

**Housing**  
Ombudsman Service

**The Housing  
Ombudsman**

**Annual Report and  
Accounts 2018-19**

# The Housing Ombudsman

## Annual Report and Accounts 2018-19

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# Annual Report and Accounts 2018-19

<b>Contents</b>	<b>Page</b>
<b>Ombudsman's foreword</b>	1
<b>Performance report</b>	
Who we are	2
What we do	4
Performance overview	7
Performance analysis	14
<b>Accountability report</b>	
Corporate governance report	
Ombudsman's report	35
Statement of Accounting Officer's responsibilities	38
Governance statement	39
Remuneration and staff report	45
Parliamentary accountability and audit report	53
The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament	54
<b>Financial statements</b>	
Statement of comprehensive income	58
Statement of financial position	59
Statement of cash flows	60
Statement of changes in taxpayers' equity	61
Notes to the financial statements	62
<b>Annex</b>	
Ombudsman Association service standards	76

## Ombudsman's foreword

This has been a year of landmarks and achievement for the Housing Ombudsman Service and I would like to thank all of my colleagues for their dedication and contribution.

As the final year of our 2016-19 corporate plan, 2018-19 was intended to be a period of 'realising and improving'. It was certainly that and plenty more besides with the publication of our first '*Spotlight on*' report looking at repairs complaints and advising landlords on how to learn from these to deliver a better customer service; our first Ombudsman's special report on non-compliance with an order; delivery of a new website; and adaptation of our already strong data protection arrangements to meet the new requirements set out under the General Data Protection Regulation.

When added to the new dispute resolution process and supporting policies, the modernisation of our corporate services functions and more effective approach to sector development and engagement activities, it is evident we have transformed into a much more efficient and effective organisation over the last three years, providing a service that is valued by our customers.

The extent of change can be mapped through one of our key performance measures. We started the corporate planning period with an average case time of 12 months and had brought this down to 6.7 months by the end of March 2019, despite dealing with an increase to cases entering our formal remit for determination of over 100% across the three years. This is a significant achievement. And over the same timescales, we increased and then maintained our levels of positive customer feedback.

The latter part of the year was spent preparing and consulting on our next corporate plan which will help us tackle these relentless rises in demand by increasing our internal efficiency and by working with others more effectively so that more complaints can be resolved within landlords' complaints procedures and do not need to come to us. The overarching strategic theme of our plan is 'Making a difference' and it also picks up on the other key areas coming out of the green paper '*A new deal for social housing*' and the consultation on '*Strengthening consumer redress in the housing market*' of increased transparency and hearing the resident voice.







There is much to look forward to and I expect our service to continue to play a pivotal role in improving complaint handling and housing services amongst our members for the benefit of all – to really make a difference.

**Andrea Keenoy**  
**Interim Housing Ombudsman**

## Who we are





### Senior Leadership Team

The Senior Leadership Team is the most senior decision-making group and operates collectively, concentrating on strategic issues affecting organisational performance. It also scrutinises and challenges policies and performance with a view to the long-term health and success of the service.

	<b>Andrea Keenoy</b> Interim Housing Ombudsman and Accounting Officer		
	<b>Emma Foxall</b> Deputy Ombudsman		<b>Roz D'Cruz</b> Director of Finance and Corporate Services
	<b>Joyce Adu</b> Director of Dispute Resolution		<b>Tracey Hindley</b> Head of HR
	<b>Jackie Feeney</b> Communications Manager		<b>Simba Maposa</b> Head of Finance

### Audit and Risk Assurance Committee

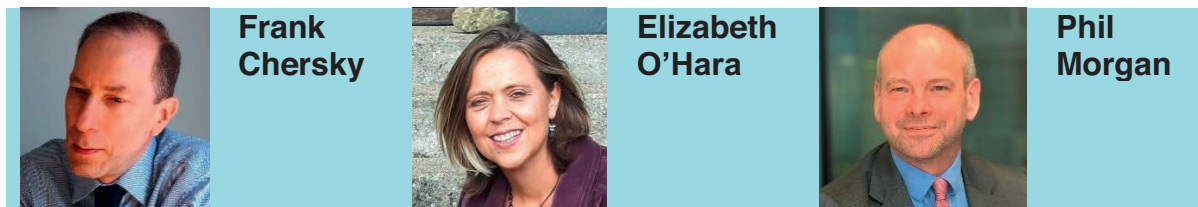
The Ombudsman is assisted by an Audit and Risk Assurance Committee in respect of their Accounting Officer role. The committee members advise the Ombudsman on all activities, policies and procedures concerning governance, risk management and internal control.

	<b>Sue Harvey</b> Chair		<b>Christina Coker</b> Member
	<b>David Horne</b> Member		<b>Simon Sweetinburgh</b> Member

## Panel of Advisors

The Panel of Advisors provides support and advice to the Ombudsman on strategic direction, business planning and public accountability. It is a non-statutory forum that brings an external perspective to these decisions.

### Resident representatives:



### Landlord representatives:



### ARAC representatives:

Sue Harvey

David Horne

## What we do

### Our role

Our role is set out in the Housing Act 1996 and the Housing Ombudsman Scheme approved by the Secretary of State.

The role of the Ombudsman is to resolve disputes involving members of the Scheme, including making awards of compensation or other remedies, where appropriate, as well as to support effective landlord-tenant dispute resolution by others.

The service is independent and impartial.

### Our membership

Membership of the Scheme is compulsory for social landlords (primarily housing associations who are or have been registered with the Regulator of Social Housing) and local authority landlords. Additionally, some private landlords are voluntary members.

As at 31 March 2019, 2,449 landlords were in membership, representing 5,030,006 housing units. This comprised:

- 2,057 housing association members representing 3,213,224 housing units
- 325 local housing authorities representing 1,797,564 housing units
- 66 voluntary members representing 19,218 housing units.

The scheme is funded by subscription from members on a per housing unit basis.



## Our vision

### Housing Matters: Fairness Matters

We understand the importance of housing to people's lives. We ensure the fair and impartial resolution of housing complaints, locally where possible. When things go wrong we put things right and encourage learning from outcomes. We help improve landlord and resident relationships. We role model the service we expect of others.

## Our strategic objectives

1. We will deliver an accessible, high quality and timely complaints handling service
2. We will support landlords and residents to resolve more complaints locally
3. Our decisions will be recognised as fair, impartial and effective
4. We will support landlords to learn from outcomes
5. We will be an accountable, well run organisation, using our subscription monies wisely

## Our core values

- ▶ We will act fairly and impartially
- ▶ We will be open and accountable
- ▶ We will empower and respect those we work with
- ▶ We will be proactive and take responsibility for achieving results
- ▶ We will work as One Team within the Housing Ombudsman Service and collaboratively with others
- ▶ We will be curious, always seeking to learn and improve

## Our process

When people contact us, we try to provide them with advice and assistance to enable them to resolve their complaints locally and early wherever possible. This ensures the best outcomes for complainants and preserves landlord and tenant relationships. Where an agreed solution is not possible or appropriate, we investigate and determine cases fairly and impartially.

Our dispute resolution policy and process is based on our dispute resolution principles:

- ▶ Be fair
- ▶ Put things right
- ▶ Learn from outcomes

Separate policies on each part of the process are available on our website.

### *Our dispute resolution process*

**1**

**Enquiry:** An enquiry is a request for information, assistance or advice where no formal complaint has been made to the landlord. We may provide information about our service, give advice on making a complaint or signpost to other organisations as appropriate.

**2**

**Local resolution:** Once a complaint has been made to one of our member landlords we enable its local resolution between the complainant and landlord. Our role at this stage is to support landlords and residents to resolve complaints themselves within the landlord's procedure. We do this by using our dispute resolution principles and focusing on outcomes.

**3**

**Our formal remit:** When a complaint has completed the landlord's procedure it moves into our formal remit once the designated persons requirements are met or eight weeks have passed.

**4**

**Assessment and jurisdiction:** We assess whether the complaint is within our jurisdiction, and how we will handle the case.

**5**

**Early resolution:** We offer an early resolution process working with complainants and landlords to try to agree negotiated solutions within a time limited procedure.

**6**










**Formal investigation:** If a complaint cannot be resolved through our early resolution approach, then it will go forward for formal investigation.

## Performance overview

This overview summarises our performance in-year, both operational and financial, as well as the issues and risks we face in delivering our objectives in 2019-20.

### Key performance indicators

Overall our performance has been strong throughout the year. We achieved the majority of our key performance indicators for 2018-19. During the year, we experienced on-going increases in the volume of enquiries and complaints reaching our service: a 14% increase in enquiries, a 12% increase in complaints and an above expectation increase in cases entering our formal remit of 26% - the largest increase in a single year since 2013-14 when our remit expanded to include local authorities. We narrowly missed closing 80% of our cases without a formal investigation due to this sharp rise.

KPI	Target	Actual*	Achieved
98% of cases will be determined within 12 months	98%	100%	
Average time for determinations within our formal remit will be six months or less	6 months	6.7 months	
95% level of compliance with our orders within three months	95%	97%	
100% compliance with our orders within six months	100%	100%	
80% of cases closed without a formal investigation	80%	78%	
<i>Customer feedback</i>			
'Did we treat you well?' at local resolution stage	80%	89%	
'Did we help?' at local resolution stage	65%	75%	
'Did we treat you well?' at formal resolution stage	80%	85%	
'Did we help?' at formal resolution stage	65%	73%	

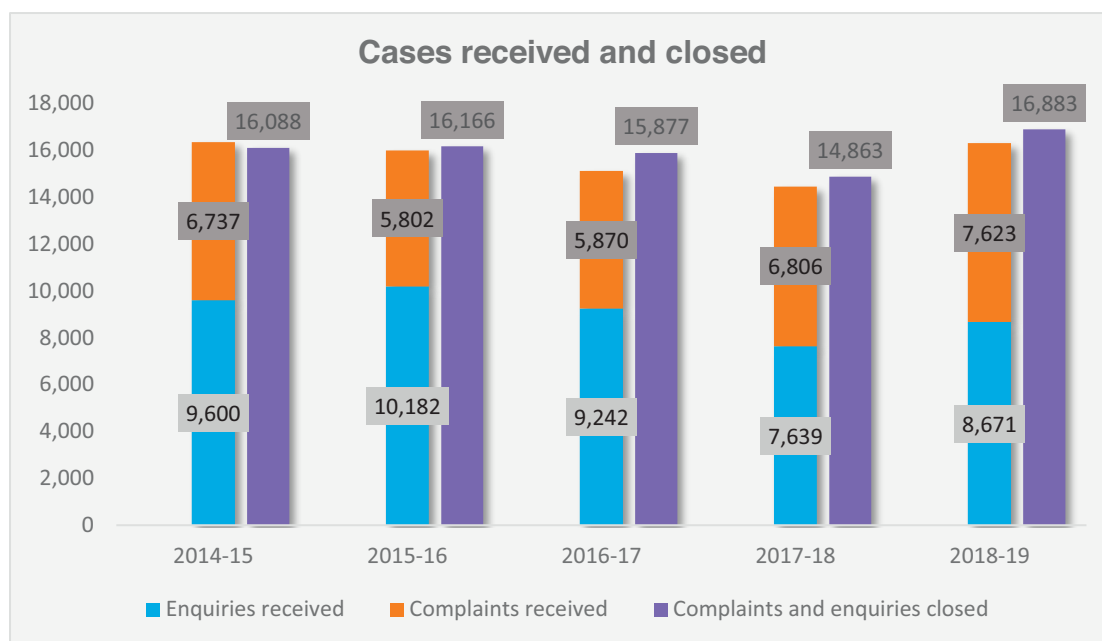
\* Rounded figures

We have made significant strides towards the stretching six-month average case time target, despite this substantial rise in demand, reducing it to 6.7 months from 8 months at the start of the year. We are pleased to report that we achieved an average of 5.9 months in the last quarter of 2018-19 putting us in a strong position for achieving the target in 2019-20.

Even with these increases in demand on our service, throughout the year we have maintained our customer feedback scores and continued to achieve high levels of compliance with the Ombudsman’s orders.

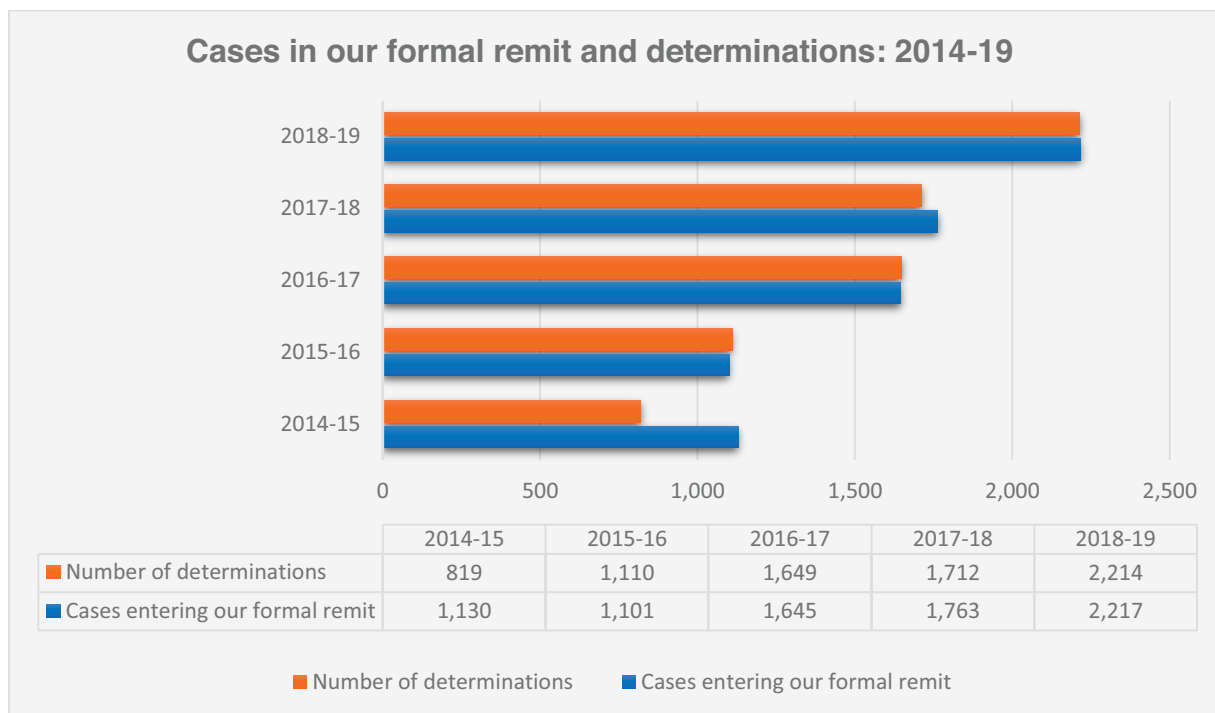
## Volumes of enquiries and complaints

The graph below shows the overall volumes of cases received and closed over the last five years.



Since 2015-16, we have closed more cases than the number received each year. In 2018-19 we continued with this receiving 16,294 complaints and enquiries, and closing 16,883. This was despite a 13% increase in the volume received compared to the previous year. Over the same period, we closed 14% more cases.

The number of incoming cases has increased at all stages in 2018-19 compared to the previous year. This was in line with expectations for enquiries and complaints but the rate of increase was markedly above recent levels for cases entering our formal remit. The number of cases has increased by 26% from 1,763 in 2017-18 to 2,217 in 2018-19, shown in the graph below. The total increase in volumes in this part of the process is over 100% during the 2016-19 corporate planning period and 17% on average year-on-year over the last five years.

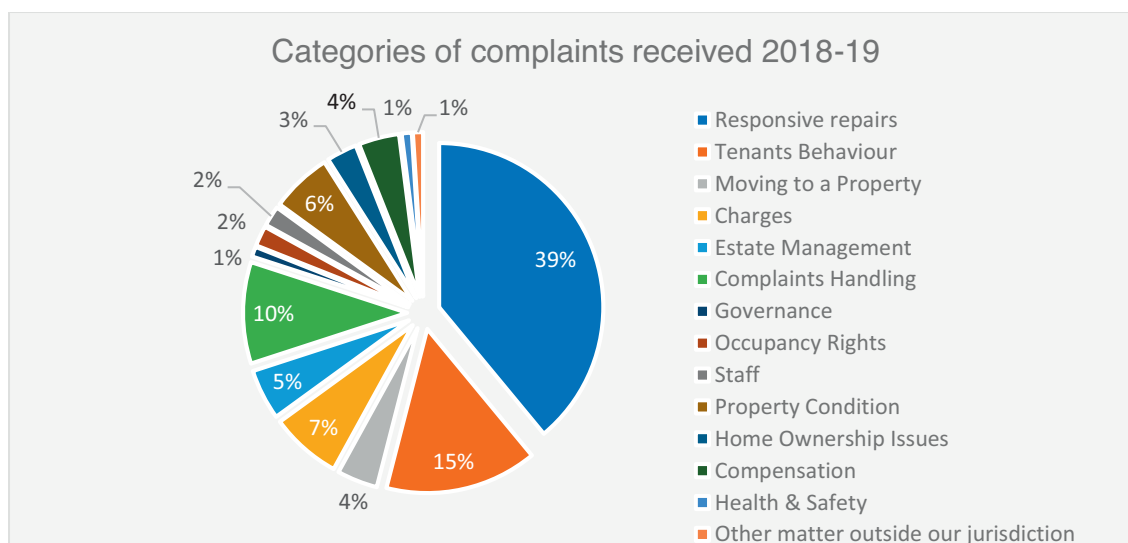


Cases in our formal remit are the most resource intensive part of our dispute resolution process due to their complexity and the time needed to investigate. We believe increases are due to a combination of factors:

- Greater willingness to complain on the part of residents
- Changes in landlord business models and service delivery
- Greater awareness of our service.

