to the specific work attached to the public interest reporting, amounting to some £14k per annum (i.e. 20% of the officer's employment cost, inclusive of employer's pension and national insurance contributions). The work includes; preparing reports for publication, dealing with media responses to cases and producing case digests.

There are other resource implications attached to managing the process of preparing public interest reports in terms of Investigative team and Ombudsman and Deputy Ombudsman time. These are relatively minimal and are subsumed within the core functions of these roles and are not, therefore, additional costs.

2. Strategic objective 3 aims to improve complaints handling of all service providers by simplifying the design and operation of the complaints handling system in Northern Ireland. The Complaints Standards Authority (CSA) role is stated as a key feature of this preventative measure.

- ***What is the timetable for commencement of the (CSA) role?***
- ***What are the financial implications of the commencement of this role?***

Response: The Assembly will determine the timetable for the commencement of the CSA role and I would welcome the Committee's support in seeking to bring this forward. This is the last 'phased' new jurisdiction or power still to be implemented from the 2016 Act.

Upon commencement of the CSA there will be a lead in time to recruit and develop the capacity of the office to undertake this new improvement role. This is a very different externally focused role, requiring new skills. There will then be a period of working in partnership with public bodies, complainants and wider stakeholders to develop and launch the framework for improved complaints handling, including principles, model procedures, standards, guidance and, potentially, training. There will, subsequently, be an implementation period for public bodies in each sector. The lead-in time before effective implementation and improvement is realised is, therefore, not insignificant and reinforces the importance of the CSA powers being commenced as soon as possible.

Pending commencement, we have been preparing for taking on a CSA role by carrying out research on public sector complaints handling. This has involved a series of discussions and engagement with a range of stakeholders, including public bodies, complainants and advocacy bodies, as well as an analysis of key findings from our own investigations. When completed we will report publicly on this and I would be happy to provide to and discuss with the Committee.

It has always been clear that additional resources will be required to enable this new statutory role. The financial implications of commencement currently remain under consideration. They would include recurring staff salaries and other costs to support the function. The expenditure would be phased and the current draft budget plans for 2020-21 include just under £100k, half year costs arising over the second half of that financial year; dependent upon the function being commenced. Beyond 2020-21 on a recurring basis the annual expenditure is currently anticipated to be in the region of £200k. This is based on estimates undertaken in 2017 and may be subject to revision.

3. Noting the increase in complaints since the 4 years of NIPSO's inception with a projected increase of 37% in 2019/20:

- ***What further explanation can you give for the figures provided in Annex 2, in particular the projected 123% increase for 'other' complaints. What is included in this 'other' category?***

Response: As stated during the evidence session on 13 February, NIPSO has seen sustained increases in the numbers of complaints each year since its establishment in 2016. This applies across all sectors – Health & Social Care, Government Departments & Agencies, Education, Local Councils, Housing and Other. Among the potential contributory

factors are the increased awareness of the Office, leading to a higher profile and the increased visibility arising from the publication of our findings. We consider that the Office's separate role as Local Government Commissioner for Standards also has had a significant indirect effect in broadening public awareness of our maladministration role.

A number of smaller bodies in jurisdiction (as set out in Schedule 3 to the Public Services Ombudsman Act (Northern Ireland) 2016) do not fall naturally under the main reporting categories and these are reported under 'Other'. Examples are oversight bodies such as the NI Authority for Utility Regulation, the Northern Ireland Audit Office, the Office of the Commissioner for Children and Young People and the Health and Safety Executive. Our replacement complaints handling system will have an improved capacity to report on complaints at a more detailed level and we are working to improve the categorisation of complaints in the 'Other' category in this system.

Also included in 'Other' are complaints to the Office which, upon assessment, are found to fall outside NIPSO's jurisdiction. In such cases it may be necessary to seek internal legal advice and interpretation on the status of these complaints; hence it is established practice that they also be registered as cases, given that they consume time and resources.

4. Strategic Objective 1 and 2 emphasise the need for best practice, high quality and continuous improvement processes as well as investing in the training and skills of NIPSO staff. Section 5 of the Strategic plan also mentions a number of measures that NIPSO will use to assess and improve service efficiency and effectiveness whilst maintaining high quality investigation and adjudication work.

