



Northern Ireland

Public Services

Ombudsman

NIPSO: Briefing on 2022-25 Budget for Assembly Audit Committee Meeting 03 November 2021

Contents:

1. Introduction
2. NIPSO's 2022-25 draft Budget Plan
3. Maladministration Complaints Investigation
4. Communications
5. Engagement, Improvement and Impact
6. Complaint Standards Authority (CSA)
7. Local Government Ethical Standards (LGES)
8. Governance Arrangements Underpinning NIPSO's Work
9. Conclusion

1. Introduction

- 1.1 Chair and Members, I present NIPSO's three year budget proposal, covering the three years 2022-23 to 2024-25, for your consideration. I look forward to discussing this further with the Committee on 3 November and addressing any questions that you may have.
- 1.2 NIPSO is currently preparing a new Strategic Plan for the period 2022 – 2025 and, while this is currently still in draft format, I share the following for the Committee's information.
- 1.3 **Strategic Vision:** *NIPSO makes a positive difference to people and public services in NI by independently investigating complaints, upholding standards and ensuring learning and accountability.*
- 1.4 **Strategic Themes:** the new strategic plan will be grouped under the following five strategic themes:
 - *Accessibility;*
 - *Engagement;*
 - *Making a Difference;*
 - *Delivering and Demonstrating Value, and;*
 - *Innovation and Modernisation.*
- 1.5 Pending the outcome of the ongoing “*Review of the Governance and Accountability Arrangements for the Northern Ireland Assembly Audit Office (NIAO) and Northern Ireland Public Services Ombudsman (NIPSO)*”, and also the impending update to the “*Memorandum of Understanding*”, that was originally agreed in November 2016, it is assumed that the budget approval process continues in accordance with the established protocol. Under this, in its budget setting role the Committee “has regard to” the views of the Department of Finance (DOF). This is in respect of whether DOF is content that the NIPSO budget figures presented to the Committee are realistic, justifiable and in line with reasonable expectations.
- 1.6 In this context, the following briefing aims to provide clear proposals that will inform the Committee in its review and approval role.

2. NIPSO's 2022-25 proposed Budget Plan

- 2.1 In accordance with prior advice from DOF Supply regarding the desired format and level of detail of the Budget Plan, “*it would be helpful that when presenting figures to the Committee that these are expressed in a consistent manner using the same Public Expenditure categories that are used when reporting information to DoF, and which DoF in turn uses for reporting to Treasury*”.

These prescribed categories are: **1)** Non Ring-fenced RDEL [Resource Departmental Expenditure Limit]; **2)** Ring –fenced RDEL D/I [Depreciation/Impairment], and; **3)** Capital DEL.

2.2 Accordingly, the summary breakdown of NIPSO's proposed 3-year budget is as follows:

All figures in £million

Category	2021-22 (Current agreed baseline)	2022-23	2023-24	2024-25
Non Ring-fenced RDEL	3.588	3.895	3.943	4.001
Ring-fenced RDEL D/I	0.120	0.120	0.122	0.125
Capital DEL	0.070	0.070	0.060	0.060

2.3 To aid Committee scrutiny, the budgetary proposals can helpfully be broken down into a number of discrete business areas. These are set out in the table below, which provides further analysis of the requested budget for 2022-23 to 2024-25, compared to the 2021-22 baseline; the latter as agreed by the Committee in December 2020.

2.3. This table also includes anticipated ring-fenced depreciation/ impairment (a non- cash category of expenditure) and proposed capital expenditure.

2.4. The table is accompanied by explanatory notes immediately below (a to f). In sections 3 to 8 inclusive there is further narrative on the key business areas referred to in this table.

All figures in £K	2021-22 Agreed Budget	2022-23	2023-24	2024-25	Note
1. Maladministration (<u>Excluding Own Initiative</u>) - Staff Cost	1,730	2,010	2,027	2,055	a
2. Own Initiative - Staff Cost	242	250	254	256	
3. Engagement, Improvement & Impact - Staff Cost	115	120	122	123	
4. Ombudsman Salary	155	160	164	169	b
5. Complaint Standards Authority - Staff Cost	161	170	172	174	
6 General Admin Expend (GAE)	644	644	663	683	c
Total Maladministration	3,047	3,354	3,402	3,460	
7. Local Government Ethical Standards (LGES) (staff plus GAE)	541	541	541	541	d
TOTAL Resource DEL	3,588	3,895	3,943	4,001	
Year-on-Year Increase		8.6%	1.2%	1.5%	
Resource Depreciation/Impairments	120	120	122	125	e
Capital DEL	70	70	60	60	f