## Types of complaints

Responsive repairs continues to be the largest category of complaint received at 39% of the overall number in 2018-19 (37% in 2017-18). Other categories are broadly in line with the previous year.



\*Complaints may have multiple categories

## Determination outcomes

We issue determinations on all cases that enter our formal remit. These may be resolved through early resolution or investigated. In 2018-19 we determined 2,214 cases, an increase of 29% from the 1,712 cases determined in 2017-18.

Determinations 2018-19	Cases	
	Number	%
Maladministration	651	29%
Partial maladministration	180	8%
No maladministration	814	37%
Early resolution	82	4%
Redress*	202	9%
Withdrawn	35	2%
<b>Total determinations excluding outside jurisdiction</b>	<b>1,964</b>	<b>89%</b>
Outside jurisdiction	250	11%
<b>Total determinations</b>	<b>2,214</b>	<b>100%</b>

\*Where a landlord has acknowledged that they have made a mistake and offered to put things right in a manner which we feel is fair in all the circumstances.

The outcomes of investigations in 2018-19 are aligned with previous years.

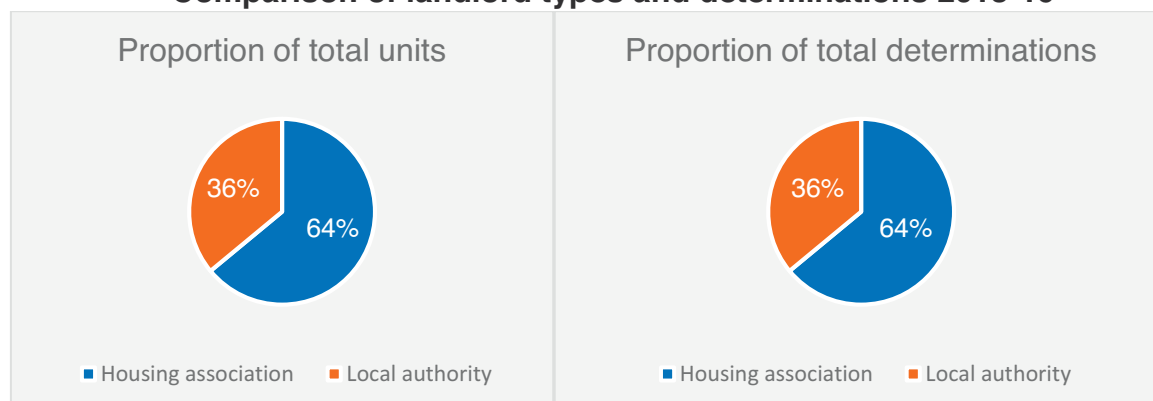
## Tenure of complainants

It is often assumed that the Housing Ombudsman Service only works with tenants but, in fact, 16% of the complaints we deal with come from leaseholders.

## Landlord type

The percentage of determinations split by housing associations and local authorities is proportionate to the number of units they hold. The number of complaints for voluntary members which go through to formal determination are so small as to be statistically insignificant and are not included in the analysis.

**Comparison of landlord types and determinations 2018-19**



## Responding to current issues

Social housing and consumer redress remained high on the political agenda over the last year and we responded to two major Government consultations.

In May we welcomed the consultation on '*Strengthening consumer redress in the housing market*' and [set out our support](#) for the proposal to improve consumer redress across the housing and property sector. The Government's response, published in January 2019, outlined the creation of a new Housing Complaints Resolution Service to provide a single point of access for all the current redress schemes in housing, development of codes of practice for redress providers and in-house complaint-handling, as well as closing current gaps in accessing redress across the housing market. We have started to work with the existing private sector schemes to more fully understand how each of us works and look forward to taking part in the Government-led Redress Reform Working Group to take these proposals forward over the next year.

We also welcomed the Government's green paper '*A new deal for social housing*' published in August 2018. In [responding to the paper](#) we set out our ambitions which included a sector wide complaint handling standard to ensure consistency and fairness within complaints procedures, powers to assist residents where there is unnecessary delay in landlord complaint handling, and the ability to investigate individual complaints further to establish if there are potential systemic issues for onward referral to the Regulator for Social Housing. We also stated our strong support for the removal of the designated persons role to streamline access to our service.

Our corporate plan for the next three years reflects the themes emerging from these papers: hearing the resident voice; fast and effective redress; and greater transparency.

## Key activities

In 2018-19 we published the first Ombudsman's [special report](#) concerning non-compliance with one of our orders by a landlord. It followed our investigation of a resident's complaint about cyclical maintenance and how the landlord had handled that complaint. We found maladministration and made a number of orders to put things right including completing the outstanding works. Some elements of the works remained outstanding six months after the timeframe we specified with no date provided to residents on when the work would start. We have monitored subsequent progress and we are satisfied that our order has now been complied with.

We launched the first in a new series of reports to share the learning from the complaints we see and provide good practice points to help landlords improve services. '[Room for improvement: Spotlight on complaints about repairs](#)' was the first topic as repairs is consistently the biggest category of complaint we deal with, accounting for approximately one third of all cases each year.

Our new website went live in May 2019 with improved accessibility, better navigation and increased content. It now provides clear signposting for our two key user groups of residents and landlords. The online complaint form enables users to upload documents when they submit their complaint and the case studies section has its own search facility.

In advance of the introduction of the General Data Protection Regulation (GDPR) within the Data Protection Act 2018 in May 2018, we obtained changes to the Housing Ombudsman Scheme from the Secretary of State, updated our privacy notices, reviewed all of our related policies and procedures, and trained all colleagues in their responsibilities. We commissioned an internal audit review of our compliance with the new requirements and received a substantial assurance opinion for this.

### **Financial analysis and going concern**

The 2018-19 Business Plan kept the subscription rate at £1.25 per housing unit so both income and expenditure are broadly aligned with the prior year. We have reported a small operating deficit due to the impact of a recent Court of Appeal judgement which found age discrimination within other public sector pension schemes. We have taken this judgement into account in valuing our scheme and its impact was to increase both our pension service costs, which tipped us into a small deficit, and pension liability on the Statement of Financial Position.

The area of biggest variance within the Statement of Comprehensive Income is in external dispute resolution advice. As in the final quarter of the prior year, we struggled to bring in sufficient temporary resources during the first part of 2018-19 to cover caseworker roles while we waited for permanent appointees to join us. To deal with the in-year increase in demand for formal determinations, and to get as close to the average case time target as possible, we switched some of our unused staff costs budget to fund external advice and support in determining cases.

The most significant movement in the Statement of Financial Position is the increase to the cash balance at year-end. This is due to the residual underspend on staff costs compared to budget.

The most material balance is the pension liability which has slightly increased. The pension valuation is performed in accordance with IAS 19 and the result will fluctuate each year as it is very sensitive to changes in the underlying assumptions (for more information, see note 14 to the accounts). As noted above, this year's valuation has been adjusted to take account of the Court of Appeal judgement which increased the liability by £152k. We have a letter of comfort from the Ministry for Housing, Communities and Local Government (MHCLG) which confirms it would make sufficient resources available to us should we not be able to meet our pension liabilities as they fall due.



The financial statements in this Annual Report have been prepared on a going concern basis. The going concern nature of the business was assessed by the Senior Leadership Team in June 2019. There are no material uncertainties related to events or conditions that may cast significant doubt over our ability to continue as a going concern.

## Looking forward

Corporate risks to the delivery of our new strategic objectives were assessed by the Senior Leadership Team in March 2019.

The lack of permanent leadership leading to a loss of influence with key stakeholders remains our joint highest corporate risk. The Housing Ombudsman is an executive non-departmental public body, sponsored by MHCLG. Appointments to the role of Housing Ombudsman are led and managed by MHCLG and made by the Secretary of State. A new permanent Housing Ombudsman has been recruited and is expected to take up post shortly. We have been successful in maintaining or re-establishing our presence with most key stakeholders and our focus for 2019-20 is to build the relationship with our new sponsorship teams in the Ministry.

Our other most significant risk is meeting our six-month KPI target during 2019-20. To provide additional capacity, we have re-procured additional support and advice for formal determinations. We have a planned approach to reducing the overall age profile of the open case load and we constantly monitor performance and demand so we can take timely and appropriate remedial action.

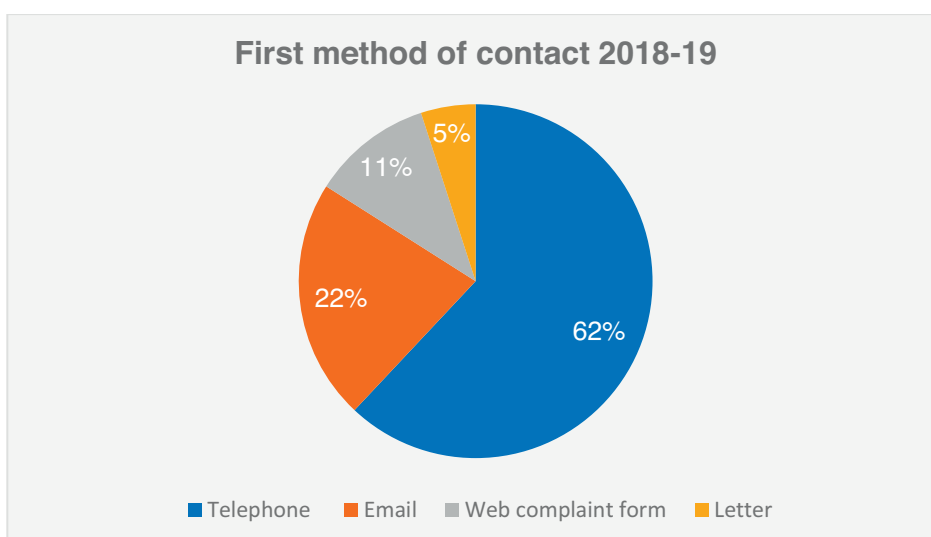
We are also delivering our 'Making a Difference' change programme during the year which will determine our new operating models for local and formal resolution work, and review our strategy for sector development and engagement activity. These outputs will deliver a faster and more effective service, form the basis of our 2020-21 Business Plan and inform the subscription rate. Delivery of these in time to inform our annual consultation exercise, as well as delivering business as usual, is critical and our third key risk. We are taking a managed approach to the programme with regular reporting against milestones and frequent communication with colleagues.

## Performance analysis

### Strategic objective 1: We will deliver an accessible, high quality and timely complaints handling service

#### Accessibility

Accessibility is a fundamental requirement of any Ombudsman scheme to ensure those who are dissatisfied with the outcome or the handling of their complaint at the end of the in-house process can have an independent and impartial review of their case. Our service provides a wide range of ways for residents to contact us, including by phone, online and in writing. We also signpost enquirers who contact us on social media to use these routes, providing a further access point. The chart below shows that phone is still the most common way of making first contact with our service at 62%.

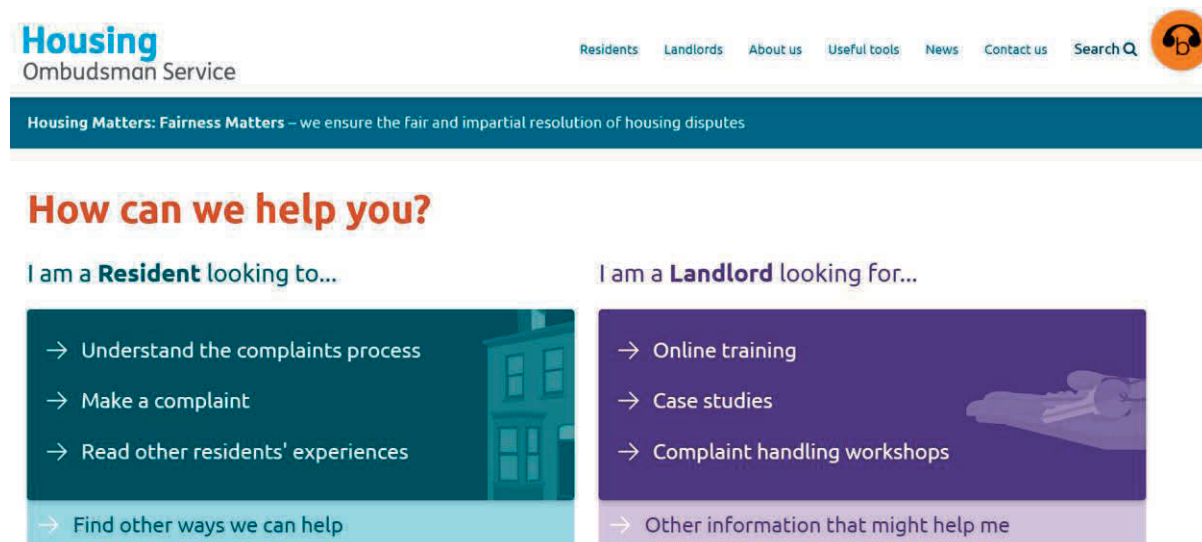


We collect information from our service users allowing us to compare the profile of our complainants against the profile of residents in our member landlords. The demographic profile of our complainants is close to that for social housing residents as a whole, except that we have proportionally fewer people over 65 accessing our service.

We continue to improve access to our service. During the year we carried out research into using web chat which included a survey on our website. More than 70% of respondents said they would use it as a live chat text-based enquiry service so we plan to trial provision of webchat on this basis during the coming year.

Another tool to increase accessibility is our website, directing people to find the right Ombudsman, providing advice and support, and helping residents to raise a case with us. A new website was launched in May 2018 with improved accessibility, better navigation and increased content. It provides clear signposting for our two key user groups of residents and landlords.

The online complaint form enables users to upload documents when they submit their complaint and the case studies section has its own search facility. We also added Browsealoud providing speech, reading and translation support to help those who struggle to access and understand information online.



Website use increased following the launch with the number of page views going up by nearly 10% in the first six months compared to the previous six months.

During the year we continued to develop additional content including a new page for landlords on 'Telling residents about our service'. This sets out what landlords have to do as members of the Housing Ombudsman Scheme, including having a published complaints procedure. It provides information on when and what landlords should tell residents about our service and includes some example text to assist.

We also created new sections for those accessing our service on behalf of residents, including MPs, local councillors and tenant panels. We added material to support them in trying to resolve residents' complaints or refer a complaint to us. There is also new information for advisors and advocates acting on behalf of residents. In addition, we have spoken at events for those who advise others such as a regional Money Advice Group meeting to raise awareness on how we can assist residents with housing issues.

As well as increasing resident access through others, we have worked directly with residents through a series of complaints masterclasses with the Tenants Participation Advisory Service (Tpas) and attended the Swindon independent scrutiny panel meeting to raise awareness of our role. We also delivered a workshop on consumer redress, including how to access our service, at the Association of Retained Council Housing (ARCH) Tenants Conference.

## Signposting

We operate a ‘no wrong door’ approach so when a complaint is not one we can consider, we signpost to other Ombudsmen, complaint handlers, advice agencies or other organisations to help residents find the most effective route to resolution.

### Top five most signposted organisations

Signposted organisation	% of all signposts	% of enquiries received
Local Government and Social Care Ombudsman	30%	5%
The Property Ombudsman	24%	4%
Shelter	12%	2%
Civil Legal Advice	10%	2%
Citizens Advice Consumer Service	7%	1%
All other organisations	17%	3%

In 2018-19, more than half of our signposting was to the Local Government and Social Care Ombudsman and the Property Ombudsman. The majority of the rest was to advice agencies as the residents were not covered by a redress scheme.

## Designated persons

Designated persons arrangements (also known as the democratic filter) were introduced by the Localism Act 2011. Where a complaint is not resolved through the landlord’s complaints procedure, the complainant may refer the matter to a designated person (MP, councillor or designated tenant panel) for resolution or immediate referral to our service. Where the designated persons requirements are not followed, a complainant must wait eight weeks before they can bring their complaint to the Ombudsman.

During 2018-19, only 8% of the complaints entering our formal remit were referred to us by designated persons, which is broadly consistent with prior years. Based on our data and feedback from stakeholders, our view is that in the majority of cases the filter does not work as envisaged. We proposed that this filter should be removed when we responded to the Government’s green paper ‘*A new deal for social housing*’ in November 2018. Removing the filter would allow faster redress for residents and allow direct access to our service in line with other Ombudsman schemes.

## A high quality service

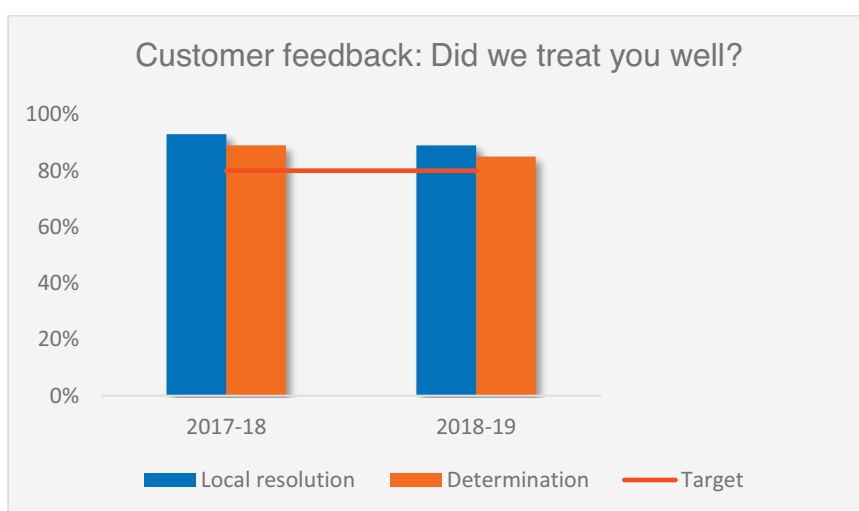
Landlords and residents alike must have faith in the independence and impartiality of our service, and that their voices will be heard as part of the process. To ensure that this is the case, we undertake quality control and quality assurance checks across the dispute resolution process.