- ***Can you provide members with further explanation of these measures and processes?***

Response: As summarised in section 5 of NIPSO's draft Strategic Plan 2020 - 2023, the following are the chief means by which NIPSO assesses and improves efficiency and effectiveness whilst maintaining quality:

- A comprehensive office manual (running to some 80 pages) which serves as a reference tool for staff to operate within NIPSO's procedures and legislation.
- Agreed Key Performance Indicators and weekly performance monitoring to facilitate continuous reporting on NIPSO's key activities both internally and to the Audit and Risk Committee.
- Adherence to the Ombudsman Association Service Standards Framework – a document that sets out what the Association considers best practice and which the Association's members (including NIPSO and all other Ombudsmen in the UK and Ireland) are required to adopt.
- An internal quality assurance framework, operating quarterly, to ensure NIPSO achieves high levels of service provision and consistent and robust decision-making in the provision of investigation services to the public. This has been developed on the basis of frameworks established in other Ombudsmen schemes and is reported on to our Senior Management Team.

- A review procedure for decisions on complaints in specific circumstances, where this is appropriate.
- A procedure for complaints from the public about our service.
- An enhanced communication strategy and dedicated resources to disseminate awareness of the investigation and adjudication work of the office.
- Ongoing investigative training for our staff.
- Active participation and contribution to the sharing of best practice between other ombudsman services within the UK, Ireland and internationally. We regularly participate as members in a range of specialist Ombudsman Association working groups to develop and learn from current Ombudsman best practice.

I would be happy to expand on this further in discussion with the Committee.

5. Section 5 of the Strategic Plan ‘Resource requirements’ refers to ‘significant challenges in securing essential funding to fulfil NIPSO’s strategic objectives’

- ***What are the challenges of a one-year budget in 20/21 year?***

Response: The challenges presented by a one-year budget for 2020-21 would include:

- Inability to make and commit to longer term resourcing plans.
- Inability to enter into recurring commitments, necessary to put the organisation on a longer-term sustainable footing, without the assurance of matching recurrent resources.
- Continued reliance on short-term employment contracts and/or the use of agency staff, which affects the stability of our workforce and risks eroding our knowledge and experience base. This is particularly critical as staff are central to our investigative quality and effectiveness and account for approximately 75% of annual expenditure.
- A reduced capacity to focus not just on reactive complaint investigations but also on longer term proactive engagement with stakeholders to secure durable and lasting improvements to Northern Ireland public services.

6. While accepting the anticipated projected growth of complaints for NIPSO to investigate outlined in annex 2 of your briefing:

- ***What assurance can you provide to ensure that NIPSO delivers its functions efficiently and effectively?***

Response: We have the following mechanisms in place to provide assurance that we deliver our functions efficiently and effectively:

- An independent Audit and Risk Committee (ARC) to which NIPSO provides regular and comprehensive information regarding the effective discharge of our functions;
- An externally appointed Internal Audit Service, which examines and reports on a rolling programme of operational and administrative areas of NIPSO’s business and which presents an annual Assurance Report;

- External Audit, undertaken by the Northern Ireland Audit Office, including an assurance that the expenditure and income in the annual financial statements have been applied for the purposes intended by the Assembly;
- The maintenance and regular review of a Corporate Risk Register which, in respect of each of NIPSO's strategic objectives, identifies the key risks to achievement, the measures in place to manage these risks and potential further measures for consideration, subject to available resources;
- The production and analysis of weekly reports on current and projected year-end performance against a range of Key Performance Indicators;
- The operation of a regular quarterly Quality Assurance framework with a view to ensuring that those coming into contact with the office receive the best quality service possible and that all opportunities for internal organisational learning are identified and taken. This is reviewed at Senior Management Team meetings on a regular basis.

7. What consideration has NIPSO given to availing of shared services to maximise its efficiency savings - for example, by joining the NICS Shared Services?

Response: We currently avail of the following NICS Shared Services:

- IT Assist - full IT provision and support
- HR Connect – payroll
- Department of Finance (DoF) Pensions service
- DoF Construction and Procurement Delivery (CPD)
- DoF Properties Division – property maintenance and advice services

We seek to avail of all shared services to the extent that they are relevant to our business and provide the best value option.

8. What consideration has NIPSO given to any income generation options?

Response: NIPSO has considered income generation options and, given the nature of the business and our ambit, we currently have no material scope for income generation.