Notes:

- a. The £280k increase in 2022-23 over the 2021-22 budget reflects a number of inescapable and/or essential added needs These include:
 - the incorporation of a retrospective pay increase of 1% in 2021-22 which was excluded from NIPSO's 2021-22 baseline budget on DoF advice but subsequently was agreed to and applied to actual salaries.
 - a further assumed 1% overall pay increase in respect of 2022-23.
 - the impact of the UK Government increase in Employers NI contributions by 1.25% from 2022-23
 - 2 x Additional investigation officers for Maladministration Investigations required as a result of the substantial increase in complaints
 - 1 x IT & Corporate Reporting Officer to enable full reporting from the new case handling system
 - 1 x Communications Assistant to support the Head of Communications and respond to the increasing level of activity and profile of NIPSO.

The ongoing core Maladministration function is discussed further at paras 3.1 to 3.7 below.

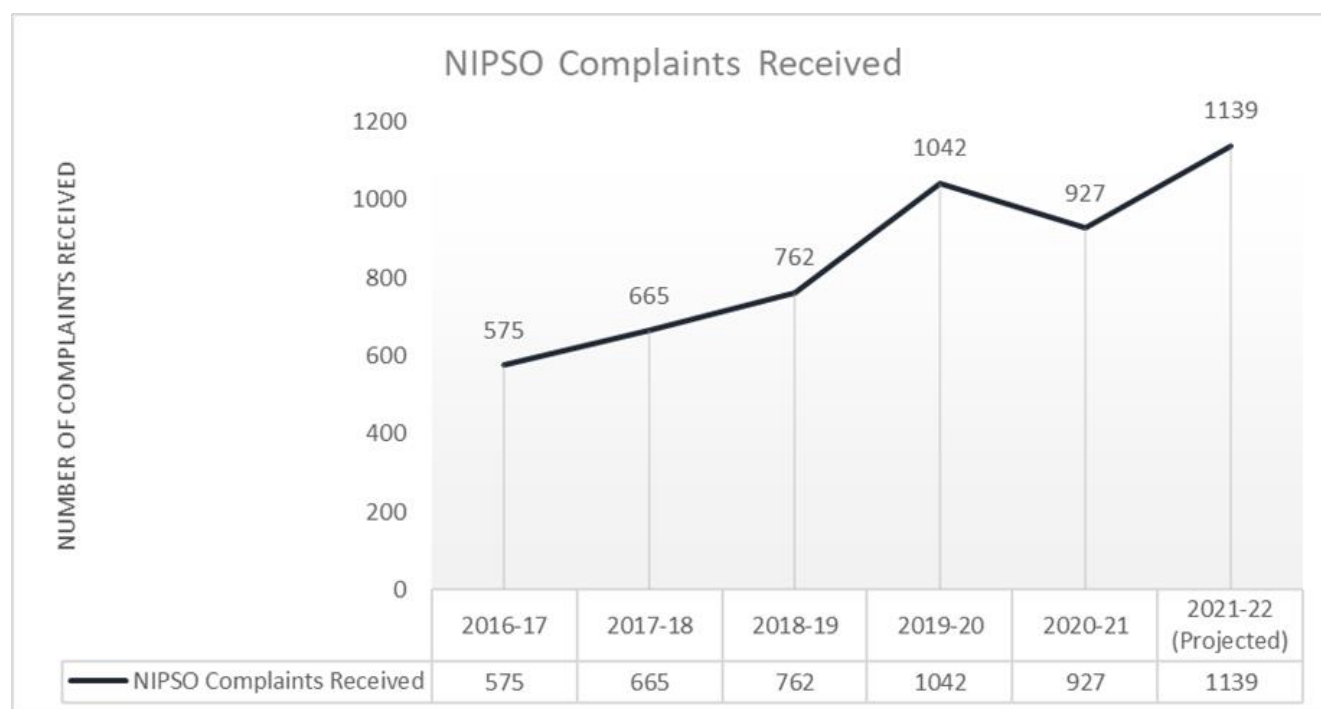
- b. This reflects the anticipated growth in the Ombudsman's full employment costs over the three year plan period.
- c. The stated General Admin Expenditure (GAE) budget covers the total non-staff expenditure required in support of all of NIPSO's functions (other than LGES). A breakdown, by year, of the GAE budget is available separately. Overall, budgeted GAE is held unchanged in 2022-23 (at £644k) and then increases by 3% year-on-year over the remaining two budget years. This is in anticipation of significant inflation across a number of non-staff expenditure areas.
- d. Under arrangements between NIPSO and the Department for Communities (DfC) the historical opening budget each year for NIPSO's discharge of the Local Government Ethical Standards (LGES) function is £541K (constant since 2015-16). Future years assume a continuing base budget of £541k, on condition that the established mechanism for any excess in-year requirement continues to operate. This is discussed further in paras 7.1 to 7.4 below.
- e. This is a ring-fenced area of **non-cash** expenditure, in respect of the depreciation and/or impairment of NIPSO's assets.
- f. Capital expenditure requirements are built up each year from a zero base. The figures provided are best estimates at this time. The proposed £70k in 2022-23 reflects the likelihood of up to £40k of planned capital expenditure related to the new Complaint Standards Authority function slipping from 2021-22.