We have enhanced our quality control approach and ensured that all areas identified for improvement feed into our learning and development programme for caseworkers. For example we identified the need for a clear and consistent format for our determination documents and held drafting surgeries for caseworkers. We ran sessions on defining complaints and identifying key issues. We also held workshops for our dispute resolution advisors on managing expectations and effectively resolving complaints.

Another important source in measuring the quality of our service is customer feedback. Throughout the year we ask a sample of our customers whether they think we treat them well after their case closes. Despite the high volumes of cases entering our formal remit and the pressure this put on other parts of the service, we maintained our satisfaction score compared to the prior year and exceeded our targets.

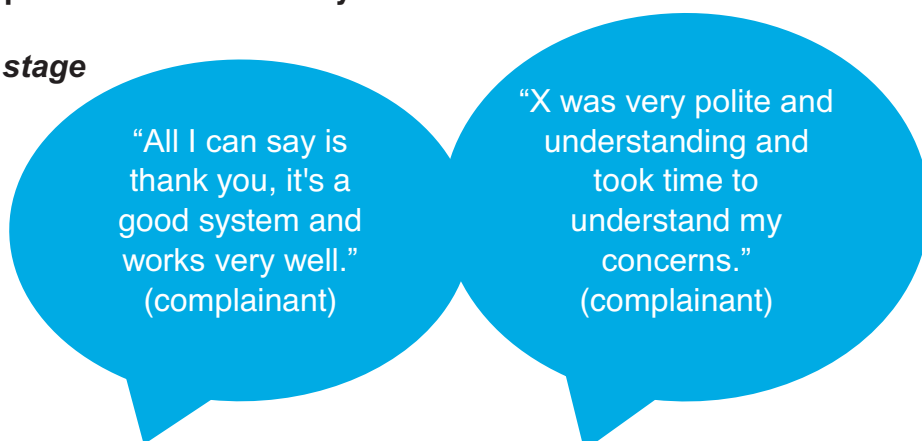
In 2018-19 we received 89% positive feedback at local resolution stage and 85% at determination stages, exceeding the targets of 80% for each stage.

Within the weighted average figures above, 98% of landlords and 80% of complainants thought we treated them well during local resolution. At determination stage, the figures are 99% of landlords and 71% of complainants.



**Examples of the positive qualitative feedback we received from customers in response to the question ‘Did we treat you well?’ are:**

**Local resolution stage**



"I am happy that each time I call back there is a record of my case and I don't have to repeat myself."  
(complainant)

"You were very fair and gave time for us to check and investigate."  
(landlord)

### ***Determination stage***

"Yes, exemplary, pleased in every way and every confidence that you could help in the future."  
(complainant)

"Yes, very well, I'm very satisfied. You didn't give me exactly what I wanted which was a new door but made a deal that they would paint the door."  
(complainant)

"I have always found Ombudsman staff to be polite, knowledgeable and professional."  
(landlord)

## **Complaints about our service**

We revised our approach to complaints against the service this year distinguishing dissatisfaction with the case decision (a request for a review) from dissatisfaction with the service we provided. There are two distinct stages with time frames within our complaints process and the revised policy also sets out the remedies available.

In 2018-19 we received 169 complaints about our service, which represents 1% of the total enquiries and complaints we received, 29% of these being upheld. This compares to 147 received the previous year (also 1% of the total received) and 41% upheld.

As our average case times have reduced over the year, we are pleased to report that complaints about delay have gone down. Customer care was the most common cause for complaint which we believe is related to the increasingly high volumes of cases that our caseworkers were dealing with. This resulted in less time to discuss cases with customers.

Improving customer care while dealing with higher volumes is a key workstream in our ‘Making a difference’ change programme in 2019-20. Data on the volumes and outcomes of complaints is set out in the tables below.

Number of complaints about our service		
	2017-18	2018-19
Stage 1	104	125
Stage 2	43	44
<b>Total</b>	<b>147</b>	<b>169</b>

Outcome of complaints about our service		
	2017-18	2018-19
Upheld	61	49
<b>Percentage upheld</b>	<b>41%</b>	<b>29%</b>

## Timely service

Problems relating to our homes can have a huge emotional impact as they affect us and our families every day. When a case enters our formal remit, it is important that we issue a determination as quickly as possible.

We made significant progress in reducing determination times during 2018-19, moving from an average case time of 8 months in 2017-18 to 6.7 months, despite a substantial 26% increase in demand during the year. We also hit the six-month target in the last quarter of the year, achieving an average of 5.9 months, putting us in a good position for achieving the target in 2019-20. In addition 99.8% of cases were determined within 12 months against a target of 98%.

During 2019-20, the ‘Making a Difference’ change programme will be looking at our internal operating models to ensure we have an efficient and effective process. Alongside this, the creation of a flexible pool of staff to cope with peaks in demand, as well as the development of our sector development and engagement strategy to work more effectively with others to reduce demand on our service, should bring down the average case time further still. Another area which would increase our timeliness is the introduction of enhanced powers under the Housing Ombudsman Scheme to compel landlords to provide us with information on a timely basis.



## Strategic objective 2: We will support landlords and residents to resolve more complaints locally

Landlords and residents have an ongoing relationship so it is important that issues are resolved at the earliest opportunity to preserve trust and prevent issues escalating. Unlike other Ombudsman schemes, we not only investigate complaints but also actively support resolution at a local level between landlords and residents. We therefore direct a portion of our casework resource to assist residents and landlords to resolve disputes at a local level.

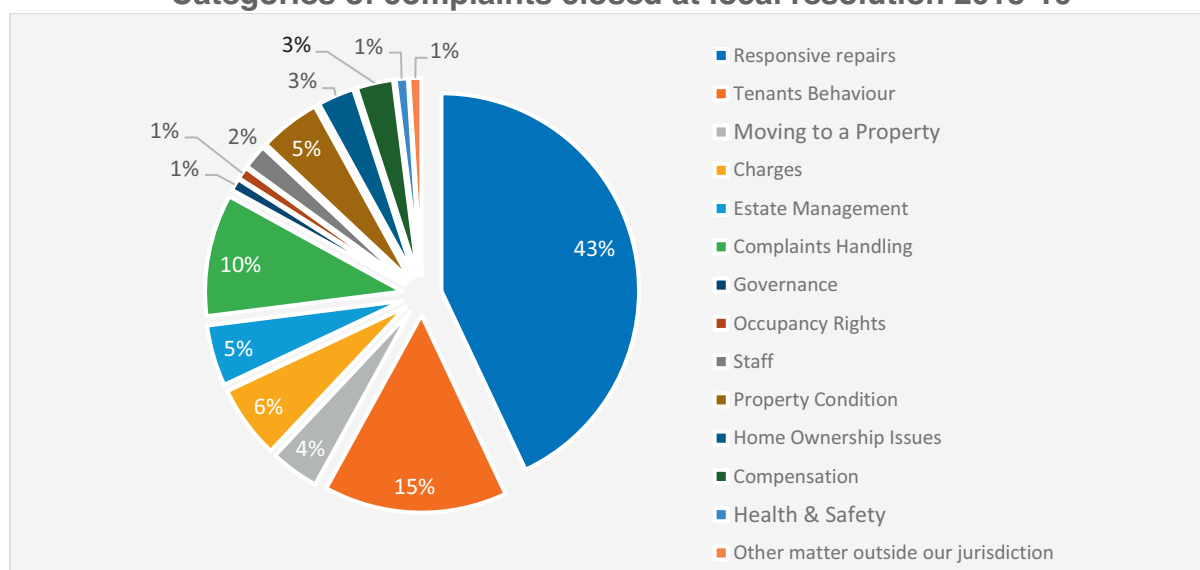
### Local resolution

Once a complaint has been made to one of our member landlords we can support local resolution by working with both landlords and residents. This may involve helping complainants to access and navigate their landlord’s complaint procedure. Complaints can sometimes arise from a simple misunderstanding, so we will make sure that the parties fully understand each other’s position. We may also provide advice about potential resolutions for the parties to consider. We will manage the expectations of both parties and give advice on how to use our dispute resolution principles to help resolve the dispute.

In 2018-19 we revised our internal [guidance on local resolution](#) and published it on our website. We held workshops with colleagues to set out the aims and purpose of local resolution and how to work with the parties to promote resolution of a dispute through the landlord’s processes. We have also started developing a local resolution toolkit for our staff that we will continue to develop over the next year. Recruitment during the year took the local resolution team up to full capacity.

In 2018-19, 6,706 complaints were closed at local resolution stage. The majority of closed local resolution complaints related to repairs as set out in the chart below.

Categories of complaints closed at local resolution 2018-19



\*Complaints can have multiple categories



We seek feedback from landlords and residents in 20% of the cases closed at local resolution stage to assess the effectiveness of our service. We received positive customer feedback on the question 'Did we help?'. Overall 75% of customers said we did, similar to previous years and exceeding our target of 65%. For residents, 59% said we helped as did 91% of landlords. The feedback from residents has decreased from 61% in 2017-18 and is attributable to the impact of working to reduce the average case time for complaints in our formal remit. Dealing with the significant increase in demand here reduced the capacity of caseworkers to undertake local resolution.

**Examples of the comments from customers at local resolution stage in response to the question 'Did we help?' are:**

"You managed to get the landlord to acknowledge the complaint and resolve the issue."  
(complainant)

"Yes – we agreed a suitable action plan for helping to resolve our resident's concerns."  
(landlord)

"I am happy with the service so far. I felt I was listened to and was given clear advice of the steps to take before the Ombudsman can look into my complaint."  
(complainant)

**Case study: Local resolution stage**

The resident complained that she had contacted the landlord on a number of occasions requesting a spare key fob. Each time she was advised that the fob would be ordered and she would be contacted when it was ready for collection. No further contact was ever received.

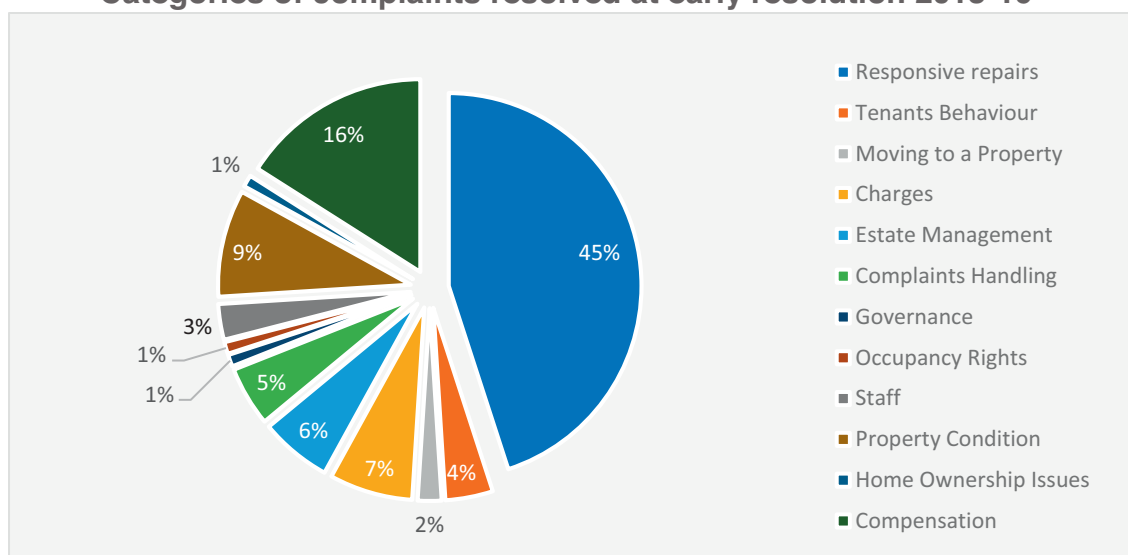
We contacted the landlord with details of the complaint and asked that it contact the resident to explain when she would receive the key fob and why there had been such a delay. The landlord apologised for this error and provided the requested key fob.

## Early resolution

When a complaint enters our formal remit, our early resolution procedure provides a further opportunity for it to be resolved quickly and without the need for a formal investigation. If we consider that the complaint might still be capable of resolution, and if both parties are in agreement, we try to find a mediated, mutually acceptable outcome.

This part of our process was introduced in 2016 and revised in January 2018. We undertook a further review in March 2019 to ensure that the changes made to better target offers of early resolution were working in practice. We found that this was the case and identified a further area for improvement in more effectively triaging cases that do not reach an agreement. We will take this work forward in 2019-20.

Categories of complaints resolved at early resolution 2018-19



\*Complaints can have multiple categories

As with local resolution, the majority of the complaints resolved at this stage relate to repairs.

The number of cases resolved at early resolution remains relatively low at 4% of all determinations. We will continue to promote this approach in 2019-20, where appropriate.

### Case study: Early resolution stage

The complaint concerned the length of time that scaffolding had been in place and that this restricted the resident's use of the balcony. The landlord's final complaint response apologised for the delay but did not mention compensation or any form of redress. Following our intervention the landlord offered the resident £507.76 compensation. This amount was based upon a proportion of the rental charge multiplied by the number of weeks that the scaffolding was in place. The resident accepted this amount as fair resolution of the complaint.

## Other support for landlords and residents

We have a range of tools and activities to support local resolution through our sector engagement work. We hold regular meetings with a small number of landlords to discuss their complaint themes, concerns and potential risks, sharing insight that we receive from their cases.

We have also increased the range of online tools to improve landlords' and residents' understanding of how to resolve disputes. During 2018-19 we launched two new modules in our series of free online training for landlords.

The first module is aimed at developing knowledge and understanding to help resolve issues at an early stage and at a local level, based on our dispute resolution principles. Since the launch, 766 users have completed the module.

The second module sets out how to use the dispute resolution principles to manage complaints about repairs, antisocial behaviour and managing unacceptable behaviours. It was launched in November 2018 and had been completed by 229 users by the end of the year. In total, 158 landlord organisations have accessed the online training.

We have also produced online tools for residents including short videos focusing on the process of complaining to the landlord and providing guidance on our complaints process. The work was completed on this by the end of year and we launched the videos in early 2019-20. We also produced videos for landlords to share our learning from complaints more widely which was launched at the same time.

### Strategic objective 3: Our decisions will be recognised as fair, impartial and effective

Fair, impartial and effective complaint resolution recognises the importance of people’s homes and treats individuals with dignity and respect. We are impartial and investigate complaints to decide what is fair in the individual circumstances of the case.

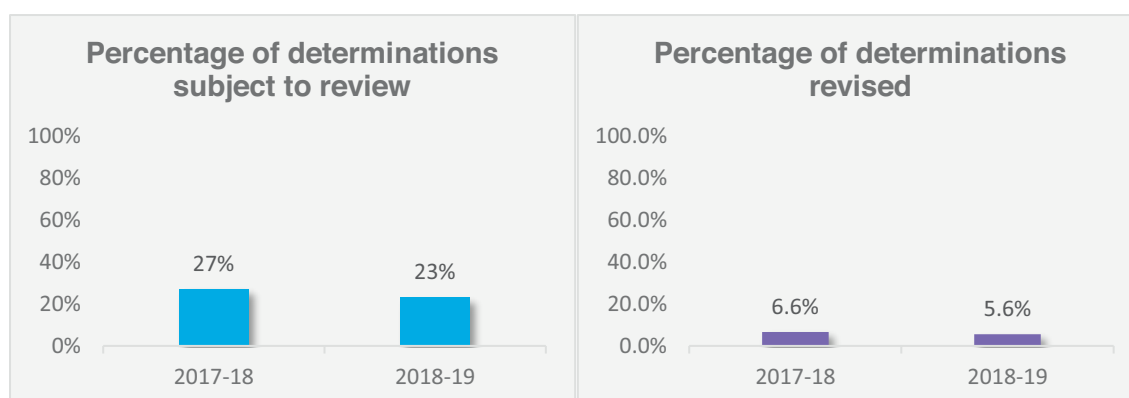
#### Fair and impartial resolution

It is important that we are open and transparent about our approach to determining complaints so all parties can see that this is fair and impartial. In part, we achieve this by publishing our own internal guidance on our key policies and processes on our website to demonstrate the fairness and impartiality of our approach. In 2018-19 these included:

- Overarching dispute resolution guidance
- Guidance on local resolution
- Guidance on jurisdiction
- Guidance on early resolution
- Guidance on investigation
- Guidance on remedies
- Guidance on reviews of determinations

We ensure that these standards are upheld throughout the year by way of our quality assurance work (see strategic objective 1 on page 14 for more detail on this).


We must also allow for our decisions to be challenged by our customers and we do so through our review process.



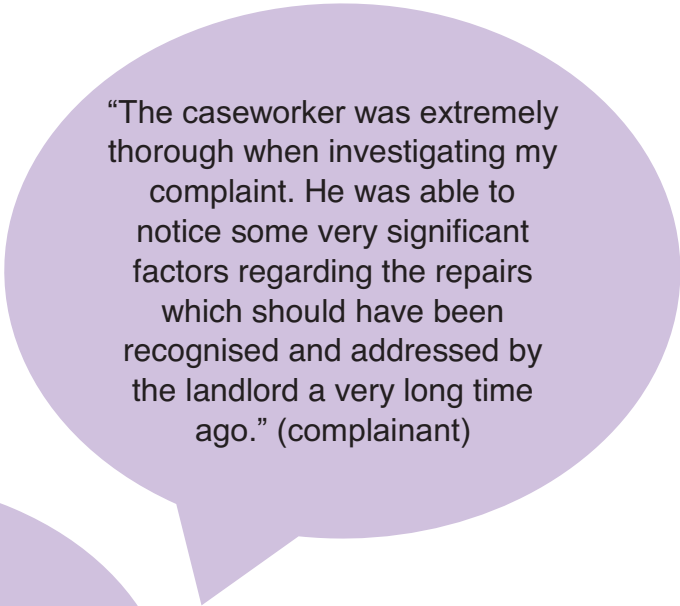
We clarified our approach to reviews in year, only putting forward for review those that clearly meet the requirements of the Housing Ombudsman Scheme. This means we focus on reviews where either new evidence is presented or a challenge is made to the evidence upon which we relied. Where either party simply disagrees with our decision, we write back to advise that this does not meet the criteria.