We shall continue to keep this position under review and in the future it is possible that we could explore potential income from training provision related to the complaints standards authority role on a cost recovery basis from other public bodies. This would, however, most likely involve 'circular' public funds - i.e. no net gain to the public purse.

9. Could members have clarification on the refurbishment work mentioned in annex 5 of the briefing note?

- ***What was the total cost of refurbishment and how much was contributed from NIPSO resources? Will this have any impact on future Budget plans?***
- ***What assurance can you provide that this is the most cost effective accommodation solution for NIPSO? How long has the lease on Progressive House left to run?***

Response: The total cost of the refurbishment (not including the installation of audio - visual equipment and other final fitments that remain to be completed in 2019-20) is £896k against a budget of £970k. Of the £896k expenditure, £250k is being contributed by NIPSO's landlord, leaving £646k contributed from NIPSO resources. The cost of the refurbishment has no impact on future capital budget plans.

Regarding assurance on cost effectiveness, the decision to refurbish the existing premises was based upon an evaluation of requirements and options. Advice was sought and taken from the Strategic Investment Board and from Land and Properties Services within the Department of Finance and the chosen accommodation represented best value compared to a number of alternatives that were carefully considered.

The lease on Progressive House is due to run up to 31 December 2034 (i.e. 15 years from 1 January 2020).

10. Has there been any indication from the Department of Finance about potential budgetary reductions for the 20/21 Financial Year in the context of wider UK Government budgetary reductions? How would NIPSO manage any such reduction based on the plans outlined during the briefing to the Committee?

Response: As of the date of this response, there has been no indication from the Department of Finance about potential budgetary reductions for the 2020-21 financial year.

As discussed at the evidence session on 13 February it would extremely difficult for NIPSO to manage any such reduction given the current and projected future demands on the Office.

I trust that the Committee shall consider these responses to be satisfactory

Yours sincerely

PAUL McFADDEN
(Nominated) Acting Ombudsman



Northern Ireland
Assembly

Appendix 4

Minutes of Proceedings



**Northern Ireland
Assembly**

AUDIT COMMITTEE

MINUTES OF PROCEEDINGS

**THURSDAY 13 FEBRUARY 2020, ROOM 21, PARLIAMENT BUILDINGS,
BALLYMISCAW, STORMONT**

- Present: Daniel McCrossan MLA, Chairperson
Andrew Muir MLA, Deputy Chairperson
Emma Sheerin MLA
- Apologies: Joanne Bunting MLA
Alan Chambers MLA
- In Attendance: Shane McAteer, Assembly Clerk
Clairita Frazer, Senior Assistant Assembly Clerk
Aoibheann Baker, Assistant Assembly Clerk
Jim Nulty, Clerical Supervisor
Gareth Cross, Clerical Officer

The meeting commenced at 10.13am in closed session.

5. NIAO – Background briefing on draft Budget Plan 2020-21

The Chairperson welcomed the following NIAO officials to the meeting and invited them to brief the Committee:

- Kieran Donnelly, Comptroller and Auditor General (C&AG);
- Pamela McCreedy, Chief Operating Officer, NIAO; and
- Rodney Allen, Director of Corporate Services, NIAO.

Mr McCrossan declared an interest as a former Deputy Chairperson of the Public Accounts Committee in the previous mandate.

The session was recorded by Hansard.

The briefing was followed by a question and answer session in which the Committee probed NIAO officials on a range of issues, including: NIAO's strategic plan and resourcing and budget issues; the Audit Office Business Transformation Programme; the

legal constitution for the position of the C&AG; Main Estimates for 2020-21; and the NIAO accommodation project.

The NIAO officials agreed to provide follow up information as requested.

6. NIPSO - Background briefing on draft Budget Plan 2020-21

The Chairperson welcomed the following NIPSO officials to the meeting and invited them to brief:

- Paul McFadden, (Nominated) Acting NIPSO; and
- John McGinnity, Director of Finance and Corporate Services, NIPSO.

The session was recorded by Hansard.

The briefing was followed by a question and answer session in which the Committee probed NIPSO officials on a range of issues including: NIPSO's strategic plan and resourcing and budget issues; implications of the current NIPSO vacancy; projected increases in the number of complaints; and the 2020-21 budget plan.

The NIPSO officials agreed to provide follow up information as requested.

Agreed: The Committee agreed to write to NIAC requesting an updated timetable for the recruitment of the Northern Ireland Assembly Ombudsman.