3. Maladministration Complaints Investigation

- 3.1 The main activity of NIPSO remains the assessment and investigation of complaints about the health, social care, housing, education, and local and central government sectors. Despite a short term reduction in the number of complaints during 2020-21 due to the Covid-19 pandemic, the trend in complaint numbers received remains sharply upwards since NIPSO's establishment in 2016 – equating to 94% over the five years to 2020-21. We have managed this increase primarily through efficiencies and through adapting our approach, for example a focus on achieving a greater proportion of

effective early resolution to bring about remedy for complainants as an alternative to a full and lengthier investigation.

- 3.2 Based on the number of complaints received to date in 2021-22 it is currently anticipated that NIPSO will see a 23% increase in complaints compared to 2020-21 and almost 10% above 2019-20 which historically was the largest ever number of complaints received by NIPSO – and at that time a 37% increase on the then prior year. The trend of complaints received, including the projected number for 2021-22, is illustrated in the following chart:



- 3.3 We have also increased the number of decisions that we take at the further investigation stage of our process, broadly in line with the increased volume of complaints.
- 3.4 Health and Social Care (HSC) continues to account for a significant proportion of our complaints though the overall percentage of complaints from this sector has reduced to around 35% of complaints received each year. This is due to an increase in complaints across other sectors. The majority of health complaints require us to obtain independent advice and as such progress to the further investigation stage of our process. Our jurisdiction for HSC-related complaints is broader and includes consideration of the professional judgement made in care and treatment. Such investigations are therefore more complex and resource intensive. We published a number of reports into continuing health care and drew attention to the lack of clear policy and guidance. We have followed up with the Department of Health on a continuing lack of clarity on this issue.
- 3.5 Complaints about education and in particular schools have continued to be a significant feature of our work. As a result of this work we published an overview report summarising a number of complaints we had investigated into restrictive practices in schools. We briefed the Assembly Education Committee on this work and raised a number of issues with the Education and Training Inspectorate and the Department of Education as part of their ongoing review.

- 3.6 When NIPSO's expenditure growth over the period since our establishment in 2016 is compared to complaints activity growth over the same period it is clear that very significant operational efficiencies have been achieved (even before applying any deflator to funding). However, as can be seen from the information provided we are experiencing a significant increase in the volume of our complaints and NIPSO are asking the Committee to support an additional 2 full time Investigating Officers to help us to deal with the significantly increased demand on our service.
- 3.7 Following due consideration it is hoped that the Committee will see fit to endorse NIPSO's proposed maladministration resource budget which maintains an ambitious target to cope with likely further increases in complaints numbers within extremely modest increased budget resources over the three year budget period.