The level of customer feedback to the question ‘Did we help?’ is an indicator of whether our decisions on cases in our formal remit are recognised as fair and impartial. In 2018-19, 73% of customers said we helped at this stage, exceeding the target of 65%. The feedback from complainants alone was 50% positive which exceeds the proportion of complaints that were upheld in the resident’s favour (41%). Overcoming this ‘outcome bias’ is a strong indicator of fairness and impartiality.

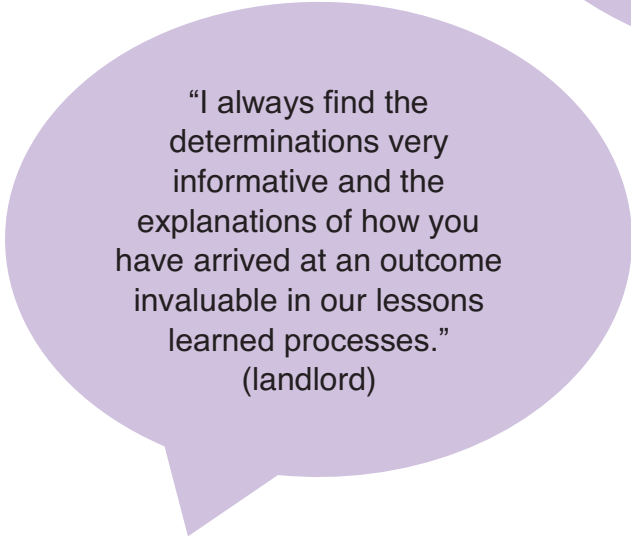
**Examples of customer comments in response to the question ‘Did we help?’ at the formal remit stage are:**



“I was listened to and taken seriously and not fobbed off. All the evidence was handled and taken into consideration.”  
(complainant)



“The caseworker was extremely thorough when investigating my complaint. He was able to notice some very significant factors regarding the repairs which should have been recognised and addressed by the landlord a very long time ago.” (complainant)



“I always find the determinations very informative and the explanations of how you have arrived at an outcome invaluable in our lessons learned processes.”  
(landlord)

During the year we reviewed our approach to customer care but deferred the wider review of customer feedback. This is pending the outcome of our customer journey mapping which forms a core part of our ‘Making a Difference’ change programme activity in 2019-20. In addition, an advisory internal audit on our sector development activity made suggestions about the frequency and range of other feedback which could be gathered from landlords and this will be fed into the wider review.

## Effective complaint resolution

As well as providing a fair and impartial service, when we issue a determination, it is important that we set out any appropriate orders and recommendations to put things right. As a result, we published [new guidance on remedies](#) during the year. While this is intended to be an internal resource, it may also be of use where a landlord and resident are seeking to resolve a dispute between themselves, without our intervention.

The effectiveness of our decisions can also be seen in the level of compliance with our orders. Following a finding of maladministration, we may ask the landlord to put things right which will be reflected in an order. These may provide individual redress for complainants, for example ensuring that repairs are done or providing compensation, or require changes to landlords' policies and procedures to improve services for all residents and avoid future disputes.

The level of compliance with our orders has remained high. In 2018-19, 97% of orders were implemented within three months, exceeding the target of 95%, and 99.6% within six months.

In 2018-19 we published the first Ombudsman's [special report](#) concerning non-compliance with one of our orders by a landlord. It followed our investigation of a resident's complaint about cyclical maintenance and how the landlord had handled that complaint. We found maladministration and made a number of orders to put things right including completing the outstanding works. Some elements of the works remained outstanding six months after the timeframe we specified with no date provided to residents on when the work would start. We have monitored subsequent progress and we are satisfied that our order has now been complied with.

We had previously consulted with external stakeholders on moving towards publishing all our decisions as a way of increasing transparency, demonstrating the range of decisions we make and the types of outcomes we can achieve. The majority had supported the proposal and we sought further feedback in 2018-19 through the corporate and business plans consultation. We have decided to progress with this proposal and our corporate plan contains a commitment to publish all new decisions by the end of March 2022. A project is under way to achieve the necessary changes in our systems, processes and colleague training to deliver by this date, plus external communications to keep stakeholders advised.

### Case study: Investigation stage (1)

A resident's bathroom was surveyed and placed on a 'reserve list' for replacement due to poor layout. The resident was advised that the bathroom would have first priority if funding was available. The bathroom was later shortlisted and inspected again but remained on the 'reserve list'. The landlord explained that the comment 'first priority' had been misleading and that the funding had been spent on bathrooms that were in a worse condition. The resident requested that the bathroom be replaced as a result of the misrepresentation which raised her expectations. She also raised concerns regarding the condition of the bathroom. The landlord undertook repairs to damaged tiling, plasterwork and replaced taps. It confirmed that the bathroom remained on its 'reserve list' and would be considered again the following year.

The landlord acknowledged that it had raised the resident's expectations. However, throughout its responses to the complaint, the landlord appropriately apologised for failing to adequately manage her expectations and took steps to ensure that the bathroom was in good working order. The apology and actions were adequate, and the fact that the landlord gave incorrect advice on its intentions regarding the bathroom replacement was not sufficient reason for the landlord to be expected to replace the bathroom as redress.

### Case study: Investigation stage (2)

A resident complained about a damp patch appearing on his ceiling and wetness around the chimney stack when it rained. The landlord inspected internally and took limited action in March. It advised that scaffolding would be needed. Further internal inspections took place in May and June following the resident contacting to advise that the problem continued.

The resident continued to contact the landlord regarding the repair throughout the year and made a number of complaints. He reported that the complaints team were perplexed and apologetic each time he rang, but could not get the repairs department to take action. Scaffolding was finally erected 16 months after the initial inspection and repairs were undertaken. These were only partially successful.

We found maladministration due to the significantly protracted period of time it took for the landlord to take action. The landlord was ordered to undertake a further inspection and identify remedial actions. These actions were to be completed within six weeks. A further order was made to pay £600 compensation to the resident for the distress and inconvenience caused by the delays.



## Strategic objective 4: Supporting landlords to learn from the outcomes of complaints

Learning from outcomes is one of our three dispute resolution principles. We encourage landlords to have a positive approach towards complaints, seeing them as feedback from residents and an opportunity to help them improve both their complaint handling and housing services.

We use our experience of dealing with many thousands of disputes and seeing examples of good and bad practice to provide a variety of training and tools to support landlords to improve.

### Sharing our learning and insight

In March 2019, we launched the first in a new series of reports to share the learning from our complaints and provide good practice points to help landlords improve their services and complaint handling.

*'Room for improvement: Spotlight on complaints about repairs'* was the first topic as repairs is consistently the biggest category of complaint we deal with, accounting for over one third of all complaints each year.

The report identifies the main causes of complaints about repairs and illustrates these with case studies. It also has a good practice section based on our dispute resolution principles and is a useful resource for landlords to refer to in delivering their repairs service and handling related complaints effectively.





Planned work for the year to analyse our recommendations and orders so that key themes and learning can be shared more widely was deferred. This was because the system changes needed to support it will be incorporated into other updates arising from the change programme planned for the first half of 2019-20 rather than carried out as a more expensive, stand-alone update.

We included plans for the publication of individual landlord complaints data in our consultation again this year and received strong support for this. We will be moving ahead with the project during 2019-20.

## Partnership working

We have continued our programme of delivering training through partner organisations, working with Housing Quality Network (HQN) and Tpas in 2018-19. Our staff delivered nine workshops with HQN for landlords on 'How to resolve complaints faster and smarter'. The key topics covered were resolving complaints early, remedies and compensation, communication and record keeping, all with case studies.

We also co-delivered eight events with Tpas made up of separate sessions aimed at landlords and residents (also referred to in SO1). The sessions included what makes an effective complaints process, common areas of customer frustration, achieving a fair and proportionate outcome and our dispute resolution principles.

In addition, we have provided in-house workshops for individual landlords and tenant panels. Around 500 participants have benefited from 22 workshops across 2018-19.

Speaking at events and conferences provides a further opportunity to raise awareness of our service and approach to dispute resolution. In 2018-19 the Ombudsman and colleagues spoke at a range of conferences and events including:

- Westminster Legal Policy Forum on the future for regulation of the private rented housing sector
- Future of Housing Services Conference
- Chartered Institute of Housing (CIH) Total Housing 2019 conference
- Modern Government conference on effective complaint handling

## Assessing our impact

We seek feedback from delegates at all of our events, workshops and in-house training. We also seek feedback following completion of our e-learning package and from the individual landlords with whom we work. We have received a very high level of positive feedback from all sources.

We made progress in evaluating the effectiveness of our sector development and engagement work in the year. A key part of this was the commissioning of an advisory internal audit report looking at how other organisations that seek to influence behaviour in their sectors measure their impact and gather this feedback.

We will continue this work in 2019-20 under the sector development and engagement strategy.

### Quotes from participants

“The workshop highlighted the importance of resolving issues at the earliest stage possible, particularly the need to have regular contact with residents to keep them updated with what’s happening. Also, the need to keep proper records of actions/conversations, rather than trying to rely on ‘anecdotes’ which cannot be evidenced. Also, the need to contact the resident at the start to find out how they want the matter to be resolved to understand what action is needed and identify any quick wins.”

“This was an excellent course which was extremely well delivered. The examples and case studies were particularly relevant and helped focus our minds on how we should be approaching such matters. The course had a good emphasis on the importance of evidence and this has helped us to spread the message internally.”

## Strategic objective 5: An accountable, well-run organisation, using our subscription monies wisely

As a public service that is funded by subscriptions paid by our members, and which ultimately comes from residents' rent, we need to be open and accountable for how we use our resources. During 2018-19 we continued to ensure value for money and to be transparent to Parliament, Government and our customers.

### Accountable

In 2018-19 we consulted with all stakeholders about our new three year [Corporate Plan for 2019-22](#) as well as the [Business Plan for 2019-20](#). We received very strong support and valuable input from landlords, residents and all key representative bodies, as well as from our staff and our Panel of Advisors.

We received 62 written responses through an online survey and by email, an increase from 55 the previous year. We also held four roundtable discussions (three in London, one in Manchester) with a total of 29 participants from a range of stakeholder organisations. We had direct resident respondents and representative feedback from Taroe and Tpas. A number of respondents had also consulted with residents or their members in providing their feedback. The landlord responses represented 20% of all housing units registered with us. Details are set out in the [consultation report](#) available on our website.

We held the first meetings of our Panel of Advisors in 2018-19. The Panel, made up of equal representation from landlords and residents plus two representatives from our Audit and Risk Assurance Committee, advises the Ombudsman on strategy and accountability. At the first meeting in July 2018, we sought Panel members' input ahead of developing our three-year corporate plan and business plan for year one. The final drafts of these plans were considered at its second meeting in November 2018. During the year we also asked for the Panel's advice and feedback on our response to the green paper, '*A new deal for social housing*', our communications and stakeholder engagement strategy and our approach to customer feedback.

Our new website has supported greater transparency by including a section where we publish our policies. During the year we have published a [range of policies](#) in relation to finance, human resources, membership, dispute resolution and the organisation overall. We have also published our [internal casework staff guidance](#) covering the different stages of our dispute resolution process.

### A well-run organisation

#### Information security

We have continued to enhance our information security systems and internal controls throughout the year. The most significant impact this year came from the introduction of the General Data Protection Regulation under the Data Protection Act 2018.

In preparation for this, we sought advice on our basis for legal processing, obtained changes to the Housing Ombudsman Scheme from the Secretary of State, updated our privacy notice, reviewed all of our related policies and procedures, undertook an analysis of our supply chain and trained all colleagues in their responsibilities. We commissioned an internal audit review of our compliance with the new requirements and received a substantial assurance opinion.

## Communications and engagement

We aim to share updates and information about how we work and our learning more widely through channels with a broader reach.

Our e-newsletter is now established as a quarterly mailshot on our news and developments, including new support for landlords. The number of subscribers doubled during the year, increasing from 432 to 867 by the end of March 2019.



Raising our profile through the media also helps to share our learning. Media coverage increased over the year and has included articles in Inside Housing and 24Housing, plus Local Government News and Shelter's Housing Matters. We also use social media, engaging on Twitter and LinkedIn to promote our activities such as our workshops and e-learning. Our engagement has increased over the year with followers on Twitter increasing from 471 to 702 and on LinkedIn from 412 to 570.

We introduced a new communications and stakeholder engagement strategy during the year providing the broad context and our approach over the next three years.

We have developed a more planned approach to our stakeholder engagement with the aim of building on our relationships with external stakeholders and creating more two-way dialogue. In support of this, the Ombudsman and senior colleagues met with CIH and the National Housing Federation (NHF) to start exploring opportunities to work collaboratively to improve redress in the sector.

As part of formulating our response to the social housing green paper we engaged with a range of external stakeholders. This included discussions with Tpas, HouseMark, Citizens Advice, Taroe, Local Government and Social Care Ombudsman (LGSCO) and the Regulator of Social Housing. We will continue to implement the strategy over the coming year.

### **Human Resources**

We have rolled out and embedded our new HR system which allows us to have a more accurate and up-to-date picture across the organisation, for example, on sickness absence and leave profiles. We have used this information to enhance our monthly management information, monitor trends and take timely and appropriate action.

### **Information and Communication Technology**

We have continued to improve our casework system with changes that provide us with better management information and allow us to demonstrate compliance with the new data protection requirements introduced in-year. We also contracted for the repatriation of our casework solution and other applications back to UK hosted environments and this work will be completed shortly. The casework hosting move provides a number of benefits including increased system response times and enhanced functionality.

We have re-procured and upgraded our phone system. This is now cloud-based to increase our resilience and allows us to better manage calls coming in to the organisation so that customers receive a more responsive service.

We have also been reaccredited under the Cyber Essentials scheme, and undertaken penetration and vulnerability testing of our IT infrastructure and website which found no critical security issues.

Finally, we completed the development of our intranet and launched this during the year. This provides a single, easy to find location for all colleagues to access corporate information and updates.

### **Finance**

We have maintained and improved our controls in the finance area, most notably introducing a new approach to invoicing based on pre-validated third party data which will simplify and speed up the unit confirmation process for both landlords and us. We maintained our substantial assurance rating from internal audit following their annual review of our key financial controls.

## Health and safety

We continued our annual review of health and safety policies and our risk assessment, reporting the outcome to the Senior Leadership Team. An internal audit review of this area reported substantial assurance.

## Using our subscription monies wisely

Throughout the year, we have continued to review and revise our processes to increase our efficiency. For example, our revised approach to casework determination reviews ensures that cases are only reviewed where the request demonstrably meets Scheme requirements. This approach ensures that we are able to respond to valid requests within our published timescales.

We have continued to undertake competitive procurements and re-procurements to drive cost reductions or improve the services received. For example, our new outsourced enquiries contract contains additional service lines to reduce administrative burdens on caseworkers and allow them to focus on dispute resolution. In addition, contracts awarded for dispute resolution support contained financial penalties if work was provided late or below acceptable quality standards, and we renegotiated our recruitment support contract to consolidate services and drive down costs according to campaign size.

## Other matters

We take corporate social responsibility seriously and have a range of policies and practices to support our approach. Our standard contracts all include clauses over modern slavery, anti-bribery and corruption, and transparency. We also have an anti-bribery policy in place and we recycle whenever we can. During 2019-20 we will develop a policy with our key suppliers on assuring sustainability within the supply chain.

The Housing Ombudsman Service made no political or charitable donations during the year. Our whistle-blowing policies and procedures are effective and regularly reviewed. No disclosures were made under this policy during 2018-19.

**Andrea Keenoy**  
**Interim Housing Ombudsman and Accounting Officer**

5 July 2019

## Corporate governance report

### Ombudsman's report

#### Leadership and direction

The 'Governance Statement' on page 39 sets out how we are structured to deliver organisational direction and control, including the changes we introduced in 2018-19. The 'Who we are' section on page 2 identifies members of the Senior Leadership Team (SLT), the Audit and Risk Assurance Committee (ARAC) and the Panel of Advisors (PoA) which met for the first time in 2018-19.

The year to the end of March 2019 was the third and final year of our corporate plan 2016-19 which set out our vision, values and strategic objectives. During this period we further realised and improved our strategy, processes, people and systems building on the changes made in the first two years of the corporate plan. Our focus from September 2018 to the end of March 2019 was on five key areas:

- re-invigorating local resolution
- achieving the six-month target for average case times
- engaging with key stakeholders
- continuing to transform and embed our systems
- developing a new three-year corporate plan.

During the year we introduced new breakfast briefings for all colleagues on a bi-monthly basis to provide regular updates on the five areas of focus and to highlight where we were seeking colleague involvement or feedback. We also continued to hold six-monthly, half-day colleague events as part of our approach to engaging colleagues in developing and improving our service. As a result, colleagues had a considerable input in preparing the content of our corporate plan 2019-22 for consultation. In addition, we held sessions with colleagues to get their views on our responses to the '*Strengthening consumer redress in the housing market*' consultation and the social housing green paper before submitting the final versions.