7. Next Steps in 2020-21 Budget Process

Members received a briefing from the Committee Secretariat on the next steps for its scrutiny of the draft 2020-21 Budget plans for the three non-Ministerial Bodies.

Agreed: The Committee agreed to proceed with its scrutiny in order to submit its final position to the Department of Finance in relation to the draft Budget Plans 20/21 ahead of finalisation of the Executive Budget plan before 11 March. This final position would be laid in the Assembly Business Office and published on the Committee's webpages. The Committee *further agreed* that the next meeting will take place on 4 March 2020 at 1pm in light of the time constraints for a Committee position to be agreed on Budget 2020-21 for the three non-Ministerial bodies.

Agreed: The Committee agreed to seek the view of the Department of Finance on the budgetary positions of the three non-Ministerial bodies in accordance with the applicable protocols and seek the views of the Public Accounts Committee on the budgetary plan of the Northern Ireland Audit Office for 2020-21.

[EXTRACT]



**Northern Ireland
Assembly**

AUDIT COMMITTEE

MINUTES OF PROCEEDINGS

**WEDNESDAY 4 MARCH 2020, ROOM 21, PARLIAMENT BUILDINGS,
BALLYMISCAW, STORMONT**

Present: Daniel McCrossan MLA, Chairperson
Andrew Muir MLA, Deputy Chairperson
Joanne Bunting MLA
Alan Chambers MLA
Emma Sheerin MLA

Apologies: None.

In Attendance: Clairita Frazer, Senior Assistant Assembly Clerk
Aoibheann Baker, Assistant Assembly Clerk
Jim Nulty, Clerical Supervisor
Gareth Cross, Clerical Officer

The meeting commenced at 1pm in closed session.

6. Matters Arising

6.1 Committee Position on the Draft Budget 2020-21

The Committee noted that today's evidence sessions with NIAC, NIAC and NIPSO will be in open session and that the meeting will move into closed session for the Committee to give initial consideration to its report on the draft Budgets 2020-21 for the three non-Ministerial bodies.

7. Background Briefing from the NIAC on Draft Budget Plan 2020-21

The Chairperson welcomed the following officials representing NIAC to the meeting and invited them to brief the Committee:

- Lesley Hogg, Clerk/Chief Executive, Northern Ireland Assembly; and

- Richard Stewart, Director of Corporate Services, Northern Ireland Assembly.

The session was recorded by Hansard.

The briefing was followed by a question and answer session in which the Committee questioned the officials on a range of issues including: the financial implications of the “New Decade, New Approach” agreement; income generation options; anticipated staffing resources in light of the now fully functioning Assembly; and proposed elements of the Commission’s capital works programme, including replacing the Assembly’s analogue telephone system. Members also noted the Assembly Commission’s contingency plans in response to COVID-19.

Ms Sheerin left the meeting at 2.55pm

8. Briefing from the NIAO on Draft Budget Plan 2020-21

The Chairperson welcomed the following NIAO officials to the meeting and invited them to brief the Committee:

- Pamela McCreedy, Chief Operating Officer, NIAO; and
- Rodney Allen, Director of Corporate Services, NIAO.

The session was recorded by Hansard.

The briefing was followed by a question and answer session in which the Committee questioned the officials on a range of issues including: the NIAO accommodation project and capital budget for 2020-21, as well as the work of the NIAO in support of the Public Accounts Committee. Members also noted the NIAO’s contingency plans in response to COVID-19.

Mr Chambers left the meeting at 3.10pm

The NIAO officials agreed to keep the Committee informed of any updates in regards to the capital expenditure for the NIAO accommodation project.

Mr Chambers rejoined the meeting at 3.14pm

Mr Muir left the meeting at 3.14pm

9. Briefing from the NIPSO on Draft Budget Plan 2020-21

The Chairperson welcomed the following NIPSO officials to the meeting and invited them to brief:

- Paul McFadden, (Nominated) Acting Ombudsman; and
- John McGinnity, Director of Finance and Corporate Services, NIPSO.

The session was recorded by Hansard.

Mr Muir rejoined the meeting at 3.19pm

The briefing was followed by a question and answer session in which the Committee questioned the officials on a range of issues including: a breakdown of NIPSO's capital budget; and the need to replace the complaints handling system given the wider remit and functions of NIPSO. Members also noted NIPSO's contingency plans in response to COVID-19.