4. Communications

- 4.1 NIPSO considers that there is a need to strengthen our communications team which currently consists of one FTE staff member. There has been a considerable expansion in NIPSO's activities through Own Initiative Investigations, Complaint Standards, Engagement Improvement and Impact work alongside the increased volume of decisions being taken at our investigation stages. We face additional demands from the media given the significant profile of our recent work on Personal Independence Payments, Continuing Healthcare Assessments, Restraint and Seclusion in Schools and our investigation reports. The publication of our PIP report resulted in 42 separate written media articles, 8 separate television and radio reports and increased traffic to our website by 52% with over 1500 page views of our PIP report.
- 4.2 NIPSO considers that in order to ensure maximum impact from our work, and to share the insights and learning as widely as possible, further communications capability is required. We have undertaken our first public awareness survey and would hope to repeat on a biennial basis. While this indicated a 40% awareness among those who responded we would aim through our communications work to improve upon this. We would also hope to improve our website content as well as our social media presence to ensure that we remove as many barriers as possible to accessing our service. We would further aim to expand and improve the content of our publications.
- 4.3 One of our key priorities is to share lessons learned from our work in new ways and in new formats. We aim to enable our Engagement, Improvement and Impact team to share the lessons learned from our work with public bodies and members of the public. In order to bring about positive change, and make a difference to public services, sufficient communications support is essential.

5. Engagement, Improvement & Impact

- 5.1 Using the knowledge and insight gained from complaints to improve public services is an integral aspect of the Ombudsman's office. Right across the jurisdictions of the UK

Ombudsman Offices use the learning from complaints to provide a wider window on how public services are performing. Complaints provide an on-going and up to date metric of what is working well, what isn't and identify where there are patterns of repeated mistakes which point to a greater underlying issue. There is a wealth of learning from complainants' experiences of our public services which I believe can be used to share broader lessons and address the systemic issues inherent in some of the failures we see.

- 5.2 In 2020-21 NIPSO modernised its complaints handling system to support our ongoing work on engagement, improvement and impact. The new case handling system was a significant step forward in terms of our ability to capture information across all our functions. The system is now embedded and being utilised by all our teams. As a result we have identified a need for an additional resource to ensure that we can extract the maximum amount of information from our complaints and investigations to help drive improvement in public services and to support our Engagement, Improvement and Impact Team. The appointment of a dedicated IT & Corporate Reporting Officer resource is seen as key to supporting our ongoing focus on engaging and helping improve public services and to ensure that our work and the wider lessons from complaints have impact.
- 5.3 It is envisaged that this increased reporting capability will also further enhance the analysis necessary to support our Own Initiative function. In June 2021 NIPSO published its first Own Initiative investigation into the role of further evidence in Personal Independence Payments. This investigation found systemic maladministration in how the system operated and made recommendations to bring about improvement. The intelligence which led us to consider this investigation came from an analysis of the complaints we had received. It is expected that the addition of a dedicated corporate reporting resource would further support our Own Initiative function.
- 5.4 NIPSO hope to be in position before the end of 2021-22 to have announced a sector implementation plan for our complaint standards function. As we begin work with bodies across the public sector on improving complaints handling it is essential that we have up to date information on the issues that concern the recipients of our public services. Further capability in reporting will support this work as we begin engagement with public bodies
- 5.5 Enhancing our analysis and reporting capability will enable NIPSO to provide thematic reports, identifying areas for improvement and share this learning with public services, public representatives and policy makers. We would use our casework to make a difference by providing the analysis and learning that comes from it to our elected representatives This would require more regular, systematic and targeted reporting to support engagement and out-reach, better understanding and communication of information, trend analysis and citizen experience to inform that work and more use of targeted thematic reports drawing attention to repeated systemic failings or issues we continue to observe through our casework in key public service areas.

5.6 I would ask the Committee to consider the benefit I have outlined from the addition of this proposed dedicated corporate reporting resource and hope it could be viewed as an invest to save proposal in respect of improvements in public services.

6. Complaint Standards Authority (CSA)

6.1 The provisions of the 2016 Act provide NIPSO with the authority to lead improvements in complaints handling across the public sector Northern Ireland. This is a new and distinct Complaint Standards Authority (CSA) role for the Ombudsman which reflects similar powers provided to Ombudsmen in Scotland and Wales.

6.2 The Complaint Standards function contained within part 3 of the Public Services Ombudsman Act 2016 was commenced by the Assembly on 28 May 2021 and I wish to note and thank the Audit Committee for their support in taking this matter forward with the Assembly Commission.