We consulted extensively on our draft corporate plan with stakeholders and received strong support for our new strategic objectives and our year one activities. We have grouped the various year one activities together into a change programme to manage these coherently with the aim of bringing consistency, effectiveness and efficiency to the way we work. The programme has been divided into four workstreams each led by a manager. Project groups involve colleagues from across the teams and there are opportunities for wider engagement through activities such as drop-ins. The four workstreams are:



1. Supporting greater local resolution
2. Enabling faster redress once a complaint enters formal remit
3. Improving customer care
4. Effective sector development and engagement

All our activities are underpinned by a robust and comprehensive set of policies, procedures and controls that are regularly reviewed and updated when necessary. The assurance map has continued to evolve and is valuable in providing a different perspective to risk management alongside our corporate and operational risk registers.

### **Responding to current issues**

We use our experience and expertise to contribute to relevant policy developments and influence others' thinking.

In 2018-19 we responded to two major government consultations on housing. In May we welcomed the consultation on '*Strengthening consumer redress in the housing market*' and set out our support for the proposal to improve consumer redress across the housing and property sector. The Government's response, published in January 2019, outlined the creation of a new Housing Complaints Resolution Service to provide a single point of access for all the current redress schemes in housing, development of codes of practice for redress providers and in-house complaint-handling, as well as closing the current gaps in access to redress across the housing market. We have started to work with the existing private sector schemes to more fully understand how each of us works and look forward to taking part in the MHCLG-led Redress Reform Working Group that will take these proposals forward over the next year.

We also welcomed the Government's green paper '*A new deal for social housing*' published in August 2018. We engaged with a range of external stakeholders in formulating our response including discussions with Tpas, HouseMark, Citizens Advice, Taroe, LGSCO and the Regulator, as well as ARAC and the Panel of Advisors. In our response to the paper we set out our ambitions which included a sector wide complaint handling standard to ensure consistency and fairness within complaints procedures, powers to assist residents where there is unnecessary delay in landlord complaint handling, and the ability to investigate individual complaints further to establish if there are potential systemic issues for onward referral to the Regulator. We also stated our strong support for the removal of the designated persons role to streamline access to our service.

In developing our corporate plan for the next three years we have based it on the themes that emerged from both of those papers – hearing the resident voice, fast and effective redress and greater transparency.



### **Working with others in the sector**

This year we continued to work with others to maximise our efforts in providing an efficient and effective service and to help shape its development.

We continued to work closely with the LGSCO and updated our Memorandum of Understanding which provides a common approach to the definition of jurisdictional boundaries and handling cases that may cross these as well as signposting of complaints and other forms of joint working.

In the Ombudsman sector, we also participate in Ombudsman Association activities including the regular interest group meetings that bring people from different disciplines together to share best practice and to provide a discussion forum. These include casework, legal, HR, communications and policy work. We also participate in the Public Sector Ombudsman Group and attended two meetings during 2018-19.

The Ombudsman meets regularly with the Regulator of Social Housing as well as liaising as appropriate on specific casework and we have a strong working relationship. During the year, we updated our joint Memorandum of Understanding to reflect the change in status of the Regulator as a stand-alone body.

### **Register of interests**

The [register of interests](#) is available on our website and discloses information for all members of SLT, ARAC and the PoA.

### **Personal data**

Information management within the Housing Ombudsman is strong and no incidents have been self-reported to the Information Commissioner's Office (ICO) during 2018-19. However, in any organisation dealing with high volumes of personal data on a daily basis, some lapses due to human error are unavoidable. Two data protection matters were referred to the ICO by complainants. In both cases, the ICO found that we had been in breach of the DPA but took no further action and accepted that we had taken sufficient remedial action to address the matters. Internal audit reviewed our processes and systems for meeting our responsibilities under GDPR in year and gave us a substantial assurance opinion.

## Statement of Accounting Officer's responsibilities

Under the Government Resources and Accounts Act 2000, the Secretary of State has directed the Housing Ombudsman Service (HOS) to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of HOS and of its surplus or deficit, financial position, changes in taxpayers' equity and cash flow for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe any Accounts Direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgments and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts, and
- prepare the accounts on a going concern basis.

The Principal Accounting Officer of the Ministry of Housing, Communities and Local Government has designated the Housing Ombudsman as Accounting Officer of HOS. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding The Housing Ombudsman's assets, are set out in '*Managing Public Money*' published by the HM Treasury.

I confirm that, as far as I am aware, there is no relevant audit information of which the entity's auditors are unaware, and I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that HOS' auditors are aware of that information.

I confirm that the annual report and accounts as a whole are fair, balanced and understandable and that I take personal responsibility for the annual report and accounts and the judgments required for determining that they are fair, balanced and understandable.

## Governance statement

### Scope of responsibility

My responsibilities as Accounting Officer are set out in '*Managing Public Money*'. I was appointed as Accounting Officer by the Ministry of Housing, Communities and Local Government's Permanent Secretary, who is the Principal Accounting Officer for the Ministry, on 31 August 2018. The previous Accounting Officer has provided me with a letter of assurance covering the period from 1 April to 30 August 2018.

As Accounting Officer, I am personally responsible for maintaining effective governance and a sound system of internal control that supports the achievement of the Service's objectives while safeguarding its funds and assets.

### Governance framework

#### Legislation and scheme

The Housing Act 1996 (Schedule 2, paragraph 10) provides that a Scheme approved by the Secretary of State may be administered either by a "body corporate" or by a "corporation sole". With effect from 1 April 2013, the Scheme has been administered by the latter; The Housing Ombudsman (THO). This change was effected by The Housing Ombudsman (Corporation Sole) Order 2013, made by the Secretary of State for the Ministry of Housing, Communities and Local Government.

As a corporation sole, which is a distinct legal entity with legal capacity, THO can make legally binding contracts, employ staff, and enter into leases. A corporation sole is typically created to allow the corporate entity to pass from one office holder to the next successor-in-office. Corporation soles do not have a board of directors; that role and function, and all property, rights, assets, and liabilities, are vested in the person who is the corporation sole.

THO operates in accordance with the Scheme which was approved by the Secretary of State for Housing, Communities and Local Government under the provisions of the Housing Act 1996.

The Scheme applies to social landlords registered in England as well as to other 'for profit' landlords who join voluntarily. THO receives its funding via an annual 'per housing unit' subscription from member landlords.

Under the legislation and the Scheme, THO is solely responsible for the conduct of dispute resolution and the determination of disputes. THO must be completely independent and reach fair and impartial decisions when exercising these responsibilities. THO employs staff to deliver the responsibilities under the Scheme and, collectively, we are known as the Housing Ombudsman Service (HOS).

## **Ministry of Housing, Communities and Local Government sponsorship and the Framework Document**

THO operates in accordance with the requirements set out in a Framework Document agreed in December 2017 with the Ministry of Housing, Communities and Local Government (MHCLG) as sponsor department, Cabinet Office's controls over expenditure and '*Managing Public Money*'. Any potential conflict between the Framework Document and the Scheme must be resolved in favour of the Scheme.

I attend regular Accounting Officer meetings with officials at the Ministry where performance and policy issues are discussed.

### **Internal governance**

In making decisions about governance, risk management and internal control, THO is advised by an Audit and Risk Assurance Committee (ARAC).

Internally, THO is supported by a Senior Leadership Team (SLT) who work with THO to set the strategic direction and the framework within which the organisation operates. The SLT meets monthly. From September 2018, the membership of SLT was expanded to formally include all regular attendees. This change embedded the improvements to the breadth of discussion and quality of decision-making in this forum.

Supporting SLT is an Operational Management Team (OMT). Until September 2018 a Dispute Resolution Management Team (DRMT) also supported SLT. Both teams had responsibility for looking at operational performance and delivery with OMT focussing on corporate services aspects and DRMT focussing on dispute resolution. This separation led to silo working and the partial discussion of some cross-functional issues, particularly in relation to organisational performance. Consequently, OMT's terms of reference were amended to make this the single forum for consideration of this issue and DRMT's terms of reference were amended to focus it wholly on casework issues. All members of DRMT are also members of OMT and both committees continue to meet monthly.

The Housing Ombudsman Scheme provides that the Ombudsman may appoint a Panel of Advisors. An eight-member Panel, drawn from an equal number of landlord and resident representatives as well as the ARAC members, was appointed in July 2018. The Panel provides support and advice to THO in the leadership and good governance of the office of THO. The Panel also brings an external perspective to assist THO in the development of policy and practice. The Panel's terms of reference are set out in the Framework Document and it met formally twice in the year.

### **Compliance with Corporate Governance in Central Government Departments: Code of Good Practice**

THO and HOS comply with the principles and the provisions set out in the Code of Good Practice, in so far as they apply to a non-departmental public body and a corporation sole.

While THO as a corporation sole cannot have a board, its functions are covered by alternative arrangements. Strategic clarity, commercial approaches, people development, approval of key projects and scrutiny over performance are provided by the SLT. These approaches and assurances are then tested in combination through the Audit and Risk Assurance Committee (ARAC), MHCLG (including at Accounting Officer meetings), the Panel of Advisors and the sector as part of our annual consultations on our business plans.

Overall, these alternative arrangements are sufficient to support THO in the role of corporation sole and allow compliance with the principles and supporting provisions of the Code.

### Audit and Risk Assurance Committee

Matters covered by the ARAC in-year were:

- arrangements for the transition between Ombudsmen and the recruitment of a permanent post-holder
- assurance deep dives in two areas per meeting selected from the corporate risk register or the assurance map
- review of reports from internal and external audit and of management performance in addressing their recommendations
- review of the annual report and accounts
- review of the accounting policies
- review of their effectiveness.

The Committee was satisfied that its work indicated effective governance, risk management and internal control processes were in place.

The Committee met four times during the year and a record of attendance is set out below:

Member	Attendance
Sue Harvey	4/4
Christina Coker	3/4
Simon Sweetinburgh	4/4
David Horne	4/4

### Risk management

Risk management is active and embedded throughout the organisation. Following the amalgamation of DRMT and OMT in September 2018, cross-organisational operational risks are now proposed and reviewed at OMT. Where necessary, risks are escalated from here to the corporate risk register, which is discussed monthly at SLT meetings.

Corporate risk management is assured at ARAC meetings. Discussions consider whether the risks are correctly defined, the level of appetite for risk, and whether controls and mitigations are appropriate and timely.

The corporate risk register is kept under review and risks are updated or redefined as necessary throughout the year. Risk management was enhanced during the year by the formalisation of our risk appetite in each area of the business which has been used to set the target for managing risk to an acceptable level. It has also been supplemented by further improvement to the assurance map in-year which now identifies where the assurance is reported and its frequency, as well as linking to relevant operational and corporate risks.

Information management within THO is strong, however, in any organisation dealing with high volumes of personal data on a daily basis, some lapses due to human error are unavoidable. During the year, two incidents were reported by complainants to the Information Commissioner's Office (ICO) but no further action was taken.

The key risks facing the organisation during the year are set out below:

- Lack of permanent leadership

The Housing Ombudsman is an executive non-departmental public body, sponsored by MHCLG. Appointments to the role of Housing Ombudsman are led and managed by MHCLG and made by the Secretary of State. A new permanent Housing Ombudsman has been recruited and is expected to take up post shortly. I was appointed as Interim Housing Ombudsman following on from the previous interim post-holder and the transition between us was smooth and effective. However, at a time of great change in the housing sector, particularly in the light of the green paper '*A new deal for social housing*' and the Government's response to '*Strengthening Consumer Redress in the Housing Market*' it is important that HOS has a permanent leader to set their vision for the organisation and influence these debates accordingly. During my tenure, we have been successful in maintaining or re-establishing our presence with most key stakeholders and our focus for 2019-20 is to build the relationship with our new sponsorship teams in the Ministry.

- A significant information security breach occurs

A significant information security breach would cause serious reputational damage, could potentially result in harm to our customers and could lead to fines or other penalties. Our information security measures are strong, but we cannot entirely eliminate the risk of a breach through human error. Colleagues are reminded about information security with monthly updates and regular training provided. In addition, we have created a Data Protection Champion role with one nominee per team, we were reaccredited under the Cyber Essentials scheme and penetration testing found no significant weaknesses. Our internal audit in this area provided us with substantial assurance over our compliance with the requirements of the Data Protection Act 2018 and no significant breaches were reported to the ICO.



- Lack of relevance in the sector

Over recent years, significant changes have been taking place in the social housing sector and these are resulting in different operating models, mergers and a sharper focus on social landlords' performance. There is a risk that, in dealing with these challenges, landlords do not have the capacity to engage with us. In response, we have evolved our approach to sector engagement to increase our reach and we are continuing to provide more information that is available on demand through our website. Requests for our support in this area remained high during the year and feedback from landlords is consistently positive. As part of the 2019-20 Business Plan, we will develop and agree a new stakeholder and sector development strategy that will drive the tools and training we provide to our customers.

- Unable to deliver formal determinations within an average of six months

Residents and landlords want a timely, high quality complaints handling service and that is what we want to provide. During 2018-19, we again determined over 99% of cases in under 12 months and we continued to reduce our average case time from 8 months to 6.7 months, despite a substantial and above expectation 26% increase to cases entering our formal remit. Although we did not manage to meet our very stretching target of a six-month average for the year, we did hit this in the last quarter, averaging 5.9 months during that period, and putting ourselves in a good position to achieve the target in 2019-20.

As part of our 2019-20 Business Plan, we will be undertaking a change programme to review our internal operating models over the whole dispute resolution process to ensure we are as efficient and effective as possible when a complaint reaches us, alongside external strategic work with landlords to reduce demand. Together, these activities will strengthen our ability to deliver faster redress for our customers.

### Internal control

We have continued our approach of regularly reviewing and updating of our policies and processes for best practice and lessons learned. This year we completed our first cyclical review of all dispute resolution policies under the process introduced in 2016 and on the corporate services side, we reviewed information security, HR and finance policies in line with agreed review timelines.

The internal audit programme was linked to the key risks facing the organisation during the year and provided substantial assurance over internal controls in the following areas: data protection and arrangements to support the new statutory requirements; health and safety; and key financial controls. In addition, internal audit undertook an advisory audit looking at our sector engagement work to advise on ways to increase the effectiveness of our approach and possible impact measures.



## Sources of assurance

In preparing this Governance Statement, I have been informed by:

- the annual report from the ARAC to me on its view of governance, risk management and internal control which concluded “it was satisfied that appropriate governance, risk management and internal control processes operate within HOS”
- the annual report and opinion from the Head of Internal Audit which stated “based on our assurance work I am able to give a substantial opinion in respect of the financial year 2018-19”
- the NAO’s audit completion report and management letter
- the outcome of regular Accounting Officer meetings with MHCLG
- statements of assurance from each of the Directors setting out how governance, risk management and internal control have operated within their areas
- the corporate risk register and the assurance map
- a letter of assurance from the former Interim Housing Ombudsman and Accounting Officer

## Conclusion on governance, risk management and internal control

Based on the assurances I have received, I am content that HOS is operating effective governance, risk management and internal control.

The key challenges for 2019-20 will be to manage delivery of a challenging annual average case time target alongside a significant change programme, and increasing our influence amongst key stakeholders as the future of social housing and consumer redress in housing are taken forward.

**Andrea Keenoy**  
**Interim Housing Ombudsman and Accounting Officer**

## Remuneration and staff report

### Remuneration of senior managers

The office of Housing Ombudsman is a public appointment made by the Secretary of State in accordance with Section 51 of the Housing Act 1996 and paragraphs 59-64 of the Housing Ombudsman Scheme. Under The Housing Ombudsman (Corporation Sole) Order 2013, appointment to the office of THO is as a corporation sole and hence THO is not an employee. The Ombudsman's salary is considered annually in line with public sector pay policy.

The previous Interim Ombudsman appointment expired on 31 August 2018 and a further Interim Housing Ombudsman took over on that date. The current Interim Housing Ombudsman is acting up from the post of Director of Finance and Corporate Performance.

HOS does not have a remuneration committee. Remuneration of employees is linked to contractual entitlement and salary scales for those appointed to their current post prior to November 2015. Colleagues joining after this date are employed on spot pay.

Senior managers are employees of HOS and have an annual appraisal. No awards were made to any senior manager in year. In particular, no allowances or bonuses were paid to senior management in year. No element of remuneration is non-cash. Information on the remuneration paid to the Ombudsman and each senior manager is detailed in tabular form on the next page.

Pension benefits are also detailed in the table. There were no contributions to a money purchase scheme.

There were no payments in respect of allowances, bonuses, compensation and non-cash benefits during the year. The members of the Audit and Risk Assurance Committee and Panel of Advisors referred to on page 2 are not senior managers of HOS.