The Committee agreed to move into closed session to consider its draft Committee report.

The meeting moved into closed session at 3.24pm

10. Committee Position in relation to Budget 2020-21

The Committee considered an initial draft of Committee report on the draft Budgets 2020-21 for NIAC, NIAO and NIPSO.

Members discussed a number of issues and additions to the report.

Agreed: The Committee agreed that the report will be amended to take account of the issues raised during today's meeting. A revised draft will be emailed to members for their consideration. Members undertook to submit suggested amendments or comments to the Committee office before 10am on Thursday 5 March.

Agreed: The Committee agreed to meet on Thursday 5 March at 12.30pm in Room 21 to agree the final report.

[EXTRACT]



**Northern Ireland
Assembly**

AUDIT COMMITTEE

MINUTES OF PROCEEDINGS

**THURSDAY 5 MARCH 2020, ROOM 21, PARLIAMENT BUILDINGS,
BALLYMISCAW, STORMONT**

Present: Andrew Muir MLA, Deputy Chairperson
Alan Chambers MLA
Emma Sheerin MLA

Apologies: Daniel McCrossan MLA, Chairperson
Joanne Bunting MLA

In Attendance: Clairita Frazer, Senior Assistant Assembly Clerk
Aoibheann Baker, Assistant Assembly Clerk
Jim Nulty, Clerical Supervisor
Gareth Cross, Clerical Officer

The meeting commenced at 12.35pm in closed session.

1. Apologies.
As above.

2. Report on the Draft Budgets 2020-21 of the Northern Ireland Assembly Commission, the Northern Ireland Audit Office and the Northern Ireland Public Services Ombudsman

Members discussed and considered the draft Committee report.

Agreed: The Committee agreed the Committee Report on the Draft Budgets 2020-21 of the Northern Ireland Assembly Commission, the Northern Ireland Audit Office and the Northern Ireland Public Services Ombudsman (as amended)

Agreed: The Committee agreed that the Title Page, Committee Powers and Membership and Table of Contents should form part of the Report.

Agreed: The Committee agreed that paragraphs 1-4 stand part of the Report.

- Agreed:* The Committee agreed that paragraphs 5-13, as amended, stand part of the Report.
- Agreed:* The Committee agreed that paragraphs 14-27 stand part of the Report.
- Agreed:* The Committee agreed that paragraphs 28-41 stand part of the Report.
- Agreed:* The Committee agreed that paragraphs 42-56, as amended, stand part of the Report.
- Agreed:* The Committee agreed that Appendix 1: “Budget-setting protocols” should form part of the Report.
- Agreed:* The Committee agreed that Appendix 2: “Briefing papers” should form part of the Report.
- Agreed:* The Committee agreed that Appendix 3: “Other Evidence considered by the Committee” should form part of the Report.
- Agreed:* The Committee agreed that Appendix 4: “Minutes of Proceedings” should form part of the Report.
- Agreed:* The Committee agreed that Appendix 5: “Minutes of Evidence” should form part of the Report.
- Agreed:* The Committee agreed that the Report be the 1st Report of the Audit Committee to the Assembly 2017-22
- Agreed:* The Committee agreed that Audit Committee Report on the draft Budgets 2020-21 of the Northern Ireland Assembly Commission, the Northern Ireland Audit Office and the Northern Ireland Public Services Ombudsman (as amended) be published on-line on the Committee and Assembly webpages.
- Agreed:* The Committee agreed that the Clerk will send a copy of the report to the Northern Ireland Assembly Commission, the Northern Ireland Audit Office, the Northern Ireland Public Services Ombudsman, the Department of Finance and the Public Accounts Committee.
- Agreed:* The Committee agreed that the extracts of the draft Minutes of Proceedings from both today’s meeting and the meeting on 4 March 2020 are agreed by the Chairperson and Deputy Chairperson to allow for inclusion in the Committee’s report.

The report would also be laid in the Assembly Business Office.

[EXTRACT]



Northern Ireland
Assembly

Appendix 5

Minutes of Evidence

Minutes of Evidence

Date of Committee Meeting	Link to Minutes of Evidence
Audit Committee 13 February 2020	Click to view online
Audit Committee 4 March 2020	Click to view online
Audit Committee 5 March 2020	Click to view online