6.3 Following the commencement of this function NIPSO launched on 10 June 2021 a public consultation on a statement of complaints handling principles, a model complaints handling procedure for public bodies and our approach to the implementation. NIPSO also published a research report into complaints handling in the public sector in Northern Ireland on the same date. The consultation closed on 30 September 2021. NIPSO received 100 written responses to the consultation as well as detailed feedback from focus groups and from engagement with the public sector and advocacy and support groups. It is hoped to bring a report on the outcome of the consultation in relation to the Statement of Complaints Handling Principles to the Executive Office Committee in the near future. Subject to the agreement of the Committee is hoped that the principles can be laid and approved by a resolution of the Assembly, thereby completing the final legislative step necessary.

6.4 NIPSO have outlined an approach based on sectoral implementation of a standardised, simplified and streamlined complaints handling procedure supported by high quality advice and training. NIPSO intends to announce our proposed initial implementation plan in early 2022. It is hoped that the roll-out of the complaint standards implementation plan alongside the measures proposed in our new strategy will begin to bring about a culture change in how complaints are managed in Northern Ireland leading to an improved experience for complainants and improved public services.

7. Local Government Ethical Standards (LGES)

7.1 As noted at para. 2.4, note d above, the current £541K budget has remained constant since the inception of the ethical standards jurisdiction in 2014.

7.2 Since my appointment as the Local Government Commissioner for Standards I have ensured that adjudications have been proceeding in a timely way and that the impact from the delay in my appointment and the COVID pandemic have been addressed.

- 7.3 Having addressed the issue of adjudications my key priority over the next period is to increase engagement with Councillors and their representative bodies. Over the last year I have engaged with Solace, NAC and NILGA as well as meetings across all the political parties to understand their views and experiences regarding the Code. I aim to provide more detailed guidance, training and support to councillors to ensure that together we make the code a living document. I will continue to ensure decisions are published on breaches of the Code of Conduct for Councillors and that there is dissemination of the learning from those cases and adjudications. I have commenced a review of the guidance and procedures that support this function and will publish updated Commissioner's Guidance for Councillors. I intend within the budget available to appoint an officer within my Engagement Improvement and Impact team to take forward work to support councillors understand and comply with the code.
- 7.4 Under a current agreement between NIPSO and the Department for Communities (DfC) additional funding of up to £244k in any given year can be called down in the event that it may be required to address variable items of expenditure, in particular legal costs on adjudications or High Court appeals given the direct appeal route to the High Court provided for in respect of adjudications.

8. Governance Arrangements Underpinning NIPSO's Work

- 8.1 NIPSO's governance arrangements are described in the 'Memorandum of Understanding (MOU) on the Governance and Accountability Arrangements of the Northern Ireland Public Services Ombudsman'.
- 8.2 This MOU was finalised and agreed in the previous mandate by the then Assembly Audit Committee on 30 November 2016 but, due to Assembly dissolution in January 2017, it was not formally signed by the respective parties. Since restoration of the Assembly in January 2020 the re-established Committee has begun the process of reviewing the document, with a view to updating and formalising it.
- 8.3. As the Committee is aware, NIPSO has considered and responded to the MOU as currently constituted and I understand that the Committee will return to this as part of the report on the Review of Governance Arrangements.
- 8.4 The practical governance mechanisms in place in NIPSO, consistent with this MOU are as follows:
- The Governance and Accountability role of the Assembly Audit Committee, who under the 2016 Act are responsible for: examining NIPSO's Estimate and laying it before the Assembly; considering NIPSO's Strategic Plan; examining the NIPSO Annual Report and Accounts and any NIAO audit reports thereon.
 - 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;
- Reporting annually (in the Ombudsman's Annual Report and separately in the Local Government Commissioner for Standards Annual Report and Northern Ireland Judicial Appointments Ombudsman) on the exercise of the Office's functions;
- 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.
- 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.

8.5 NIPSO has also given early consideration to both the development of peer review arrangements and progressing an independent services standards complaints reviewer. We are currently discussing with the Ombudsman Association an appropriate peer review approach and are progressing an invitation to tender to appoint an independent service standards complaints reviewer.

9. Conclusion

9.1 I am grateful for the opportunity to discuss on November 3 the budget figures and commentary detailed above.

9.2 At this meeting I look forward to exploring further these and any others matters that the Committee may see fit.


Margaret Kelly

Ombudsman

27 October 2021