## Remuneration and Staff Report (subject to audit)

2018-19

	N o t e s	Single Total Figure of Remuneration				Accrued benefits during the year & related lump sum	Pension Entitlement Details			
		Salary and fees	Pension benefits	2018 - 2019	2017 - 2018		Accrued benefits at end of year & related lump sum	Cash Equivalent Transfer Value (CETV) at start of year	CETV at end of year	Real increase in CETV
		In bands of £5,000	To the nearest £1,000	In bands of £5,000	In bands of £5,000		In bands of £2,500	In bands of £5,000	To the nearest £1,000	To the nearest £1,000
<b>Ombudsman &amp; Senior Managers</b>										
David Connolly (seconded Interim Housing Ombudsman until 30/08/18)	1	55,000-60,000	N/A	55,000-60,000	80,000-85,000	N/A	N/A	N/A	N/A	N/A
Andrea Keenoy (Director of Finance and Corporate Performance until 30/08/18, Interim Housing Ombudsman from 31/08/18)	2	95,000 – 100,000	2,000	100,000 – 105,000	85,000 – 90,000	0 – 2,500 –	0 – 5,000 –	43,000	73,000	-2,000
Rosalind D’Cruz (Director of Finance and Corporate Services from 01/09/18)	3	45,000 – 50,000	-	45,000 – 50,000	N/A	-	-	-	-	-
Emma Foxall (Director of Dispute Resolution until 31/08/18, Deputy Housing Ombudsman from 01/09/18)	4	75,000 – 80,000	5,000	80,000 – 85,000	130,000 – 135,000	0 – 2,500 –	10,000 – 15,000 – 5,000 – 10,000	200,000	277,000	52,000
Joyce Adu (Director of Dispute Resolution)		65,000 – 70,000	7,000	70,000 – 75,000	145,000 – 150,000	0 – 2,500 –	15,000 – 20,000 – 15,000 – 20,000	237,000	281,000	21,000
Jackie Feeney (Communications Manager)	5	25,000 – 30,000	21,000	45,000 – 50,000	N/A	-	0 – 5,000 –	-	44,000	44,000
Tracey Hindley (Head of Human Resources)	6	35,000 – 45,000	0	35,000 – 40,000	N/A	-	-	-	13,000	13,000
Simba Maposa (Head of Finance)	7	20,000 – 25,000	N/A	20,000 – 25,000	N/A	N/A	N/A	N/A	N/A	N/A

From 1 September 2018 formal membership of the SLT was expanded to include those colleagues who previously attended but did not have member status. This change is reflected in the table above.

The capitalised value of individual pension entitlements have been calculated in accordance with IAS19.

1. David Connolly held the post of Interim Housing Ombudsman until 30 August 2018 on a part time basis. David was seconded from another MHCLG arm's-length body so was not an employee or remunerated by the Housing Ombudsman Service. The amount paid to his employer in year was £55,563 and this is reflected in the table above under 'salary and fees'. His FTE salary was in the band £110,000-£115,000.
2. Andrea Keenoy took over as Interim Housing Ombudsman from 31 August 2018. Her FTE salary is in the band £110,000-£115,000. She held the post of Director of Finance and Corporate Performance until 30 August 2018. Her FTE salary for the period until 30 August 2018 was in the band £80,000-£85,000.
3. Rosalind D'Cruz was appointed Interim Director of Finance and Corporate Services from 1 September 2018. Her FTE salary is in the band £80,000-£85,000. Rosalind is not a member of the pension scheme.
4. Emma Foxall was appointed Deputy Ombudsman from 1 September 2018. Her FTE salary is in the band £80,000-£85,000. She held the post of Director of Dispute Resolution until 31 August 2018 as 0.91 FTE. Her FTE salary was in the band £60,000-£65,000.
5. Jackie Feeney is the Communications Manager. Her FTE salary from 1 September 2018 is in the band £50,000-£55,000.
6. Tracey Hindley joined the organisation in July 2018 and is the Head of Human Resources. Her FTE salary for the period is in the band £60,000-£65,000.
7. Simba Maposa is Head of Finance and joined the organisation on 15 October 2018. Simba is seconded from the Department for Transport and is not an employee or remunerated by the Housing Ombudsman Service. The amount paid to his employer was £22,025. His FTE salary is in the band £60,000-£65,000.

## 2017-18

	Notes	Single Total Figure of Remuneration				Pension Entitlement Details				
		Salary and fees	Pension benefits	2017 - 2018	2016 - 2017	Accrued benefits during the year & related lump sum	Accrued benefits at end of year & related lump sum	Cash Equivalent Transfer Value (CETV) at start of year	CETV at end of year	Real increase in CETV
		In bands of £5,000	To the nearest £1,000	In bands of £5,000	In bands of £5,000	In bands of £2,500	In bands of £5,000	To the nearest £1,000	To the nearest £1,000	To the nearest £1,000
<b>Ombudsman &amp; Senior Managers</b>										
Denise Fowler (Housing Ombudsman to 04/06/17)	1	20,000 – 25,000	899,000	920,000 – 925,000	625,000 – 630,000	45,000 – 47,500	45,000 – 50,000	664,000	688,000	10,000
David Connolly (Interim Housing Ombudsman on secondment from 05/06/17)	2	80,000-85,000	N/A	80,000-85,000	N/A	N/A	N/A	N/A	N/A	N/A
Andrea Keenoy (Director of Finance and Corporate Performance)		80,000 – 85,000	6,000	85,000 – 90,000	105,000 – 110,000	0 – 2,500	0 – 5,000	24,000	43,000	-7,000
Joyce Adu (Director of Dispute Resolution)	3	65,000 – 70,000	82,000	145,000 – 150,000	160,000 – 165,000	2,500 – 5,000	15,000 – 20,000	215,000	237,000	-1,000
Emma Foxall (Director of Dispute Resolution)	3	60,000 – 65,000	69,000	130,000 – 135,000	145,000 – 150,000	2,500 – 5,000	10,000 – 15,000	178,000	200,000	1,000

- Denise Fowler held the post of Housing Ombudsman until 4 June 2017. Her FTE salary was in the band £115,000-£120,000. Denise made a transfer in to her pension at the end of 2016-17. This increased her pension entitlement significantly between the start and the end of the financial year, and this difference has led to the reported pension benefit.
- David Connolly took over as Interim Housing Ombudsman on a part time basis on 5 June 2017. David is seconded from another MHCLG ALB on a part-time basis and so is not an employee or remunerated by the Housing Ombudsman. The amount paid to his employer in year was £84,524 and this is reflected in the table above under 'salary and fees'. His FTE salary as Housing Ombudsman from 5 June to 31 January was in the band £100,000-105,000 and increased to £110,000-£115,000 from 1 February.
- Joyce Adu and Emma Foxall were both confirmed in post following periods of acting up with effect from 31 October 2017. On 17 November 2017, Emma Foxall reduced her contractual hours to 0.91 FTE. Her FTE salary is in the band £60,000-£65,000.

### Fair Pay disclosure (subject to audit)

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

	2018 -2019	2017-2018
Band of highest paid individual's remuneration (£)	110,000-115,000	110,000-115,000
Median remuneration of staff (£)	45,496	40,523

Ratio between median remuneration and mid-point

of banded remuneration of highest paid individual 2.5:1 2.8:1

The range of staff remuneration is between 24,000-82,000 24,000-82,000

In 2018-19, nil employees received remuneration in excess of the highest-paid director (2017-2018: nil).

Total remuneration includes salary and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

The median salary has increased due to new starters joining on higher spot salaries.

### Staff costs (subject to audit)

	Notes	Permanent staff	Temporary staff	2018-19 Total	2017-18 Total
		£'000	£'000	£'000	£'000
Wages and salaries		2,710	548	3,257	3,241
Social security costs		293	-	293	256
Pension service costs	14a	1,020	-	1,020	793
<b>Total Costs</b>		<b>4,023</b>	<b>548</b>	<b>4,570</b>	<b>4,290</b>
Cost of Secondments into HOS				78	160
Recoveries in respect of outward secondments				(70)	(17)
<b>Total Costs</b>				<b>4,578</b>	<b>4,433</b>

Cost of secondments into HOS relate to the previous Interim Housing Ombudsman and the current Head of Finance.

THO is an Admitted Body to the City of Westminster Pension Fund, a defined benefit scheme. The Pension Fund is operated under the Local Government Pension Regulations 1997.

A 2016 triennial review has been undertaken to set contributions for the period from 1 April 2017 to 31 March 2020. The actuary recommended an employer's contribution rate of pensionable salaries for THO as follows:

Year Ended 31 March	Contribution Rate %
2018	21.5%
2019	21.5%
2020	21.5%

The 2016 triennial review also recommended that the Housing Ombudsman make additional lump sum contributions to the fund and these are set out below:

Year Ended 31 March	Lump Sum
2018	£84,000
2019	£110,000
2020	£134,000

Another triennial review is due as at 31 March 2019.

Employee contribution rates range from 5.5% to 12.5% depending on salary. More details can be found in Note 14.

### Staff numbers

The previous Interim Housing Ombudsman was seconded from another MHCLG arm's-length body on a part-time basis and is shown in the 'seconded in' column below. The current Interim Housing Ombudsman is treated as an employee of HOS. HOS had seven employees classified as senior managers at year-end as detailed in the Remuneration Report. HOS had a FTE total of 71.2 staff in post as at 31 March 2019, of which 47.4 were female and 23.8 male.

### Average number of persons employed

The average number of employees (including part-time employees, agency workers, and secondees) during the year was 67.6 (2017: 68.2), engaged in the following duties:

	Permanent Staff	Seconded-in Staff	Temporary Staff	Total THO Staff 2018-19 FTE	Total THO Staff 2017-18 FTE
Ombudsman (not an employee)		0.3	-	0.3	1.0
Ombudsman (employee interim)	0.7	-	-	0.7	-
Caseworkers	45.3	-	8	53.3	52.4
Sector Development	1	-	-	1.0	1.9
Support staff	10.2	0.7	1.4	12.3	12.9
				<b>67.6</b>	68.2

### Sickness absence

During the year employee sickness levels were recorded as 0.9% - 0.7% were in respect of short-term sickness and 0.2% in respect of long-term absence.



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**Staff policies**

Our HR Strategy continues to be delivered. The strategy is broken down into five key work strands: recruitment and retention; learning and development; performance management; engaging, valuing and recognising; and health and well-being. HOS has focused on addressing health and wellbeing within the organisation over the past year by forming a colleague-led group. One of the achievements has been to enable the organisation to sign up to the 'Time to Change' pledge - a widely recognised initiative for employers to demonstrate commitment to working place mental health awareness. We have also commenced a management development programme in-year to upskill new managers and to provide a refresher for those already in post.

As a service, we respect and value the contribution of a diverse workforce to the delivery of our business aims. Our commitment to equality and diversity is translated into practice through our policies and procedures, and the open and transparent way they are applied. We are committed to ensuring that no discrimination occurs in recruitment or employment, and that we provide equality of opportunity in all aspects of employment including recruitment, promotion, opportunities for training, pay and benefits. We ensure there is equality of access to employment opportunities for people with disabilities including making any reasonable adjustments for applicants who have a disability to ensure they can give their best in the selection process, and for existing employees who become disabled during their employment.

We use a strengths-based recruitment and performance management system, which helps us create a positive culture to support continuous improvement and development.

We regularly seek colleagues' views and provide a monthly update briefing as part of our engagement approach. Views are sought through colleague events, open meetings and project working groups. These give us an insight into how colleagues would like us to develop our service going forward, what is working well and where improvement is needed. It also empowers colleagues by asking them to provide solutions to the challenges we face.

**Expenditure on consultancy**

HOS did not incur any consultancy costs for off-payroll staff during 2018-19. We paid £16,705 to one company for IT advice during the year.

**Off-Payroll engagements**

There were no off-payroll engagements as of 31 March 2019, for more than £245 per day and that lasted longer than six months.

For all new off-payroll engagements, or those that reached 6 months duration between 1 April 2018 and 31 March 2019, for more than £245 per day and that last longer than 6 months:

No. of new engagements, or those that reached six months in duration, between 1 April 2018 and 31 March 2019	1
of which.....	
No. assessed as caught by IR35	0
No. assessed as not caught by IR35	1
No. engaged directly (via PSC contracted to department) and are on the departmental payroll	0
No. of engagements reassessed for consistency/assurance purposes during the year.	1
No. of engagements that saw a change to IR35 status following the consistency review.	0

We completed risk-based assessments to ensure the above off-payroll engagement paid the correct rate of tax.

For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2018 and 31 March 2019:

No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	2
Total no. of individuals on payroll and off-payroll that have been deemed “board members, and/or, senior officials with significant financial responsibility”, during the financial year.	4

As we are a corporation sole, we have no board members. The four individuals disclosed above are the current and previous Interim Housing Ombudsman, the Director of Finance and Corporate Services and the Head of Finance.

The two off-payroll engagements above are the previous Interim Ombudsman who was seconded from another MHCLG arm’s length body, and the Head of Finance who is seconded from the Department for Transport. Both secondment agreements set out that the secondee remains on their home organisation’s payroll.

**Reporting of exit packages (subject to audit)**

There were no exit packages in 2018-19 (2017-18: nil).

## Parliamentary Accountability and Audit Report

### Regularity of expenditure (subject to audit)

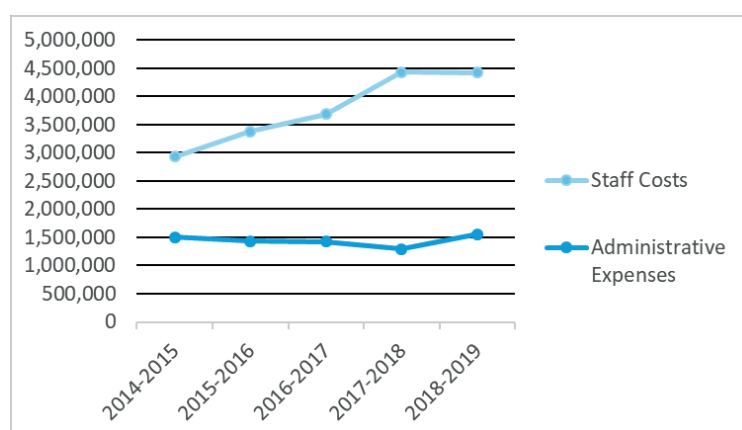
There were no losses, special payments or gifts that require disclosure in the Annual Report and Accounts.

### Fees and charges (subject to audit)

THO is fully funded by a per housing unit subscription fee on members, set in line with the requirements of the Housing Ombudsman Scheme. The costs of delivering the service are recorded as expenditure in the accounts.

The annual membership subscription fee in 2018-19 was £1.25 per housing unit and this is prorated if a member joins during the year. The total income received in the year from subscriptions was £5.99 million.

### Long-term expenditure trends



Our staff costs are broadly similar to the prior year, but were under budget, as we struggled to recruit temporary backfill for permanent roles while we waited for appointees to take up post. To deal with the in-year increase in demand for formal determinations and ensure we could get close to our six month average case time target, we transferred some of the unused staff costs budget to the provision of external advice and support in determining cases which is reported as administrative expenditure. Consequently, this saw an increase of 21% compared to the prior year.

### Remote contingent liabilities (subject to audit)

There are no remote contingent liabilities.

### Auditor remuneration

The audit fee for 2018-19 is £29,500 (2017-18: £29,000). No remuneration was paid to the auditors for non-audit work.

**Andrea Keenoy**

**Interim Housing Ombudsman and Accounting Officer**

5 July 2019

## The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

### Opinion on financial statements

I certify that I have audited the financial statements of The Housing Ombudsman for the year ended 31 March 2019 under The Government Resources and Accounts Act 2000. The financial statements comprise: the Statements of Comprehensive Income, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of The Housing Ombudsman's affairs as at 31 March 2019 and the net deficit for the year then ended; and
- the financial statements have been properly prepared in accordance with The Housing Ombudsman Scheme as approved by the Secretary of State for Housing, Communities and Local Government under the Housing Act 1996, and with the Secretary of State directions issued thereunder.

### Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of The Housing Ombudsman in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## **Conclusions relating to going concern**

I am required to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on The Housing Ombudsman's ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern. I have nothing to report in these respects.

## **Responsibilities of the Accounting Officer for the financial statements**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Housing Ombudsman, as both the Accounting Officer and the corporation sole, is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

## **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Housing Ombudsman's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

### **Other information**

The Accounting Officer is responsible for the other information. The other information comprises information included in the annual report, other than the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### **Opinion on other matters**

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with the Housing Ombudsman Scheme as approved by the Secretary of State for Housing, Communities and Local Government under the Housing Act 1996, and with the Secretary of State directions issued thereunder;
- in the light of the knowledge and understanding of The Housing Ombudsman and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and

- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which I report by exception**

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

**Report**

I have no observations to make on these financial statements.

**Gareth Davies**

**16 July 2019**

**Comptroller and Auditor General**

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP



# Financial statements

## Statement of Comprehensive Income for the year ended 31 March 2019

	Notes	2018 - 2019 £'000	2017 - 2018 £'000
<b>Revenue</b>			
Subscriptions	1b	5,991	6,007
		<u>5,991</u>	<u>6,007</u>
<b>Expenditure</b>			
Administrative expenses	2a	(1,549)	(1,282)
Staff costs	2b	(4,578)	(4,433)
		<u>(136)</u>	<u>292</u>
Interest receivable/(payable)	3	(50)	(73)
<b>Surplus/(Deficit) before taxation</b>		<u>(186)</u>	<u>219</u>
Taxation	4	(4)	(2)
<b>Surplus/(Deficit) after taxation</b>		(190)	217
<b>Other comprehensive income</b>			
Net actuarial gain/(loss) on pension fund	14c	286	562
<b>Total Comprehensive Income</b>		<u><u>96</u></u>	<u><u>779</u></u>

All operations are classified as continuing. Items of other comprehensive income are not potentially reclassifiable to profit or loss.

The notes on pages 62 to 75 form part of these financial statements.

## Statement of Financial Position as at 31 March 2019

	Notes	31.3.19 £'000	31.3.18 £'000
<b>Non-current assets</b>			
Property, plant and equipment	5	88	113
Intangible assets	6	131	83
		<u>219</u>	<u>196</u>
<b>Current assets</b>			
Trade receivables and other current assets	7	118	147
Cash and cash equivalents	8	4,017	3,771
<b>Total current assets</b>		<u>4,135</u>	<u>3,918</u>
<b>Current liabilities</b>			
Trade payables and other current liabilities	9	616	662
Current tax liabilities		2	3
Provisions	10	15	-
<b>Total current liabilities</b>		<u>633</u>	<u>665</u>
<b>Total assets less current liabilities</b>		<u>3,721</u>	<u>3,449</u>
<b>Non-current liabilities</b>			
Net pension liability	14f	3,310	3,134
<b>Total non-current liabilities</b>		<u>3,310</u>	<u>3,134</u>
<b>Assets less liabilities</b>		<u>411</u>	<u>315</u>
<b>Reserves</b>			
General fund reserve		3,721	3,449
Pension fund reserve		(3,310)	(3,134)
<b>Total reserves</b>		<u>411</u>	<u>315</u>

The notes on pages 62 to 75 form part of these financial statements.

**Andrea Keenoy**  
Interim Ombudsman and Accounting Officer

5 July 2019

Statement of Cash Flows for the year ended 31 March 2019

	Notes	2018 - 2019 £'000	2017 - 2018 £'000
<b>Cash flows from operating activities</b>			
Surplus/(Deficit) from operations		(136)	292
Depreciation and amortisation charges	5,6	60	61
Provision for increases in accommodation rental charges	10	15	-
Pension scheme service and admin costs	14a	1,020	800
Pension scheme contributions	14e	(631)	(537)
(Increase)/Decrease in receivables	7	39	(64)
Increase/(Decrease) in payables	9	(46)	258
		<hr/>	<hr/>
Cash generated from operations		321	810
Corporation tax paid		(2)	(3)
		<hr/>	<hr/>
<b>Net cash inflow/(outflow) from operating activities</b>		<b>318</b>	<b>807</b>
		<hr/>	<hr/>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	5,6	(83)	(54)
Bank and other interest received	3	11	-
		<hr/>	<hr/>
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(72)</b>	<b>(54)</b>
		<hr/>	<hr/>
<b>Net increase/(decrease) in cash and cash equivalents in the period</b>		<b>246</b>	<b>753</b>
		<hr/>	<hr/>
Cash and cash equivalents at the beginning of the period		3,771	3,018
		<hr/>	<hr/>
<b>Cash at end of period</b>	8	<b>4,017</b>	<b>3,771</b>
		<hr/>	<hr/>

The notes on pages 62 to 75 form part of these financial statements.

Statement of Changes in Taxpayers' Equity as at 31 March 2019

	<b>General Fund £'000</b>	<b>Pension Fund £'000</b>	<b>Total £'000</b>
Balance as at 1 April 2017	2,883	(3,347)	(464)
Transfer between reserves			
Total comprehensive income	779	-	779
Transfer between reserves in respect of pension fund liability	(213)	213	-
<b>Balance as at 31 March 2018</b>	<b>3,449</b>	<b>(3,134)</b>	<b>315</b>
Transfer between reserves			
Total comprehensive income	96	-	96
Transfer between reserves in respect of pension fund liability	176	(176)	-
<b>Balance as at 31 March 2019</b>	<b>3,721</b>	<b>(3,310)</b>	<b>411</b>

HOS reports two reserves: a general fund reserve and a pension fund reserve.

The general fund reserve represents the cumulative surplus of income over expenditure as at the date of the Statement of Financial Position.

The pension reserve represents the liability arising from HOS's participation in the Local Government Pension Scheme, as determined by the scheme actuary.

The notes on pages 62 to 75 form part of these financial statements.

## Notes to the financial statements for the year ended 31 March 2019

### 1. Accounting policies

#### a) Basis of accounting

The financial statements are prepared in accordance with International Financial Reporting Standards as adapted by the Government Financial Reporting Manual (FReM) following a direction issued by the Ministry of Housing, Communities and Local Government (MHCLG) under the Housing Act 1996 and the Housing Ombudsman Scheme. The accounts have been prepared under the historical cost convention. The accounting policies are set out below and have been consistently applied.

#### Going concern

These accounts have been prepared on a going concern basis.

HOS's Statement of Financial Position as at 31 March 2019 shows net assets of £411,000. This reflects the inclusion of pension liabilities falling due in future years. If HOS was unable to meet its pension liabilities, at the last resort, these would be met by MHCLG. Accordingly, it has been considered appropriate to adopt a going concern basis for these Financial Statements.

#### b) Subscriptions

Subscriptions are the annual amounts payable by landlord members of the Housing Ombudsman Scheme for the year ended 31 March 2019. These amounts are considered to be contracts with customers under the FReM interpretation of IFRS 15. Subscription fees are set at a standard per housing unit charge applied to the number of units owned or managed by member landlords. HOS recognises subscription revenue over the subscription period to reflect HOS's provision of dispute resolution services throughout the year. Any subscriptions paid in advance are treated as deferred income.

#### c) Property, Plant and Equipment

HOS invests in enhancements to its rented property which are capitalised as building improvements and valued at depreciated historical cost. Management consider that, in the absence of a readily obtainable market for such items as they cannot be marketed separately from the building, this provides a suitable approximation for fair value.

Non-property assets are considered to be of sufficiently low value and short useful life for the adoption of depreciated historical cost basis as a proxy for fair value.

The capitalisation threshold for property, plant and equipment is £5,000.

Property, plant and equipment are disclosed at cost less accumulated depreciation. Depreciation is provided on all property, plant and equipment on a straight-line basis calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life as follows:

Leasehold improvements (fixtures and fittings) - Period of lease  
 Computer equipment - 5 years  
 Office equipment – Period of lease

**d) Intangible assets**

Intangible assets comprise computer software, our website and our intranet, and are stated at cost less accumulated amortisation. Amortisation is charged on a straight-line basis over the estimated useful economic life of the software (five years), or website and intranet (three years). The impairment of intangible assets is considered annually, or whenever events or changes occur. The valuation policy for intangible assets is to use amortised cost as a proxy for fair value as all assets are short life and low value.

The capitalisation threshold for intangible assets is £5,000.

**e) Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, balances with banks, and short-term deposits in money market instruments. These are liquid investments that are readily convertible to known amounts of cash. HOS may also make longer term investments, typically held for up to 6 months, and these are reported separately.

**f) Pension costs**

HOS participates in a multi-employer funded defined benefit scheme. HOS is exposed to actuarial risks associated with their current and former employees' membership of the fund. The actuary has been able to perform a notional allocation of HOS' share of the Fund and therefore has performed an actuarial valuation at 31 March 2019 using IAS19 principles.

The effect of this accounting policy is to recognise a pension liability in the Statement of Financial Position. Current service costs, past service costs, gains and losses on settlements and curtailments, interest and the expected return on pension scheme assets are charged to the Statement of Comprehensive Income. As detailed in note 14, pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis and discounted at a rate equivalent to the current rate of return of a high quality corporate bond of equivalent currency and term of the scheme liabilities.

**g) Operating leases**

Rentals payable under operating leases are charged in the Statement of Comprehensive Income on a straight-line basis over the lease term.

**h) Changes in accounting policy**

HOS has considered, in accordance with IAS 8, whether there have been any changes to accounting policies arising from IFRS and the FReM which have an impact on the current or prior period, or may have an effect on future periods.

**IFRS 9**

This standard introduces new classification categories and subsequent measurement requirements for financial assets, as well as the introduction of a new approach for calculating and recognising impairments using an expected credit loss model. For HOS, these financial assets are primarily trade receivables in the form of outstanding member subscriptions. The trade receivables balance is impaired using the expected credit loss model by applying an estimated default rate equivalent to the prior year ratio of trade receivables to total annual membership subscriptions.

The application of the expected credit loss model to 2017-18 figures would have an immaterial impact on prior year figures. In line with IAS 8 and IAS 1, HOS's opening balances have therefore not been restated.

**IFRS 15**

The standard requires entities to recognise revenue from contracts with customers to depict the transfer of promised goods or services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. HOS has changed its accounting policy for subscriptions to reflect the changes under IFRS 15. However, there is no impact on HOS's current or prior year income figures as a result of transition to IFRS 15 as subscription fees continue to be recognised wholly within the subscription year (which is the same as the financial reporting year) to which they relate.

**i) Standards issued but not yet effective**

HOS has also reviewed new or amended standards issued by the IASB but not yet effective, to determine if it needs to make any disclosures in respect of those new IFRS's that are or will be applicable. We anticipate that the accounting policy below will have any impact on HOS's financial statements.

**IFRS 16 Leases (expected to be effective from 2020-21)**

The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. As at the reporting date, HOS has non-cancellable operating lease commitments of £551,000 part or all of which may become right-of-use assets, which will increase the value of assets and liabilities on the Statement of Financial Position. The application of IFRS 16 in the public sector context has yet to be confirmed by the FRoM.

**j) Key sources of estimation uncertainty**

As disclosed in Note 14, HOS is an admitted member to the City of Westminster Pension fund, a defined benefit scheme. The valuation of the scheme assets and liabilities is based on a range of assumptions made by management, based on advice from a professional actuary, and are reviewed annually.

**k) Reserves**

HOS operates and reports two reserves: a General Fund reserve and a Pension Fund reserve. HOS maintains sufficient liquidity within its General Fund reserve to meet future liabilities and maintain its status as a going concern. General Fund reserves can be used to mitigate increases in the annual membership fee. When expenditure to be financed from reserves is incurred, it is charged to the Statement of Comprehensive Income.

The Pension Fund reserve is based on the actuarial valuation of HOS' share of the Pension Fund assets and liabilities. MHCLG has provided a letter of comfort to HOS which states it will "make sufficient resources available to the Housing Ombudsman to meet its pension liabilities, should the Housing Ombudsman be unable to cover the liabilities as they fall due from time to time. The Department would not expect the Housing Ombudsman to maintain a level of reserves to cover the value of its long term pension liability."



**2a. Administrative expenses**

	2018 - 2019 £'000	2017 - 2018 £'000
Accommodation	298	224
Training and recruitment	99	130
Office running costs	401	381
Depreciation and amortisation	60	61
Bank charges	1	11
Information Technology	268	243
Sector Development	14	23
ARAC Panel and Remuneration	17	11
Audit fees & taxation	35	29
Other professional fees	51	68
Internal audit fees	27	27
Travel and subsistence	13	13
External dispute resolution advice	254	50
Health scheme	6	7
Professional subscriptions and welfare	3	4
	1,549	1,282

No remuneration was paid to the external auditors for non-audit work in 2018-19 (2017-18: nil).

**2b. Staff Costs**

	Notes	Permanent staff £'000	Temporary staff £'000	2018 - 2019 Total £'000	2017 - 2018 Total £'000
Wages and salaries		2,710	548	3,257	3,241
Social security costs		293	-	293	256
Pension service costs	14a	1,020	-	1,020	793
<b>Total Costs</b>		<b>4,022</b>	<b>548</b>	<b>4,570</b>	<b>4,290</b>
Costs of secondments into HOS				78	160
Recoveries in respect of outward secondments				(70)	(17)
Total Costs				<b>4,578</b>	<b>4,433</b>

**3. Interest receivable/ (payable)**

	Notes	2018 - 2019 £'000	2017 - 2018 £'000
Bank and other interest receivable		23	13
Interest cost on pension obligation	14d	(413)	(433)
Interest on pension scheme assets	14e	340	347
		(50)	(73)

#### 4. Taxation

HOS is only subject to tax on its interest receivable.

The tax assessed for the period is the standard rate of corporation tax in the United Kingdom of 19%

	2018 - 2019 £'000	2017 - 2018 £'000
Interest receivable before corporation tax	23	13
Tax on interest receivable	<u>4</u>	<u>2</u>

#### 5. Property, Plant and Equipment

	Leasehold Improvements Fixtures and Fittings £'000	Information Technology £'000	Office Equipment £'000	Total £'000
<b>Cost</b>				
As at 1 April 2018	107	109	24	240
Additions				
Disposals				
<b>As at 31 March 2019</b>	<u>107</u>	<u>109</u>	<u>24</u>	<u>240</u>
<b>Depreciation</b>				
As at 1 April 2018	26	97	4	127
Charge for the year	17	5	3	25
<b>As at 31 March 2019</b>	<u>43</u>	<u>102</u>	<u>7</u>	<u>152</u>
<b>Net book value:</b>				
<b>As at 31 March 2019</b>	<u>64</u>	<u>7</u>	<u>17</u>	<u>88</u>

	Leasehold Improvements Fixtures and Fittings £'000	Information Technology £'000	Office Equipment £'000	Total £'000
<b>Cost</b>				
As at 1 April 2017	105	109	24	238
Additions	2	-		2
<b>As at 31 March 2018</b>	<u>107</u>	<u>109</u>	<u>24</u>	<u>240</u>
<b>Depreciation</b>				
As at 1 April 2017	10	86	0	96
Charge for the year	16	11	4	31
Disposals				
<b>As at 31 March 2018</b>	<u>26</u>	<u>97</u>	<u>4</u>	<u>127</u>
<b>Net book value:</b>				
<b>As at 31 March 2018</b>	<u>81</u>	<u>12</u>	<u>20</u>	<u>113</u>

All assets were owned by HOS.

6. Intangible assets

	Computer Software £'000	Website & Intranet £'000	Total £'000
<b>Cost</b>			
As at 1 April 2018	357	174	531
Additions	77	6	83
<b>As at 31 March 2019</b>	<b>434</b>	<b>180</b>	<b>614</b>
<b>Amortisation</b>			
As at 1 April 2018	315	133	448
Charge for the year	20	15	35
<b>As at 31 March 2019</b>	<b>335</b>	<b>148</b>	<b>483</b>
<b>Net book value:</b>			
<b>As at 31 March 2019</b>	<b>99</b>	<b>32</b>	<b>131</b>

	Computer Software £'000	Website £'000	Total £'000
<b>Cost</b>			
As at 1 April 2017	347	132	479
Additions	10	42	52
<b>As at 31 March 2018</b>	<b>357</b>	<b>174</b>	<b>531</b>
<b>Amortisation</b>			
As at 1 April 2017	286	132	418
Charge for the year	29	1	30
<b>As at 31 March 2018</b>	<b>315</b>	<b>133</b>	<b>448</b>
<b>Net book value:</b>			
<b>As at 31 March 2018</b>	<b>42</b>	<b>41</b>	<b>83</b>

All assets were owned by HOS.

7. Trade receivables and other current assets

	31.03.2019 £'000	31.03.2018 £'000
Member subscriptions	39	76
Staff loans	2	4
Prepayments	61	51
Other receivables	16	15
	<b>118</b>	<b>146</b>

## 8. Cash and cash equivalents

	31.03.2019 £'000	31.03.2018 £'000
Cash on hand and balances with bank	4,017	3,771
	<u>4,017</u>	<u>3,771</u>

All balances are held with a commercial bank.

## 9. Trade payables and other current liabilities

	31.03.2019 £'000	31.03.2018 £'000
Trade payables	19	12
Other payables	64	52
Tax & NI payables	84	65
Accruals	450	533
	<u>616</u>	<u>662</u>

## 10. Provision for liabilities and charges

	Buildings £'000	Total £'000
As at 1 April 2018	0	0
Provided in the year	15	15
<b>Balance as at 31 March 2019</b>	<b>15</b>	<b>15</b>

Provision has been made for probable increases to the 2018-19 accommodation rental charge. We expect this to be resolved during 2019-20.

## 11. Operating leases

At the Statement of Financial Position date, HOS had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which are due for payment over the following years:

			2018 - 2019	2017 - 2018
	£'000	£'000	£'000	£'000
	Buildings	Other	Total	Total
Within one year	141	-	141	156
Within two to five years	410	-	410	624
	<u>551</u>	<u>-</u>	<u>551</u>	<u>780</u>

The lease on HOS' current premises expires on 27 February 2023.

## 12. Financial Instruments

HOS uses various financial instruments which include cash, trade and other receivables and trade and other payables that arise directly from its activities. The main purpose of these financial instruments is to raise finance for HOS' activities and manage its working capital requirements.

The existence of these financial instruments exposes HOS to a number of financial risks namely, credit risk, liquidity risk and market risk. The Ombudsman as advised by the Audit and Risk Assurance Committee has reviewed and agreed policies for managing each of these risks to ensure that exposure is to an acceptable level.

### Credit Risk

HOS exposure to credit risk is limited to the carrying amount of financial assets recognised at the Statement of Financial Position date. The risk on cash balances and deposits is managed in a risk averse manner, being held with UK clearing banks with high credit ratings assigned by international agencies.

The Ombudsman considers that all of the financial assets are of good credit quality. The trade credit risk is mainly attributable to subscription income. There is no concentration of risk in this area, as income is diversified over a large number of subscribing members.

### Liquidity risk

HOS's business model, with subscription fees falling due annually results in the majority of working capital requirements being received in the first quarter of the financial year. This results in a high proportion of the organisation's asset base being cash on deposit. These deposits are actively managed to ensure that working capital requirements are met at all times. Non-current liabilities such as the future funding of the pension deficit are dependent on future subscription income.

### Market risk

HOS is exposed to market risk when it makes use of financial instruments and specifically to interest rate risk. UK interest rates may be liable to fluctuation. To maintain healthy investment revenue HOS actively seeks advantageous rates of return on bank treasury deposits.

Income and expenditure relating to HOS' activities are fully sterling dominated and hence exposure to exchange rate volatility is nil.

HOS does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

## 13. Related Parties

HOS is a Non-Departmental Public Body sponsored by MHCLG. Any other bodies sponsored by MHCLG are considered to be related parties. During the year, HOS has had no material transactions with MHCLG.

Under IAS 24, the Local Government Pension Scheme is defined as a related party to HOS.

The two Interim Ombudsmen, senior management and ARAC and Panel members are considered related parties and have not undertaken any material transactions with HOS during the year. Panel ARAC members were remunerated for attending ARAC meetings.

## 14. Pension

HOS is an Admitted Body to the City of Westminster Pension Fund, a defined benefit scheme. The Pension Fund is operated under the Local Government Pension Regulations 1997 (as subsequently amended) and provides for the payment of benefits to employees and former employees based on career average revalued earnings. These benefits include retirement pensions and early payment of benefits on medical grounds and payment of death benefits where death occurs either in service or in retirement. HOS pays different contribution rates compared to other employers participating in the Fund and is exposed to actuarial risks associated with their current and former employees' membership of the Fund. The contributions are determined by an independent, qualified actuary at Barnett Waddingham. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments, discount rate, contributions paid to the fund and benefit payments.

Participating in a defined benefit pension scheme means that HOS is exposed to a number of risks:

- Investment risk. The Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges;
- Interest rate risk. The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount future liability cashflows. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way;
- Inflation risk. All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation; and
- Longevity risk. In the event that the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks.

In addition, as many unrelated employers participate in the City of Westminster Pension Fund, there is an orphan liability risk where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers.

All of the risks above may also benefit HOS e.g. higher than expected investment returns or employers leaving the Fund with excess assets which eventually get inherited by the remaining employers.

Assets and liabilities for all employers in Local Government Pension Scheme (LGPS) funds are identifiable on an individual employer basis. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions. Any deficit on withdrawal is required to be paid by the withdrawing employer and any surplus is retained by the fund.

Following the 2016 triennial review the actuary assessed that the HOS' contribution rate of pensionable salaries should be as follows:

Year Ended 31 March	Contribution Rate %
2018	21.5%
2019	21.5%
2020	21.5%

HOS is also obliged to make additional lump sum contributions to the fund as a result of the triennial review and these are set out below.

Year Ended 31 March	Lump Sum
2018	£84,000
2019	£110,000
2020	£134,000

Under the scheme which came into effect on 1 April 2008 employee contribution rates changed from 6% of pensionable salaries to a rate ranging from 5.5% to 12.5% depending on salary.

The Actuary has advised HOS that its additional contributions in previous years have been taken into account when determining the HOS's share of the assets at the valuation date.

The actuarial valuation of the Fund at 31 March 2019 for IAS19 purposes calculated the accumulated net liability relating to HOS to be £3,310,000 (2018: £3,134,000).

The valuation has made allowance for the Court of Appeal judgement in relation to the McCloud and Sargeant cases which relate to age discrimination within the Judicial and Fire Service Pension schemes respectively. The estimated impact on the total IAS19 liabilities as at 31 March 2019 has been allowed for as a past service cost. There is current uncertainty about the outcome of the Court of Appeal case and the range of potential remedies should the Government lose or withdraw its appeal.

The choice of assumptions is made following advice from the actuary. The assumptions chosen are the best estimates from a range of possible actuarial assumptions which may not necessarily be borne out in practice.

The principal assumptions used by the actuary were:

	At 31.03.19	At 31.03.18	At 31.03.17	At 31.03.16	At 31.03.15
RPI Inflation	3.4%	3.3%	3.6%	3.4%	3.3%
CPI Inflation	2.4%	2.3%	2.7%	2.5%	2.5%
Rate of increase in salaries	3.9%	3.8%	4.2%	4.3%	4.3%
Rate of increase of pensions in payment/deferred pensions	2.4%	2.3%	2.7%	2.5%	2.5%
Discount rate	2.45%	2.6%	2.8%	3.8%	3.4%
Life Expectancy from Age 65 (years)					
- Retiring Today					
- Males	23.4	24.5	24.4	22.1	22.1
- Females	24.8	26.1	26.0	25.3	25.2
- Retiring in 20 years					
- Males	25.0	26.8	26.6	24.4	24.2
- Females	26.6	28.4	28.3	27.7	27.6



HOS's past service liability duration is estimated as 23 years.

HOS's notional share of the assets in the scheme and the expected rate of return together with the net funding position were:

	Value at 31.03.19 £'000	Value at 31.03.18 £'000
Equities	10,570	9,832
Property	1,438	1,113
Government Bonds	-	428
Other Bonds	1,983	1,278
Cash	9	122
<b>Total assets</b>	<b>14,000</b>	<b>12,773</b>

**Assets break down as follows:**

		Quoted (%)	Unquoted (%)
Corporate bonds	UK	-	-
	Overseas	14.2%	-
Equities	UK	20.9%	-
	Overseas	48.1%	-
Property	All	-	9.2%
Others	Private Equity	-	0.0%
	Multi Asset Credit	-	6.5%
	Cash/Temporary	0.1%	-
	Investments	-	-
	Infrastructure	-	1.0%
<b>Total</b>		<b>83.2%</b>	<b>16.8%</b>

HOS utilises a building block approach in determining the rate of return on fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the fund at 31 March 2019.

To maintain a fair value of the plan assets greater than the benefit obligation, the Fund employs the use of derivatives for efficient portfolio management purposes and to reduce certain investment risks, in particular foreign exchange risk. All uses of derivatives are outsourced to the Fund's external asset managers which must adhere to the detailed requirements set out in their investment management agreements. The Fund uses interest rate futures to hedge some of the non-Sterling interest rate risk and forward foreign exchange contracts to reduce the foreign currency exposure from overseas bond holdings that are within the portfolio.

**a) Analysis of amounts charged to the operating deficit**

	2018-2019 £'000	2017-2018 £'000
Service cost	1,015	795
Administration costs	5	5
Adjustment due to actuarial estimation*	-	(7)
<b>Total</b>	<b>1,020</b>	<b>793</b>

\*The actuary estimated HOS' employer's contributions into the fund as at the end of February 2018. At the end of March 2018 there was a £7k difference necessitating the adjustment above.

**b) Net finance charge on pension scheme**

	2018-2019 £'000	2017-2018 £'000
Net interest charge on the defined liability	73	86

**c) Re-measurements in other comprehensive income**

	2018-2019 £'000	2017-2018 £'000
Return on plan assets in excess of interest	288	(214)
Change in financial assumptions	(1,009)	776
Change in demographic assumptions	1,007	-
<b>Actuarial (loss) gain recognised</b>	<b>286</b>	<b>562</b>

**d) Changes in the present value of liabilities**

	2018-2019 £'000	2017-2018 £'000
Opening present value of liabilities	(15,907)	(15,465)
Current service cost	(864)	(795)
Interest cost	(413)	(433)
Changes in financial assumptions	(1,009)	776
Changes in demographic assumptions	1,007	-
Estimated benefits paid net of transfers in	211	197
Past service costs including curtailments	(151)	-
Contributions by Scheme participants	(184)	(187)
<b>Closing present value of liabilities</b>	<b>(17,310)</b>	<b>(15,907)</b>

**e) Changes in the fair value of scheme assets**

	2018-2019 £'000	2017-2018 £'000
Opening fair value of scheme assets	12,773	12,118
Interest on assets	340	347
Return on assets less interest	288	(214)
Administration expenses	(5)	(5)
Contributions by employer	631	537
Contributions by Scheme participants	184	187
Benefits paid	(211)	(197)
Closing present value of scheme assets	14,000	12,773

**f) Movements in deficit during the year**

	2018-2019 £'000	2017-2018 £'000
Deficit in scheme at beginning of the year	(3,134)	(3,347)
Movement in year:		
Past and Current service cost	(1,015)	(795)
Net interest cost	(73)	(86)
Change in financial assumptions	(1,009)	776
Change in demographic assumptions	1,007	-
Return on assets	288	(214)
Administration expenses	(5)	(5)
Contributions by employer	631	537
Closing present value of scheme liabilities	(3,310)	(3,134)

The projected pension expense regarding the year ending 31 March 2020 is expected to be £651,000.

**g) Reconciliation of funded status to Statement of Financial Position**

	Value as at 31.03.19 £'000	Value as at 31.03.18 £'000	Value as at 31.03.17 £'000	Value as at 31.03.16 £'000	Value as at 31.03.15 £'000
Fair value of assets	14,000	12,773	12,118	8,699	8,589
Present value of funded defined benefit obligation	(17,310)	(15,907)	(15,465)	(10,523)	(10,777)
Asset/(liability) recognised on the balance sheet	(3,310)	(3,134)	(3,347)	(1,824)	(2,188)

**h) Sensitivity Analysis**

	£'000	£'000	£'000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present Value of Total Obligation	16,923	17,310	17,706
Projected Service Cost	870	896	923
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present Value of Total Obligation	17,347	17,310	17,274
Projected Service Cost	896	896	896
Adjustment to pension increase and deferred revaluation	+0.1%	0.0%	-0.1%
Present Value of Total Obligation	17,669	17,310	16,959
Projected Service Cost	923	896	870
Adjustment to life expectancy assumption	+1 Year	None	-1 Year
Present Value of Total Obligation	17,923	17,310	16,718
Projected Service Cost	925	896	868

**15. Events after the reporting period**

The accounts were authorised for issue by the Interim Housing Ombudsman and Accounting Officer on the date they were certified by the Comptroller and Auditor General.

Following the recent Court of Appeal judgement in relation to McCloud and Sargeant cases which relate to age discrimination within the Judicial and Fire Pension schemes respectively, the pension scheme valuation was revised. The estimated impact on the total liabilities as at 31 March 2019 has been allowed for as a past service cost and has resulted in a £152k increase to the defined benefit obligation as at 31 March 2019.

## Annex

The Ombudsman Association has introduced a Service Standard Framework setting out the public commitments and service standards that can be expected when using an Ombudsman Service. The Framework provides measures on five commitments:

- a) **Accessibility**
- b) **Communication**
- c) **Professionalism**
- d) **Fairness**
- e) **Transparency**

Adherence to the framework is not mandatory. However, members of the Ombudsman Association are expected to assess and report on their performance towards meeting the service standards and publish this on a regular basis, at least annually.


### Accessibility

Standard	Met?
<p><b><i>Members' service should be free to complainants</i></b></p> <p>Our service is free to complainants.</p>	✓
<p><b><i>Members should ensure that their procedures are customer focused</i></b></p> <p>We aim to place customers firmly at the heart of what we do and our policies and guidance aim to deliver our statutory functions whilst retaining our customer focus. Our policies and guidance are available on our website and we seek customer feedback to track performance here.</p>	✓
<p><b><i>Members should work with complainants to understand their needs, in order for complainants to access their service early</i></b></p> <p>Our enquiry and dispute resolution teams work with complainants to identify how best to assist them with their dispute. Caseworkers can support the complainant throughout the landlord's complaints procedure, allowing early access to the dispute resolution service we provide.</p>	✓
<p><b><i>Members should make reasonable efforts to support access to their services for any user, including working with representatives and others to support complainants through their service, and publish their procedures for doing this</i></b></p> <p>We maintain a variety of access routes into our service and we make reasonable adjustments to enable access. Complainants are able to bring complaints to us via a representative of their choosing. This is clearly stated in the Housing Ombudsman Scheme and on our website.</p>	✓
<p><b><i>Members should listen to what complainants want from them and ensure they understand their complaint. If a complainant is complaining about an organisation or issue that the member cannot consider complaints about, where possible they should direct the complainant to the relevant Association member, or another organisation who may be able to help.</i></b></p>	✓







Our enquiries team listens to complainants and ensures that they are signposted to the organisation most likely to be able to assist with resolving the dispute if this is not us. We have a memorandum of understanding with the Local Government and Social Care Ombudsman allowing information sharing to ensure that complaints are considered by the correct ombudsman. Caseworkers will speak to complainants and consider all the evidence provided to ensure that they fully understand the key issues of the dispute and define this appropriately.	
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## Communication


Standard	Met?
<p><b><i>Members should treat service users courteously, respectfully and with dignity</i></b></p> <p>One of our dispute resolution standards is 'We always treat you professionally and with respect'.</p>	✓
<p><b><i>Members should communicate with complainants through complainants' own chosen method where possible</i></b></p> <p>We ask complainants to identify their preferred method of communication. This is logged on their casefile and followed.</p>	✓
<p><b><i>Members should explain their role to service users</i></b></p> <p>The dispute resolution team will explain to customers what actions we are able to take at each particular stage of our process. They will explain the Ombudsman's role and purpose, ensuring that they are managing customers' expectations in relation to outcome and reach.</p>	✓
<p><b><i>Members should let complainants know what they can and cannot do, and, if they are unable to help them explain why</i></b></p> <p>One of our dispute resolution standards is 'We listen to what you want from us and explain clearly what we can do for you. We also explain if we cannot help'.</p>	✓
<p><b><i>Member should clearly explain to service users their process for handling complaints about organisations and likely timescales</i></b></p> <p>Each stage of the casework process is explained to our customers along with the actions to be undertaken at each stage. Once a complaint is accepted in our formal remit, the customer will be advised of this and given an approximate timescale for the investigation.</p>	✓
<p><b><i>Members should keep service users regularly informed of the progression of their case, and how long things are likely to take</i></b></p> <p>We strive to do this and have standards but it doesn't always happen currently because of case volumes. Customer care training is planned for staff and mapping the customer journey during 2019-20 will inform key communication points.</p>	Action in progress
<p><b><i>Members should tell service users who they can contact if they have any questions at different stages in handling of the case, and how they can do so</i></b></p> <p>Each case has an assigned caseworker and the complainant is advised who they are. If the complaint progresses to investigation it will be allocated to an adjudicator and again the complainant will be advised who will be conducting the investigation.</p>	✓

<p><b><i>Members should be accurate in their communications with service users using plain and clear language</i></b></p> <p>We have a style guide to ensure that all our correspondence is written in plain and clear language that the customer will understand and promotes plain English.</p>	
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## Professionalism

Standard	Met?
<p><b><i>Members should ensure that the staff who consider complaints have the relevant knowledge, training and skills to make decisions, or have access to suitable professional advice</i></b></p> <p>Annual learning and development programmes ensure that staff knowledge and expertise is kept up-to-date. Legal advice is available for complex cases.</p>	
<p><b><i>Members should deal with complaints in a timely manner, taking into account the complexity of the case</i></b></p> <p>We are committed to dealing with complaints in a timely manner with KPIs to support this. We achieved an annual average of 6.7 months in 2018-19 and 5.9 months in the last quarter of the year. We are committed to hitting an annual average of 6 months in 2019-20 and collecting further information to understand our caseload complexity.</p>	Action in progress
<p><b><i>Members should ensure that remedies are appropriate and take account of the impact any identified faults have had on the complainant</i></b></p> <p>Our approach to remedies is consistent with this standard and is set out in our guidance which can be found on our website.</p>	
<p><b><i>Members should use the outcomes of complaints to promote wider learning and improvement to the service and the sector complained about</i></b></p> <p>We have published our first 'Spotlight on' report to share learning from repairs complaints. We also provide free e-learning and training to landlords, based on the most common causes of complaints we see.</p>	
<p><b><i>Members should ensure their record keeping is accurate and that they hold data securely</i></b></p> <p>Information security is a corporate and operational risk and appropriately managed. This is also reviewed as part of our quality assurance process.</p>	
<p><b><i>Members should ensure that if and when sharing of information is necessary, it is done appropriately</i></b></p> <p>How we handle information is set out in our privacy notices which are available on our website.</p>	
<p><b><i>Members should follow their published processes when dealing with complaints about their own service, and they should acknowledge and apologise for any mistakes they make</i></b></p> <p>This standard is captured in our guidance for dealing with complaints about our service which is available on our website.</p>	









<p><b><i>Members should actively seek feedback about their service and use it to improve</i></b></p> <p>We seek customer feedback from residents and landlords and act on this to drive improvements to quality.</p>	
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## Fairness

Standard	Met?
<p><b><i>Members should work with service users without discrimination or prejudice</i></b></p> <p>This is confirmed through our quality assurance processes.</p>	
<p><b><i>Members should make decisions on cases based on their independent and impartial evaluation of the relevant evidence</i></b></p> <p>This is confirmed through our quality assurance processes.</p>	
<p><b><i>The reasons for decisions should be documented and explained to relevant parties</i></b></p> <p>Our investigation guidance captures these standards and is on the website. This is also tested through our quality assurance processes.</p>	
<p><b><i>Members should publish information concerning any opportunities that may exist for service users to challenge their decisions</i></b></p> <p>Every decision letter informs both landlords and residents of the right to request a review. The related policy is available on our website.</p>	
<p><b><i>Members should make clear to service users their approach to unacceptable behaviour</i></b></p> <p>Our unacceptable behaviour guidance is on our website and is provided to customers if we find their behaviour to be unacceptable.</p>	

## Transparency

Standard	Met?
<p><b><i>Members should publish information about the most senior staff in charge of decisions on complaints within their organisation, including the rules under which members operate</i></b></p> <p>Information about the members of our Senior Leadership Team, including those with responsibility for decisions on complaints, is available on our website. The Scheme sets out the rules under which we operate and is available on our website.</p>	
<p><b><i>Members should have procedures in place to deal with any conflicts of interest around the handling of complaints</i></b></p> <p>We have a conflicts of interest policy which requires annual reconfirmation from all staff, and is available on our website</p>	
<p><b><i>Members should be transparent about their investigation with the relevant service users</i></b></p> <p>An investigation decision is sent to both residents and landlords setting out the key issues identified, the evidence relied upon, the conclusions made and our reasoning.</p>	

<p><b><i>Members should publish the learning that can be drawn from the complaints they handle in order to drive service improvement across the sector</i></b></p> <p>Landlord specific learning is identified in our determinations and sent to both the landlord and the complainant. Wider learning is shared via our online tools and 'Spotlight on' report.</p>	
<p><b><i>Members should provide service users with information explaining the approach they take to handling complaints about their own service</i></b></p> <p>This is sent out in our Complaints about us leaflet and policy which are available on our website or upon request.</p>	
<p><b><i>Members should explain to complainants the procedures in place about what action can be taken if remedies are not implemented by the organisation complained about</i></b></p> <p>Our policy on dealing with non-compliance with the Ombudsman's orders is available on our website and sets out the action we may take.</p>	



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